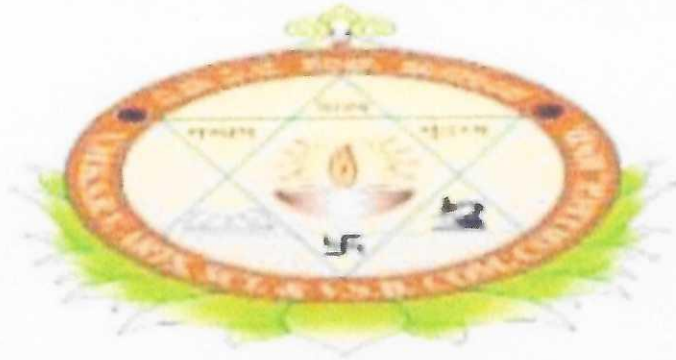


V M V V SANGHA'S



V M K S R VASTRAD ARTS SCIENCE  
AND V S BELLIHAI COMMERCIAL COLLEGE  
HUNGUND

Project report entitled

**"A PROJECT REPORT ON RURAL  
BANK OF INDIA**

**UNDER GRADUATION OF BACHELOR OF COMMERCE**

**Submitted by**  
**Ms. SAVITA. S. SUDI**  
**B.Com IV Semester**  
**Register No: U15IY21C0021**

**Under the Guidance of**  
**Mr. SHREESHAIL BOMMASAGAR**  
**Lecturer,**  
**Department of commerce**  
**2022-23**

# DECLARATION

I declare that this project report entitled "**A PROJECT REPORT ON RURAL BANK OF INDIA**" independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University**. The project report has been prepared under the guidance of . **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & VS BELLIHAI COMMERCIAL COLLEGE HUNGUND.**

I have not submitted his project previously to this university or any other university for the award of any degree.

Date : 02-09-2023  
Place : HUNGUND

S . S . Sudi  
Ms. Savita. S. Sudi

# CERTIFICATE

This is to certify that **Ms. Savita. S. Sudi** is a bonafide student of the Department of Commerce, bearing REG NO : U15IY21C0021 during the academic year 2022-23 has satisfactorily completed the project work entitled "**A PROJECT REPORT ON RURAL BANK OF INDIA**" submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.



**Mr. SHREESHAIL BOMMASAGAR**  
(Coordinator)



**Prof. B A KANTHI**  
(HOD OF COMMERCE)

**Prof. B. A. Kanthi**  
Head, Department of Commerce  
V.M.K S.R.Vastrad Arts, Science  
V.S.Bellihal Commerce College  
Hungund-587118




**Prof. S K MATH**  
Principal

**Principal**  
Vilaya Mahantesh Krupaposhit  
S.R.Vastrad Arts, Science & V.S.Bellihal  
Commerce College, Hungund-587118

# CERTIFICATE

This is to certify that the project work on "A PROJECT REPORT ON RURAL BANK OF INDIA" has been carried out by Ms. Savita. S. Sudi B Com IV semester under the guidance of Mr. SHREESHAIL BOMMASAGAR Co-ordinator. Prof. B A KANTHI Head of the Department in Commerce. towards the partial fulfilment of the requirements for the award of degree of department of Commerce by the Rani Channamma University during the year 2022-23.

Date : 02-09-2023  
Place : HUNGUND

  
Prof. S. K. MATH  
(PRINCIPAL)  
Principal  
Vijaya Mahantesh Krupaposhit  
S.R.Vastrad Arts, Science & V.S. Bellur  
Commerce College, Hungund-587444

# Acknowledgement

I am greatly indebted to my guide, **Shri. SHREESHAIL BOMMASAGAR** Co-ordinator, *Department of Commerce*, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAL COMMERCE COLLEGE HUNGUND** for his inspiring guidance. In spite of several busy assignments, he has been kind enough to spare his time for giving me pleasure and privilege to work under his guidance.

Further I am also thankful Principal **Prof. S K MATH** and **Prof. B A KANTHI** Head of the Department in Commerce and **Mr. S S PATIL** and **Mr. B S HOSAMANI** for their encouragement and help in carrying out this project work.

My sincere thanks to all for supporting me in carrying out project report and I also thanks to library staff and all my friends for their co-operation during the course of project work and I am also thankful to printers of their skilful printing this work.

