

Evaluating the Performance of Karnataka Vikas Grameen Bank- A Study

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Abstract

Regional Rural Banks (RRBs) play a crucial role in rural development, boosting agriculture, economic growth, and living standards. Karnataka Vikas Grameena Bank (KVGB), with 629 branches serving over 84 lakh customers across 2,033 villages in North Karnataka, provides services like agricultural loans, entrepreneurship development, and deposit schemes to promote financial inclusion and rural livelihoods. This study evaluates KVGB's performance from 2010-11 to 2023-24, analyzing its contributions to agricultural growth, loan disbursement, and rural entrepreneurship. Despite its efforts, challenges like limited access, low awareness of schemes, and reduced branch networks persist, highlighting the need for improved accessibility and service delivery. Using secondary data from KVGB reports and publications, the study assesses its achievements and offers recommendations to enhance its role in rural and agricultural development.

Keywords: Karnataka Vikas Grammen Bank, Agriculture, Loan, Rural, Entrepreneurship

Introduction

Karnataka is the agriculture activity-based state. The state ranks fifth in India in terms of total area under horticulture and production. Agriculture is the backbone of the Indian economy. Today the Govt. of India and Govt. of Karnataka give more importance to agriculture. There are a lot of government organizations, financial institutions, non-profit organizations, and banks playing very important roles in agriculture and rural development. Regional rural banks also play a very important role in improving agriculture activity and rural development activity. In Karnataka, there are 2 main regional rural banks: Karnataka Grameen Bank and Karnataka Vikas Grameen Bank. This bank has 629 branches functioning in south Karnataka. This bank included 84 lack customers, and 2033 plus villages are covered. The banking industry is crucial to the economy's overall growth because financial institutions provide the capital necessary to produce products and services, which in turn improves people's incomes and standards of living. The primary goals of these banks are to support the development of agriculture, trade, commerce, industry, and other productive activities in rural areas by offering credit and other facilities, especially to small and marginal farmers, agricultural workers, rural craftsmen, and small business owners. In addition to filling credit deficits in rural areas, rural banks are thought to be useful tools for rural India's economic development. They will give the rural community productive credit and focus exclusively on rural areas in their operations. The Karnataka Vikas Grameena Bank, a top-performing RRB in Karnataka, is the focus of the current study.

Review of Literature

Shiilpa Danappannavar(2016) conducted research on performance evaluation of Karnataka. Vikas Grameen Bank Towards Priority Sector Landing Karnataka” In this study the paper is based on secondary data. This study shows the bank has shown significant improvement in lending to the agriculture sector. The share of agricultural loans to total priority sector advances of agricultural loans to total priority sector advances averaged 70.93% over the study period economic development.

CH.Shrinivas(2018) He Conducted research on “Performance of Telangana Grameen Bank in Telangana” in this study he find that the bank play significant role in providing financial support to agriculture and rural development also it performing good in deposits, advances, profitability this paper suggest several measures to improve TGB in Telangana

Selvakumar and Abima (2020) examined the Assam, Maharashtra, and Karnataka Gramin Vikash Banks' profitability and solvency over the short and long terms. They found that all three banks—Assam Gramin Vikash Bank, Maharashtra Gramin Bank, and Karnataka Gramin Bank—performed well in these areas after analysing financial statements using important metrics like short-term solvency, long-term solvency, and profitability.

Statement of Problem

Regional Rural Banks play a crucial role in agriculture, rural development, economic growth, and improving the standard of living for people. In Karnataka, two Regional Rural Banks are operational, providing numerous facilities to farmers to promote agricultural development. Among these, Karnataka Vikas Grameena Bank (KVGB) is the primary bank serving North Karnataka, covering all its districts. KVGB offers various services to farmers, including agricultural loans, support for allied activities, rural entrepreneurship development, women entrepreneurship initiatives, and deposit schemes aimed at enhancing rural functions and growth. Despite the significant efforts made by KVGB, many farmers still lack access to banking facilities. Additionally, a large number of farmers are unaware of the available services and the procedures to benefit from them. The gradual reduction in the number of branches further limits accessibility. There is potential to improve by increasing loan disbursements, encouraging higher deposits, and ensuring effective and timely communication about various loan and deposit schemes. It is essential to make all banking services readily available to farmers to support their development and improve rural livelihoods.

