



## A Critical Study of Performance of Prathama UP Gramin Bank

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### Abstract

Banking is considered as backbone of Economy. To achieve this purpose, fundamental efforts are raised by central and state governments. Prathama UP Gramin Bank is a landmark in Uttar Pradesh in this regard. Sponsored by Punjab National Bank. Government of India (GOI) under Ministry of Finance, NABARD, Reserve Bank of India (RBI) and Government of Uttar Pradesh are its supporting allies. The bank aims to provide latest financial services, over all rural development in Uttar Pradesh, from East to West. It tried its best to fulfill its object, in shape of number of branches, Bank accounts and financial inclusions etc.

**Key Words:** Gramin Bank, Sponsor Bank, Commercial Bank, Regional Rural Bank (RRB), UP East to West.

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## **1. INTRODUCTION**

### **1.1 Gramin Banks**

The Gramin Bank is a microfinance model that aims to help rural sector. It is known in providing financial services to empower village and villagers to realise their potential and to break out the cycle of poverty.

### **1.2 Sponsor Banks**

Sponsor banks play a vital role in facilitating large-scale financings, help in business and management guidance.

### **1.3 Commercial Banks**

An institution (financial), for making profit, provide loans (for the purpose of re-investment and consumption) on the deposits accepted from public.

Also, division of a large bank dealing with corporations or large/middle sized businesses, to differentiate from retail banks and investment banks. It is inclusive of private sector banks and public sector banks.

### **1.4 Regional Rural Banks (RRB)**

Government owned scheduled commercial banks of India that operate at regional level in different states of India. They are under the ownership of Ministry of Finance, Government of India, sponsor banks and concerned State Governments in the ratio of 50:35:15 respectively. They were created to serve rural areas with basic banking and financial services.

### **1.5 UP East to West**

The title covers all geographical area of Uttar Pradesh.

## **2. REVIEW OF LITERATURE**

Kapil Kr Tiwari (2021) studies how corona had an impact over loan repayment as well as perception of customer's towards their EMI payment. The study show the negative impact of corona over economic growth, financial stability and paying capacity if customers. Banks or GOI should give tax relief to the customers and in some cases loan should be waived off.

Summet Sekhon (2021) in his paper "Patterns of loan use for women's self-help groups in rural Rajasthan" examined the use of loan that access self-help micro-credit linkage scheme in rural areas of north India. The study was carried out with the self-help groups member to evaluate poverty reduction potential of micro credit program in Rajasthan. The result of the study reveals that long term participation has positive economic outcomes of rural households. Banks need to educate rural masses about productive use of loans. The enhancement in the living standard in rural people can be attained via high degree of social interaction and mobility.

R.C. Dangwal and Reetu Kapoor (2010) in their study on "Financial performance of Nationalized banks", with respect to eight parameters compared the financial performance of 19 commercial banks and they classified them into excellent, good, fair and poor categories.

Mamunur Rashid (2008) in "A Survey of Literature on the Sustainability of Grameen Bank" studied about, various available existing literature, on issues of financial sustainability of micro-finance institutions working with group-lending approach. One of the mostly highlighted feature

of micro-finance program is that it is embodied in the innovation of group-lending approach, introduced by the Grameen Bank in Bangladesh.

Micro-finance institutions, even though have their striking results of reaching to the poorest borrowers with high repayment rates, most of them are still dependent on the short term or subsidized credits/loans. With all its success in poverty alleviation & increasing living standard of the rural poor, Grameen Bank, is yet to achieve financial sustainability to a fullest form.

Soni, Anil & Kapre, Abhay (2012) in their study on Regional Rural Banks in Chhattisgarh State having Durg Rajnandga on Gramin Bank as a special reference studies that A rural focus is operated by RRBs and they are primarily scheduled with commercial banks with a commercial orientation. Two broad sets of factors influencing the performance of banks are recognized in the literature probing into factors, i.e., internal factors and external factors to the bank. The internal determinants originate from the balance sheets and or profit and loss accounts of the bank concerned and are often termed as micro or bank-specific determinants of profitability. Systemic forces that reflect the economic environment which conditions the operation and performance of financial institutions are represented by the external determinant.

### **3. OBJECTIVES**

- [i] To study the performance of Prathama UP Gramin Bank.
- [ii] To study the earnings of Prathama UP Gramin Bank.
- [iii] To study the financial services provided by Prathama UP Gramin Bank.
- [iv] To study the fulfillment of aims of Prathama UP Gramin Bank.