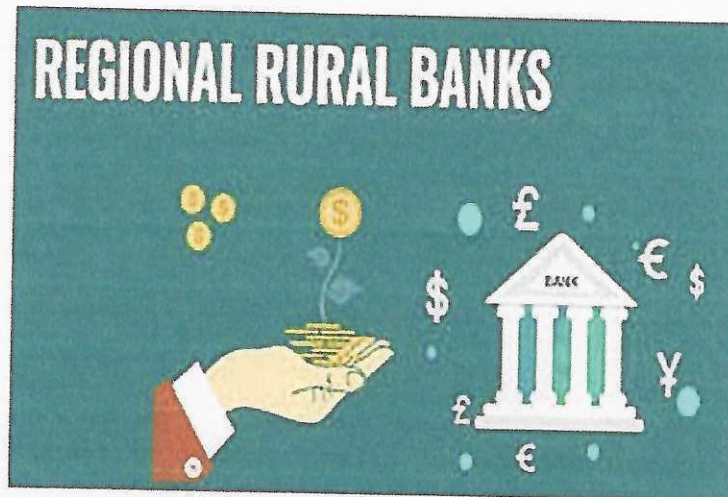
My parents are main soul for my confidence, determination and strength throughout my life. The sweet hopes and wishes have made me able to present this work.

Last but not the least I take this opportunity to thank and remember all my friends who are with me and who have helped me throughout my life from the place they have resided in making me feel that I am also one among them who can achieve things as we want.

Date : 02-09-2023  
Place : HUNGUND

S. S. Sudi  
Ms. Savita. S. Sudi

## Regional Rural Banks (RRBs)



**Type** Government owned Banks

**Industry** Banking, financial services

**Founded** 2 October 1975; 47 years ago

**Number of locations** 21871 <sup>[citation needed]</sup>

**Products** Retail banking, corporate banking, investment banking, mortgage loans, wealth management, debit cards, UPI, internet banking, mobile banking, finance and insurance

**Owner** Government of India (50%),

## BALANCE SHEET

### ASSETS

#### Current Assets

Cash	\$ 710,000
Receivables	2,379,000
Inventories	3,361,000
Prepaid Expenses	43,000
Total Current Assets	6,493,000
Other Investments	5,111,000
Property, Buildings and Equipment	5,227,000
<b>TOTAL ASSETS</b>	<b>16,831,000</b>

### LIABILITIES AND PATRON EQUITIES

#### Current Liabilities

Short-Term Notes Payable	1,800,000
Current Portion of Long-Term Debt	367,000
Payables and Accruals	1,775,000
Total Current Liabilities	3,942,000
Long-Term Debt	1,082,000
<b>TOTAL LIABILITIES</b>	<b>5,024,000</b>
<b>TOTAL PATRON EQUITIES</b>	<b>11,807,000</b>
<b>TOTAL LIABILITIES AND PATRON EQUITIES</b>	<b>16,831,000</b>

# RURAL BANKING IN INDIA



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## What's Making NEWS ???

**Rural banking & microfinance need to be addressed for sustainable growth**  
**: RBI Deputy Governor**

**Microfinance Focus, Nov. 11, 2009: Reserve Bank of India's Deputy Governor Ms. Shyamala Gopinath recently said the rural banking and microfinance, infrastructure finance and broader regulatory approach for financial sector are precisely the issues which need to be addressed to achieve balanced and sustainable growth over the long term for emerging market economies.**



## Rural Banking - Introduction

- Rural banking in India started since the establishment of banking sector in India.
- Rural Banks mainly focussed upon the agro sector.
- In rural banking in India, there are 14,475 rural banks in the country of which 2126 (91%) are located in remote rural areas.
- SBI – Largest bank catering to Rural banking.
- Haryana State Co-operative Apex bank limited, NABARD, Sindhanur Urban Souharda Co-operative bank, United bank of India are other banks operating in rural markets.