Significance of the Study

This research aids in analyzing the overall performance of KVGB during the study period of 14 years, and it helps to find overall growth of branches, loan disbursement, and trends in deposits and advances, as well as overall activities of the KVGBs.

Research Methodology

The research study is based on secondary data gathered from KVGB annual reports during the years of 2010-11 to 2023-24 and numerous publication reports, research studies, and government official websites.

Objectives

- 1) To study the overall performance of Karnataka Vikas Grameen Bank during the 2010-11 to 2023-24.
- 2) To suggest suggestion is the light of the findings of the study.

Results and Discussion

Growth of KVGB Branches

Table 1: Growth of Karnataka Vikas Grameen Banks during 2010-11 to 2023-24

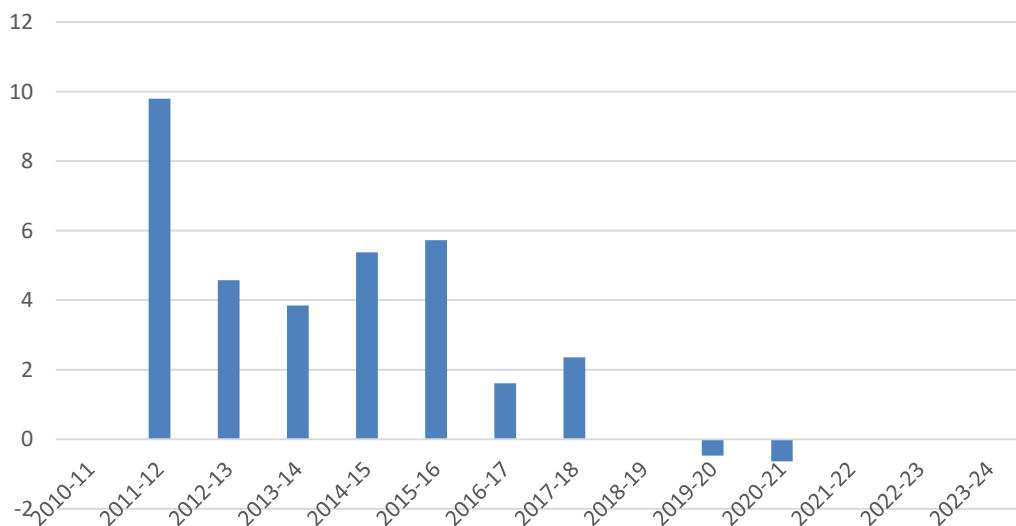
Year	Number of Branches	Incremental Branches	Percentage Increase
2010-11	451	0	0
2011-12	500	49	9.8
2012-13	524	24	4.58
2013-14	545	21	3.85

2014-15	576	31	5.38
2015-16	611	35	5.73
2016-17	621	10	1.61
2017-18	636	15	2.36
2018-19	636	0	0
2019-20	633	-3	-0.47
2020-21	629	-4	-0.63
2021-22	629	0	0
2022-23	629	0	0
2023-24	629	0	0
Mean	589.21	12.71	2.3

Source: Official Records from the KVG Bank.

Table 1 is showing the growth of Karnataka Vikas Grameen Bank in Karnataka during the years 2010-11 to 2023-24. In this available data, there are a total of 629 banks working presently all over South Karnataka. In 2010-11 to 2018-19, the bank branches are continually increasing, but in 2019-20 to 2020-21, the bank branches are decreasing. In the years of 2011-12, there are the highest 9.8 percentage branches that are increased, and in 2018-19, there are no new branches that are opened, and in the years 2019-20 and 2020-21, it goes in decreasing order because based on the guidelines of RBI, NABARD, the bank has merged 3 of its branches into nearby branches. And in the same year, 2020-21, there were also 3 branches merged with near branches. And in the years 2020-21 to 2023-24, there are a total of 629 branches working; in this year there are no changes. The details of KVGB branches in Karnataka during 2010-11 to 2023-24 are depicted in Table 1

Figure 1: Percentage Increase of KVG Bank Branches during 2010-11 to 2023-24



Disbursement of Loan to Priority and Non priority Sector

Table 2: Disbursement of Loan to Priority and Non priority Sector during 2010-11 to 2023-24