### **4. ANALYSIS OF PRATHAMA U.P. GRAMIN BANK**

Prathama U.P. Gramin Bank, (sponsored by Punjab National Bank) is one of the leading commercial Bank of India, was brought into existence by the amalgamation of 2 RRBs i.e. Sarva UP Gramin Bank, Meerut and Prathama Gramin Bank, Moradabad working in the area spread in whole Uttar Pradesh "East to West".

Under subsection (1) of section 23 A of the Regional Rural Bank Act, 1976 (21 of 1976) vide Govt. of India Notification dated 22.02.2019. The Bank has its Head Office in Moradabad. The operational areas of the bank are spread in 20 Districts, such as Bulandshahar, Ghaziabad, Meerut, Gautambudh Nagar, Rampur, Hapur, Baghpat, Amroha, Shamli, Saharanpur, Muzaffaranagar, Lalitpur, Bijnor, Haridwar, Jhansi, Gonda, Balrampur, Sambhal and Badaun, etc.

#### **4.1 Vision of Bank**

To be evolved into such an institution which is committed to the overall Rural & Urban development. For that, the living status of citizens is to be ameliorated through various financial and other schemes and awareness about saving and serving people cordially is to be spread in a better.

#### **4.2 Mission of Bank**

The high level working is achieved through the latest technology with a dedicated workforce committed to continuous up-liftment of different strata of the society and providing cordial and better customer service. The lead position is held by fulfilling the established parameter as a financial institution.

#### 4.3 Board of Directors of Prathama UP Grameen Bank

**Table 1: Board of Directors**

Sr. No.	Name	Designation
1	Shree Sanjeev Bhardwaj	Chairman, Prathama UP Gramin Bank
2	Shree Sanjeev Kumar Dubey	Zonal manager, PNB, Meerut
3	Shree Darshan Kumar Garg	DGM, RRB Cell, PNB, Delhi
4	Dr. Nandini Ghose	DGM, NABARD, Lucknow
5	Shree Bhuvnesh Kumar	AGM, RBI, Lucknow
6	Shree Shiv Shankar	Deputy Director, DIF, Lucknow

Source: [https://www.prathamaupbank.com/Board\\_Of\\_Directors.aspx](https://www.prathamaupbank.com/Board_Of_Directors.aspx)

#### 4.4 Branches and Employee of Prathama UP Grameen Bank

**Table 2: Branches and Employees (Amount in Thousands)**

S. No.	Regional Office	Branches	Staff	Deposits	Advances	Total Business	Share in Bank
1	Alipur Chopla	66	283	14667795	14704811	29372606	6.55
2	Amroha	73	322	21727556	16447387	38174943	8.52
3	Balrampur	66	240	16365574	10788142	27153716	6.06
4	Bijnor	82	337	25159456	15837419	40996875	9.15
5	Badaun	71	302	16188896	19143186	35332082	7.88
6	Ghaziabad	80	322	20868474	11706513	32574987	7.27
7	Gonda	92	395	26121131	19761464	45882595	10.24
8	Jhansi	80	344	23428904	21203979	44632883	9.96
9	Moradabad	64	353	29382511	14945841	44328352	9.89
10	Muzaffarnagar	72	294	18679252	10702937	29382189	6.55
11	Rampur	71	279	10725272	13786171	24511443	5.47
12	Sambhal	76	280	16830790	14418897	31249687	6.97
13	Thakurdwara	63	248	15091665	9560038	24651703	5.50
	Total	956	4151	255237276	193006874	448244150	100