Source : Indian Finance & Investment guide

3

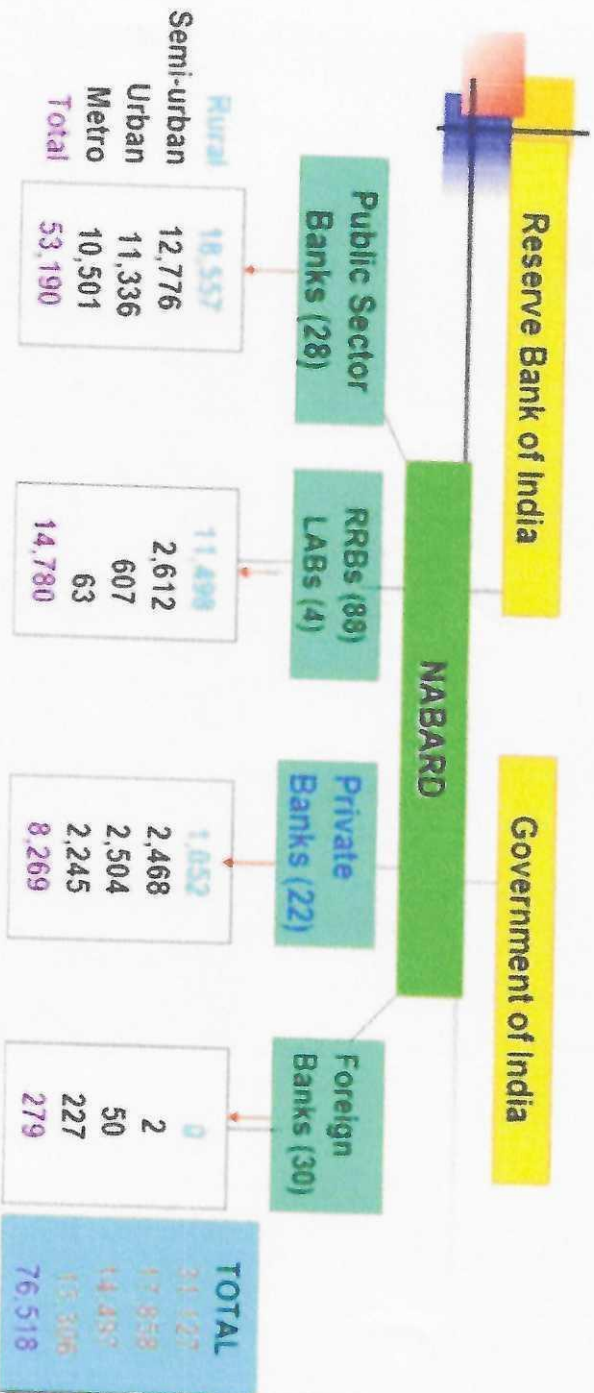


## Rural Banking - Current Status

- Rural population of about 780 million with limited access to financial services.
- A high proportion of rural lending is from informal sources.
- About 500-600 million people in India still do not have bank accounts.
- Rural economy (Agriculture + on-agriculture) constitutes about 50% of GDP.
- Banks have woken up to the potential in the rural sector .
- Current demand for credit in Rural India is around Rs.1,33,000 Crs.
- Commercial Bank branches cover only 7% of rural sector and large market is still untapped.



# Banking Network in India



+ the cooperative banks with more than 12000 branches and almost 100,000 primary credit cooperatives linked to cooperative banks and now even commercial banks

Source : Seminar - Rural Banking Through ICT

# Banking Network in India

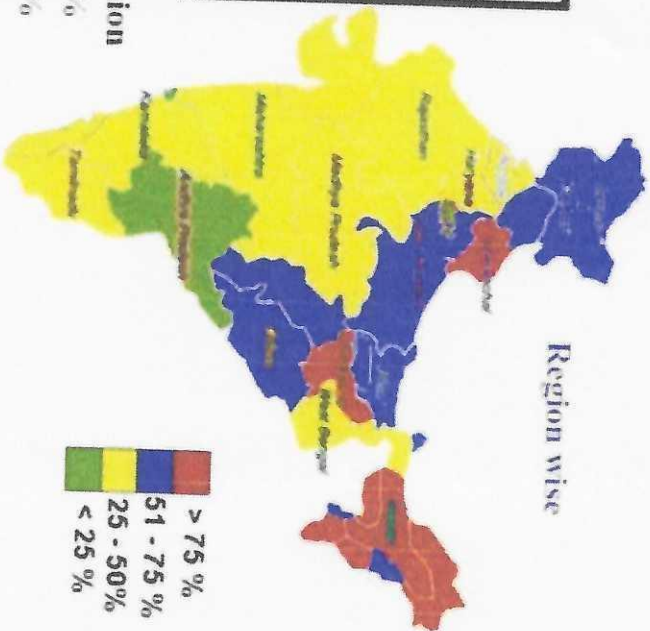
Still the level of exclusion is nearly 60 % with regional variances...