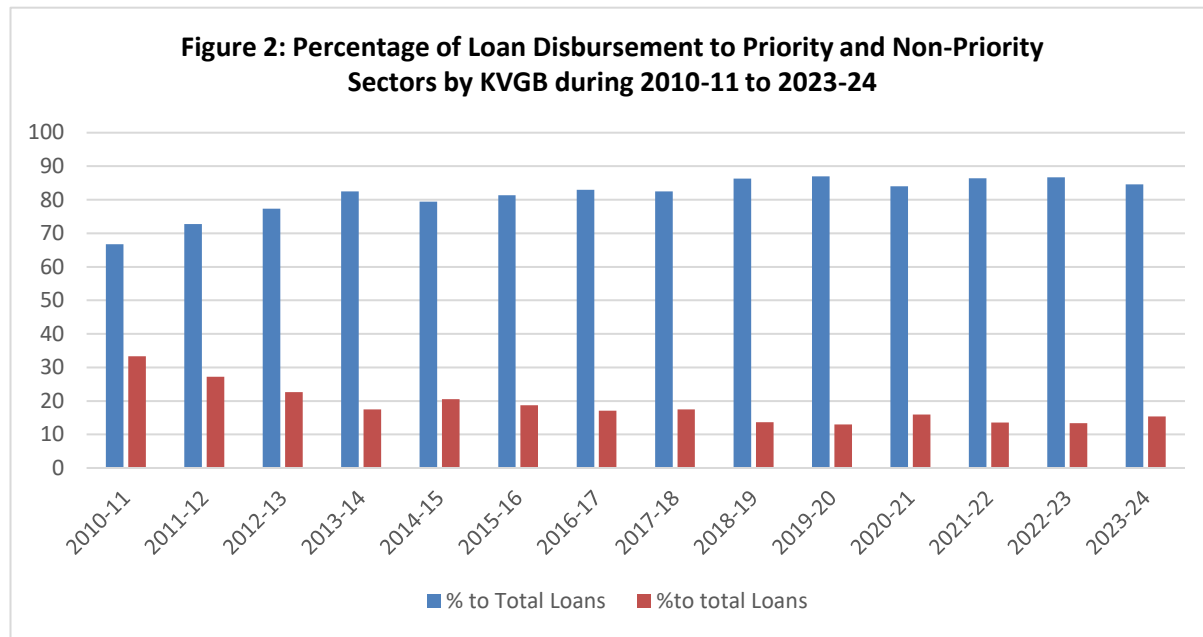
(Amount of Rupees is in crores.)

Year	Total Loan disbursement	Priority Sector	% to Total Loans	Non-Priority Sector	%to total Loans
2010-11	2177.83	1452.61	66.7	725.22	33.3
2011-12	2942.03	2141.85	72.8	800.18	27.2
2012-13	3321.9	2568.85	77.33	753.05	22.67
2013-14	3560.48	2936.95	82.49	623.53	17.51
2014-15	5034.39	4000.03	79.45	1034.36	20.55
2015-16	5545.15	4509.81	81.33	1035.34	18.67
2016-17	5307.31	4401.43	82.93	905.88	17.07
2017-18	5400.83	4456.03	82.51	944.8	17.49
2018-19	4258.39	3675.43	86.31	582.96	13.69
2019-20	5625.51	4894.04	86.99	731.47	13.00
2020-21	7067.92	5941.43	84.06	1126.49	15.93
2021-22	8825.02	7624.27	86.39	1200.75	13.60
2022-23	10383.44	8997.8	86.65	1385.64	13.34
2023-24	11908.06	10075.16	84.60	1832.9	15.39
Mean	5,811.30	4,833.97	81.46	977.32	18.53

Source: Official Records from the KVG Bank.

Table 2 provides sector-wise loan disbursement by Karnataka Vikas Grameen Bank during 2010-11 to 2023-24. The data shows that total loan disbursement in the years 2010-11 to 2023-24 was 81352.26 crore rupees. In 2010-11 there is a 2177.83 crore loan disbursement; it is the lowest loan disbursement in the study period, and in 2023-24 there is a 11908.06 crore loan disbursement; it is the highest loan disbursement in the period of 14 years. When looking at the priority sector within a 14-year period, the percentage of loans disbursed in 2019–20 was greater (86.99%) than in previous years of the study period, KVG Bank disbursed an average of Rs. 4833.99 crores loans to the priority sector. However, the percentage of loans disbursed to the non-priority sector was greater (33.3%) in 2010–11 of the previous years of study period. However, over a 14-year period, the tendency of ups and downs was observed when loans were disbursed to both priority and non-priority industries. During the study period, KVG Bank disbursed an average of Rs.