It includes 07 Service & 01 Ultra Small Branch

It Includes 152 Staff of Head Office

Source: Annual report, Prathama U.P. Gramin Bank, Moradabad, 2022-23, pp.15

**4.5 Organization Structure of Prathama UP Grameen Bank**

**Figure 1: Organization Structure**



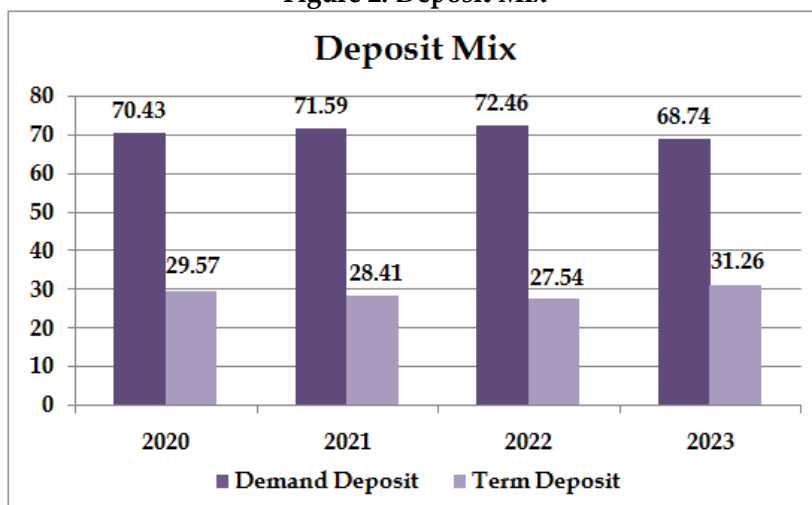
Source: [https://www.prathamaupbank.com/Organisation\\_Structure.aspx](https://www.prathamaupbank.com/Organisation_Structure.aspx)

**4.6 Performance of Prathama UP Grameen Bank**

**Table 3: Branches, Employees & Assets of Bank**

Particular	2020	2021	2022	2023
No. of Branches	946	946	949	956
No. of Employees	3840	3746	3979	4151
Assets of Bank	149795565	168762644	173403895	193006874

**Figure 2: Deposit Mix**



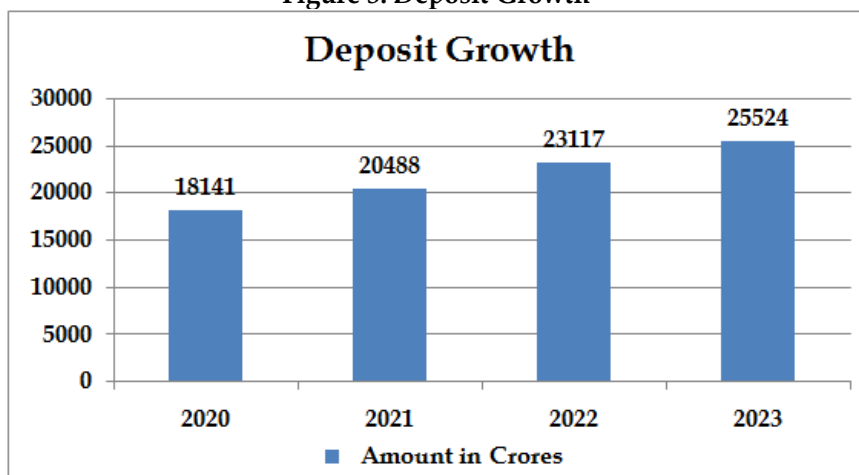
Source: Annual report, Prathama U.P. Gramin Bank, Moradabad, 2022-23: pp-06, 2019-20: pp-14, 2020-21: pp-14, 2021-22: pp-17.

**Table 4: Bank Deposit, Loan & NPA**

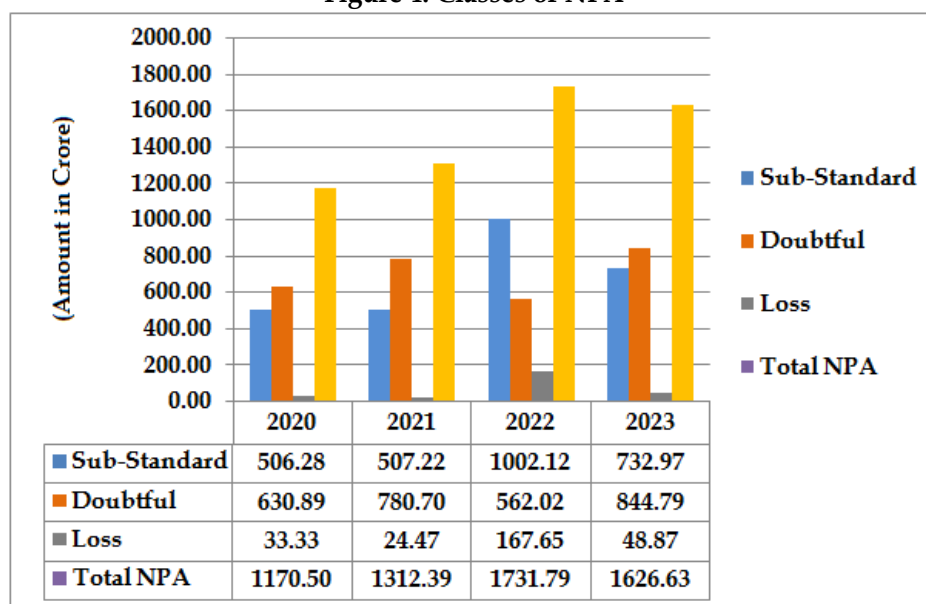
Particular	2020	2021	2022	2023
Deposits of Bank	181406918	204877417	231166453	255237276
Loan	149795565	168762647	173403895	193006874
NPA	2258510	2921187	6003036	7210687

Source: Annual report, Prathama U.P. Gramin Bank, Moradabad, 2022-23: pp-06, 2019-20: pp-14, 2020-21: pp-14, 2021-22: pp-17.