977.32 crores loans to the non-priority sector. (Fig. 2).



Deposits and Advances of KVGB

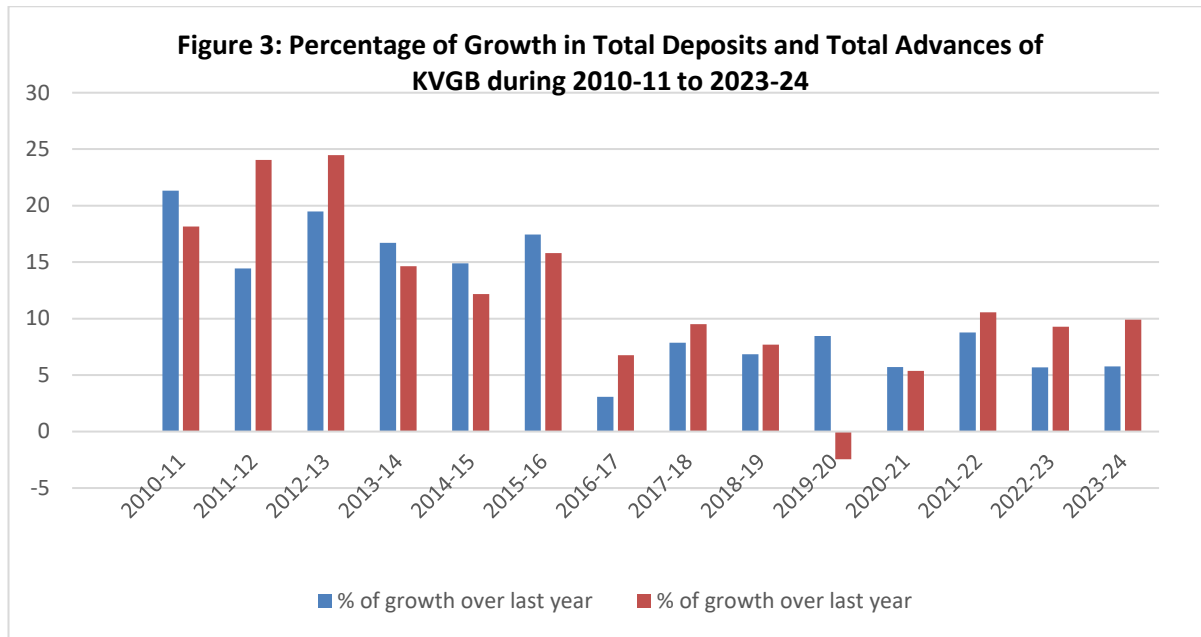
Table 3: Total Deposits and Advances of KVGB, during 2010-11 to 2023-24

(Amount of Rupees is in crores.)

Year	Total Deposits	% of growth over last year	Total Advances	% of growth over last year	Difference between deposits and advances
2010-11	5405.7	21.32	3640.81	18.14	1764.89
2011-12	6186.5	14.44	4516.89	24.06	1669.61
2012-13	7392.85	19.49	5622.14	24.46	1770.71
2013-14	8628.96	16.72	6445.01	14.64	2183.95
2014-15	9914.54	14.9	7229.52	12.17	2685.02
2015-16	11644.18	17.45	8371.08	15.79	3273.1
2016-17	12001.07	3.07	9577.99	6.77	2423.08
2017-18	12944.19	7.86	10487.55	9.5	2456.64
2018-19	13894.88	6.84	11362.51	7.70	25257.39
2019-20	15178.49	8.45	11090.32	-2.45	26268.81
2020-21	16099.69	5.72	11718.31	5.35	27818
2021-22	17646.98	8.76	13100.88	10.55	30747.86
2022-23	18710.43	5.68	14440.37	9.27	33150.8
2023-24	19856.48	5.77	16027.33	9.90	35883.81
Mean	12,536.06	11.17	9,545.05	11.84	14,096.69

Source: Official Records from the KVG Bank.