**Figure 3: Deposit Growth**



**Figure 4: Classes of NPA**



#### 4.7 Accounts Details of Prathama UP Grameen Bank

**Table 5: Detail of Various Types of Account**

Year	Saving Account	Current Account	Term Account	Saving a/c Amount	Current a/c Amount	Term a/c Amount
2023	11215781	71282	333938	170588575	4851172	79797529
2022	10785382	116325	295640	156743444	10733917	63689092
2021	10186689	87040	331446	141781031	4887241	58209145
2020	9571083	90464	339433	123635668	4127670	53643580

Source: Annual report, Prathama U.P. Gramin Bank, Moradabad, 2022-23: pp-25, 2021-22: pp-25, 2020-21: pp-23, 2019-20: pp-24.

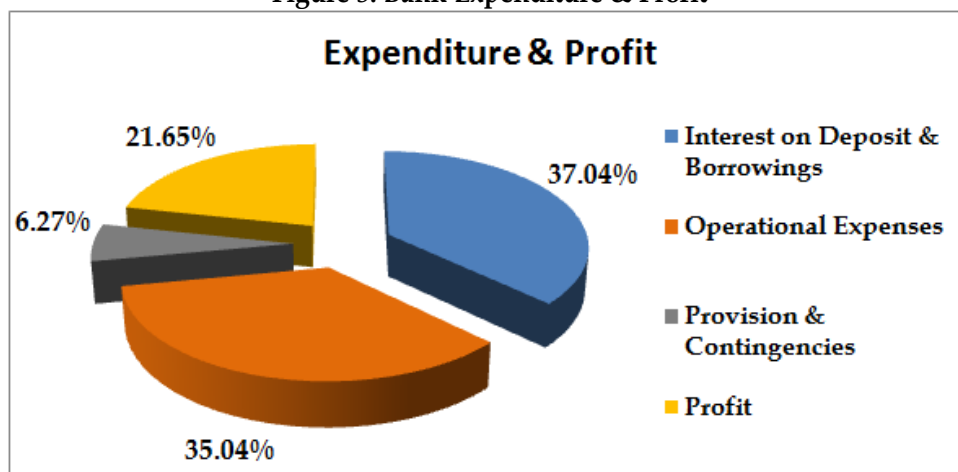
#### 4.8 Profit of Prathama UP Grameen Bank

**Table 6: Profit of Bank**

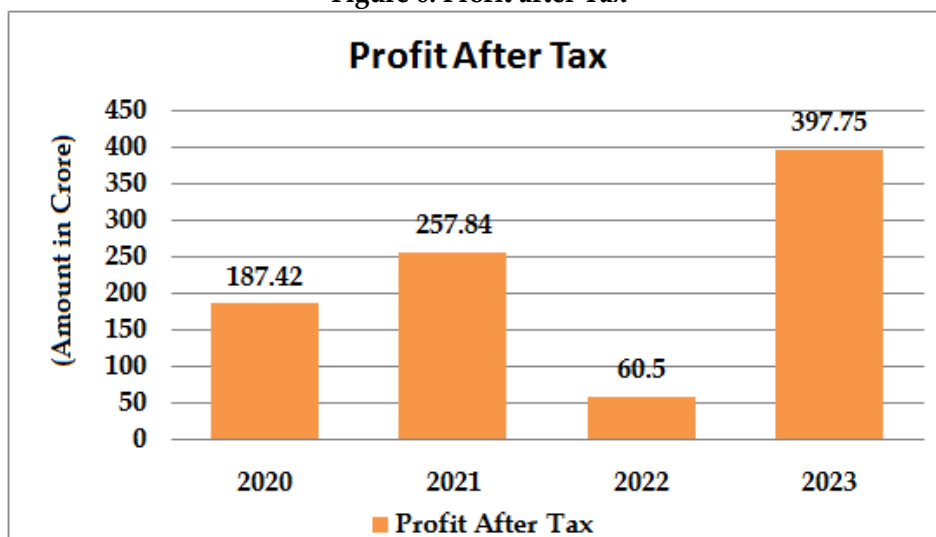
Year	2020	2021	2022	2023
Profit	1874237	2578396	604963	3977490

Source - Annual reports, Prathama U.P. Gramin Bank Moradabad, 2022-23: pp-25, 2021-22: pp-25, 2020-21: pp-23, 2019-20: pp-24.