Table 3 showing total deposits and advances of kvg Bank during 2010-11 to 2023-24 In the years 2010-11 to 2023-24 Average deposits is 12536.06 crore, and every year it is in increasing order. In 2023-24 it reached 19856.48 crore; it is the highest deposits of the study period. In 2010-11, 21.32% is the highest growth rate of the deposit in the study period. The average growth rate of deposits is 11.17 in the year of the study period. The total loan distributed also increased in the years 2010-11 to 2018-19. The Average loans distributed in the study period is 9545.05 crore. In the year 2012-13, 24.46 is the highest growth rate of the study period. In 2019-20 the loans distributed are -2.45%, decreasing because of the effect of covid. And again, it is in increasing order; the average 11.84% of loans are distributed in the study period. In the year 2023-24, 16027.33 crore is the highest loan distributed in the study period. Comparing the deposits and advances deposits are higher than the advances.



Purpose wise Loan Disbursement by KVGB

Table 4: Purpose wise Loan Disbursement by KVGB, during 2010-11 to 2023-24

(Amount of Rupees is in crores.)

Year	Agriculture Sector	Small Scale Industries	Others	All
2010-11	2357.92	553.18	729.71	3640.81
% Growth	17.76	16.93	20.32	18.14
% to total Advances	64.76	15.19	20.04	100
2011-12	2916.22	667.35	933.32	4516.89
% Growth	23.68	20.63	27.9	24.06
% to total Advances	64.56	14.77	20.66	100
2012-13	3540.04	792.75	1289.35	5622.14
% Growth	21.39	18.79	38.14	24.46

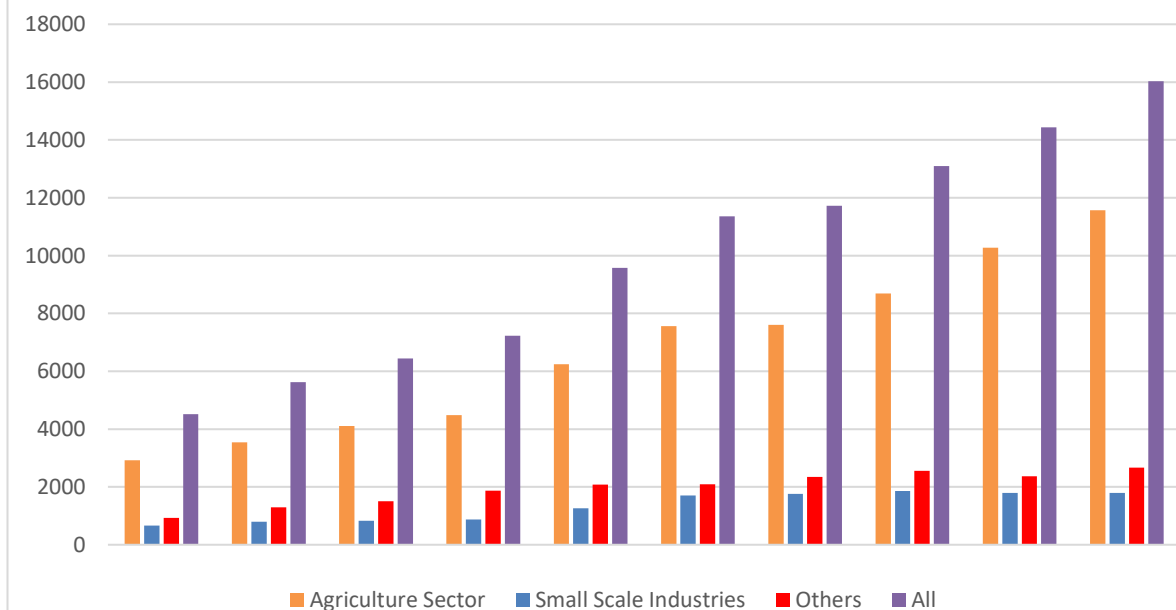
% to total Advances	62.96	14.1	22.94	100
2013-14	4107.01	830.96	1507.04	6445.01
% Growth	16.02	4.82	16.88	14.64
% to total Advances	63.73	12.89	23.88	100
2014-15	4482.21	875.55	1871.76	7229.52
% Growth	9.14	5.37	24.2	12.17
% to total Advances	62.07	12.11	25.89	100
2015-16	5861.29	954.94	2154.85	8971.08
% Growth	17.38	9.07	15.12	15.79
% to total Advances	62.85	11.41	25.74	100
2016-17	6239.78	1259.9	2078.31	9577.99
% Growth	6.46	31.93	-3.55	6.77
% to total Advances	65.15	13.15	21.7	100
2017-18	7069.34	1473.45	1944.76	10487.55
% Growth	13.29	16.95	-6.43	9.5
% to total Advances	67.41	14.05	18.54	100
2018-19	7565.45	1707.2	2089.86	11362.51
% Growth	7.02	15.86	7.46	30.34
% to total Advances	66.58	15.02	18.4	100
2019-20	7295.12	1660.71	2134.49	11090.32
% Growth	2.83	2.83	-4.05	1.61
% to total Advances	65.78	14.97	19.25	100
2020-21	7609.88	1759.49	2348.94	11718.31
% Growth	4.31	5.95	10.05	20.31
% to total Advances	64.94	15.01	20.05	100
2021-22	8690.26	1856.41	2554.15	13100.82
% Growth	14.2	5.51	8.74	28.45
% to total Advances	66.33	14.17	19.5	100
2022-23	10273.7	1795.83	2370.84	14440.37
% Growth	18.22	-3.26	-7.17	7.79

% to total Advances	71.14	12.44	16.42	100
2023-24	11568.66	1795.78	2662.89	16027.33
% Growth	12.6	0	12.31	24.91
% to total Advances	72.18	11.2	16.61	100
Mean	6,398.34	1,284.53	1,905.02	9,587.90

Source: Official Records from the KVG Bank.

Table 4 shows loan disbursement by KVG Bank with various sectors like the primary sector, secondary sector, and territory sector during the years of 2010-11 to 2023-24. In this study period, the KVG bank provided a total average loan of 6398.34 crore for the agriculture sector. In 2011-12, 23.68% is the highest growth rate of loans provided in the agriculture sector. In every year, agriculture sector loan disbursement is increasing in order. KVG Bank provides loans to the small-scale sector, on average, 1284.53 crore in this 14-year study period. In 2016-17, 31.93% was the highest growth rate in providing loans to the small-scale sector. In 2022-23, kvgb provided a -3.26% loan to the small-scale sector, which is the lowest compared to 14 years of the study period. And the same KVG Bank provided a loan to the territory sector, on average, of 1905.02 crore in this 14-year study period. In 2012-13, 38.14% is the highest growth rate in providing loans to the territory sector. In 2016-17, 2017-18, 2019-20, and 2022-23, in this study period, the loan disbursement is going in decreasing order in the territory sector. The total average loan disbursement to all three sectors from 2010-11 to 2023-24 is 9587.90 crore. And in the year 2018-19, 30.34% is the highest growth rate, including all three sectors.

Figure 4: Percentage of Growth among Purpose wise Loan Disbursement by KVGB, during 2010-11 to 2023-24



Beneficiary wise Loan Disbursement by KVGB

Table 5: Beneficiary wise Loan Disbursement by KVGB, during 2010-11 to 2023-24

(Amount of Rupees is in crores.)

Year	SC/ST	Minority	SF/MF/AL	SGSY	Other Govt. Spon.Scheme	Women	Total
2010-11	436.25	330.86	1423.52	32.11	112.77	551.54	2887.05
% Growth	1.05	25.73	23.2	8.66	98.71	42.37	199.72