**Figure 5: Bank Expenditure & Profit**



**Figure 6: Profit after Tax**



**Table 7: Various Details of Bank**

Sr. No.	Particular	2023	2022	2021	2020
1.	Average working Fund	268654535	247675204	239011717	215412346
2.	Financial Return	8.03	6.90	8.44	8.67
3.	Financial Cost	3.40	3.30	3.60	4.04
4.	Financial Margin	4.63	3.60	4.84	4.63



	(2-3)				
5.	<b>Operating Cost</b>	<b>3.21</b>	<b>2.55</b>	<b>3.61</b>	<b>3.27</b>
6.	<b>Misc. Income</b>	<b>1.14</b>	<b>1.11</b>	<b>1.15</b>	<b>0.91</b>
7.	<b>Operating Margin (4-5+6)</b>	<b>2.56</b>	<b>2.16</b>	<b>2.38</b>	<b>2.28</b>
8.	<b>Risk Cost</b>	<b>0.57</b>	<b>1.79</b>	<b>0.46</b>	<b>1.24</b>
9.	<b>Net Margin(7-8)</b>	<b>1.99</b>	<b>0.37</b>	<b>1.92</b>	<b>1.03</b>

Source - Annual reports, Prathama U.P. Gramin Bank Moradabad, 2022-23: pp-25, 2021-22: pp-25, 2020-21: pp-23, 2019-20: pp-24.

## 5. CONCLUSION

- [i] Prathama U.P. Gramin Bank, (sponsored by Punjab National Bank) is one of the leading commercial Bank of India. The main aim of bank is to develop the rural area. It must act according to its aim of establishment. There are many branches working in urban area. It is the indirect violation of fundamental aim of bank.
- [ii] The name of bank is Prathama UP Gramin Bank. The bank is constituted for the banking development of whole area of Uttar Pradesh from East to West. The spread of Prathama UP Gramin Bank is mainly in western UP.
- [iii] Banking is an emerging area including ultra-modern facilities of digital technology and financial inclusion i.e. E-banking, banking apps, pass book printing machines, cash deposit machine, global connectivity etc. These global standard facilities are easily available in urban areas, but not in all branches of Prathama UP Gramin bank.
- [iv] Many branches especially in rural areas facing lack of sufficient human resources. The priority of bank officer and personnel is urban areas. They want and avail transfer and posting in urban areas as early as possible.
- [v] The business and branches of private bank concentrated in metro cities and urban areas. Private bank are ignoring rural areas completely.
- [vi] Banking business in rural areas is very limited. This limitation decreases productivity and profit potential. This factor demotivates the opening of new branches in rural areas.
- [vii] Despite various challenges and speed breakers bank is performing well. This wellness is proved by the number of branches, employees, customers, and business etc. comparing 2020 to 2023.

## 6. SUGGESTIONS

- [i] Prathama UP Gramin bank is constituted for the development of rural area. The Bank must focus on rural development, instead of urban and rural both.
- [ii] The spread of Prathama UP Gramin Bank is in 20 district of UP. Bank must try its best in all UP specially in East UP, according to its aim East to West.
- [iii] Advance level modern banking facilities are not special right of urban areas or metro cities. Rural banking is not synonym of backward banking or outdated banking or basic banking. Prathama UP Gramin bank must provide ultra-modern banking in rural areas.

- [iv] The bank officers and personnels wants posting in urban branches as early as possible. The reason behind it is poor facilities in rural areas. Bank must provide special alluring financial incentives, good entry in service book and promotion for serving in rural areas to increase the interests of bank personnels.
- [v] It is a matter of high concentration that rural areas are not focus of modern banking. Every bank is promoting its business in urban areas. Rural banking must be top priority of government.
- [vi] Development of rural banking is the joint responsibility of governmental as well as private bank. Only governmental bank are performing this responsibility. Private Banks must be forced to contribute in rural areas.
- [vii] Less profit potential is the main barrier in opening of branches in rural areas. To increase the profits potential and to decrease the operating cost single person based banking centers should be promoted.
- [viii] Bank is performing well. To increase its performance rate the nurturing institutions of rural banking must increase its support in quality and quantity.

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