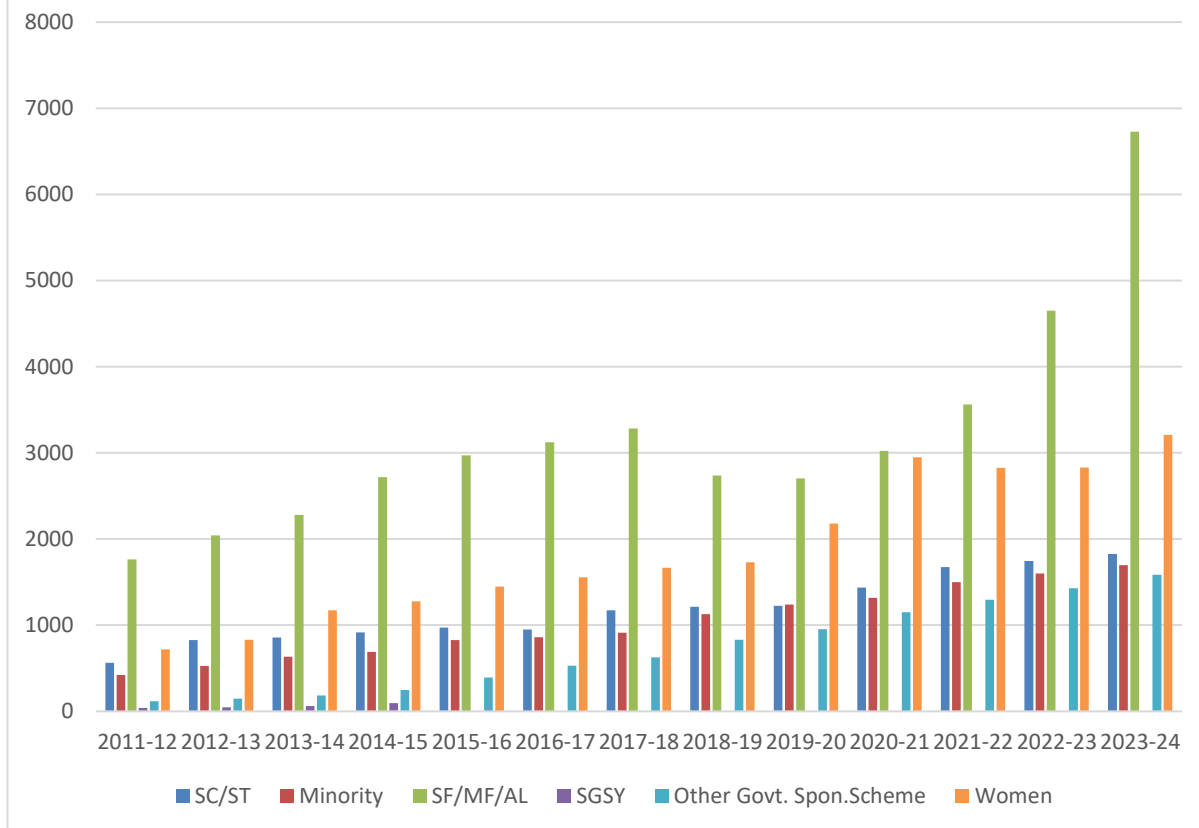
% to total Advances	11.98	9.09	39.09	0.88	3.09	15.15	79.28
2011-12	563.22	423.12	1763.29	38.94	117.03	720.14	3625.74
% Growth	29.1	27.88	23.87	21.27	3.78	30.57	136.47
% to total Advances	12.47	9.37	39.04	0.86	2.59	15.94	80.27
2012-13	826.59	526.74	2040.48	45.46	148.69	828.87	4416.83
% Growth	46.76	24.49	15.72	16.74	27.05	15.1	145.86
% to total Advances	14.7	9.36	36.29	0.81	2.64	14.74	78.54
2013-14	857.25	633.09	2280.22	61.75	183.56	1174.15	5190.02
% Growth	3.71	20.19	11.75	35.83	23.45	41.66	136.59
% to total Advances	13.3	9.82	35.38	0.96	2.85	18.22	100
2014-15	914.79	687.81	2719.72	94.59	246.52	1275.28	5938.71
% Growth	6.71	8.64	19.27	53.18	34.3	8.61	130.71
% to total Advances	12.65	9.51	37.62	1.31	3.41	17.64	82.14
2015-16	972.11	825.47	2971.18	NA	390.95	1445.6	6605.31
% Growth	12.21	20.01	9.25	NA	58.59	13.36	113.42
% to total Advances	12.26	9.86	35.49	NA	4.67	17.27	79.55
2016-17	948.56	858.58	3124.4	NA	531.53	1556.23	7019.3
% Growth	1.28	4.01	5.16	NA	35.96	7.65	54.06
% to total Advances	10.28	8.96	32.62	NA	5.55	16.25	73.66
2017-18	1173.81	913.76	3281.14	NA	624.57	1667.73	7661.01
% Growth	19.22	6.43	5.02	NA	17.5	7.16	55.33
% to total Advances	11.19	8.71	31.29	NA	5.96	15.9	73.05
2018-19	1212.36	1127.22	2736.4	NA	829.36	1730.86	7636.2
% Growth	3.28	23.36	-16.6	NA	32.79	3.79	46.62
% to total Advances	10.67	9.92	24.08	NA	7.3	15.23	67.2
2019-20	1224.99	1238.33	2703.69	NA	953.76	2178	8298.77
% Growth	1.04	9.87	-1.19	NA	15	25.53	50.25
% to total Advances	11.05	11.17	24.38	NA	8.6	19.64	74.84
2020-21	1436.21	1318.85	3023.43	NA	1150.57	2950.17	9879.23
% Growth	17.24	6.48	11.83	NA	20.64	35.45	91.64

% to total Advances	12.26	11.25	25.8	NA	9.82	25.18	84.31
2021-22	1673.53	1498.42	3561.87	NA	1296.57	2825.79	10856.18
% Growth	16.52	13.64	17.81	NA	12.69	-4.21	56.45
% to total Advances	12.77	11.44	27.18	NA	9.89	21.57	82.85
2022-23	1745.07	1601.16	4649.97	NA	1427.14	2831.34	12254.68
% Growth	4.27	6.86	30.55	NA	10.07	0.02	51.77
% to total Advances	12.08	11.09	32.2	NA	9.88	19.61	84.86
2023-24	1827.17	1695.36	6726.7	NA	1584.02	3209.99	15043.24
% Growth	4.7	5.88	44.66	NA	10.99	13.37	79.6
% to total Advances	11.4	10.58	41.97	NA	9.88	20.02	93.85
Mean	1,129.42	977.05	3,071.85	54.57	685.5	1,781.83	7,665.16

Source: Official Records from the KVG Bank.

Table 5 shows loan disbursement by KVG Bank with various categories like SC/ST, Minority, SF/MF/AL, SGSY, Other Govt Spon Scheme, Women, during the year of 2010-11 to 2023-24. In this study period, the KVG bank provided a total average loan of 1129.42 crore for the SC/ST categories. In 2012-13, 46.76% is the highest growth rate of loans provided in the SC/ST categories. In every year, SC/ST categories loan disbursement is increasing in order. KVG Bank provides loans to the Minority categories, on average, 977.05 crore in this 14-year study period. In 2011-12, 27.88% was the highest growth rate in providing loans to the Minority categories. And the same KVG Bank provided a loan to the SF/MF/AL, categories on average, of 3071.85 crore in this 14-year study period. In 2011-12, 23.87% is the highest growth rate in providing loans to the SF/MF/AL, categories. In 2017-18 and 2019-20, in this study period, the loan disbursement of -16.6% and -1.19% is going in decreasing order in the SF/MF/AL, categories. And the same KVG Bank provided a loan to the SGSY, categories on average, of 54.57 crore in only 2010-11 to 2014-15 study period. In 2014-15, 53.18% is the highest growth rate in providing loans to the SGSY, categories. And the same KVG Bank provided a loan to the Other Govt Spon Schemes, categories on average, of 685.5 crore in this 14 years of the study period. In 2010-11, 98.71% is the highest growth rate in providing loans to the Other Govt Spon Schemes, categories. And the same KVG Bank provided a loan to the Women, categories on average, of 1781.83 crore in this 14 years of the study period. In 2010-11, 42.37% is the highest growth rate in providing loans to the Other Women, categories. In 2021-22, in this study period, the loan disbursement of -4.21% is going in decreasing order in the women, categories. The total average loan disbursement to all categories from 2010-11 to 2023-24 is Average of 7665.15 crore. And in the year 2010-11, 199.72% is the highest growth rate, including all this categories.

Figure 5: The Average Loan Amount among Beneficiary wise Loan Disbursement by KVGB, during 2010-11 to 2023-24



Suggestions:

1. Increase Awareness and Accessibility.
2. Expand Branch Network.
3. Improve Loan Disbursement Processes.
4. Focus on Financial Literacy.
5. Encourage Rural Entrepreneurship.

Conclusion:

The Karnataka Vikas Grameena Bank has played a pivotal role in promoting rural and agricultural development in North Karnataka. The bank's consistent increase in branch coverage, loan disbursement to priority sectors, and overall contribution to financial inclusion has been commendable. However, challenges such as limited awareness, branch accessibility, and fluctuating loan disbursement rates indicate areas where improvements are needed. By enhancing awareness programs, expanding the branch network, streamlining loan processes, and focusing on financial literacy and entrepreneurship, KVGB can further strengthen its role in rural development. With these measures, KVGB can maximize its potential to drive sustainable growth and improve the livelihoods of rural communities.

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