Social Group wise

S. No	Social Group	Households (000)	% Excluded
1	SC	15592.6	49.77
2	ST	11924.1	63.68
3	OBC	37043.0	48.58
4	Others	24688.4	50.58
5	<b>Total</b>	<b>89248.1</b>	<b>51.36</b>

Occupation wise

Category	% Exclusion
❖ Marginal farmers	55.00%
❖ Small Farmers	49.00%
❖ Medium Farmers	39.64%
❖ Large Farmers	33.00%



# Rural Banking : A new growth opportunity

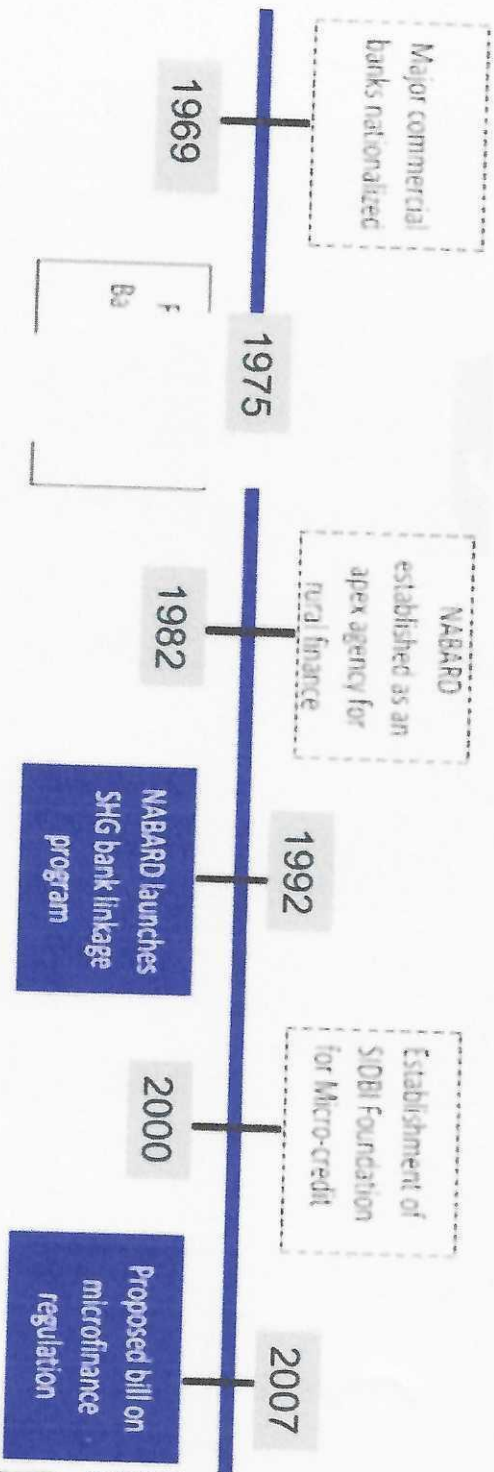
(households in million)

	FY1996		FY2002		FY2005	
	Urban	Rural	Urban	Rural	Urban	Rural
Middle Income	17	16	27	23	35	28
High Income	0.7	0.3	1.8	0.7	3.6	1.2

- 43% of households in middle and high income groups from rural India in 2005
  - Their number has grown by 79% from 1996-2005
- Middle income Rs. 90,000-5,00,000 per household pa.  
 High income > Rs. 5,00,000 per household p.a.



# Major Milestones in India



- One Million Self Help Group Linkage achieved in 2005
- Committee on Financial Inclusion set-up in 2006

# Rural banking faces twin challenges

Regulation

Distribution

- Regulation with respect to banking has been designed for delivery in urban India.
- Distribution requires more manpower to be deployed in rural area.
- Rs 1-crore business in microfinance required 30 people in terms of manpower, the same volume of business in other portfolios requires only one person.





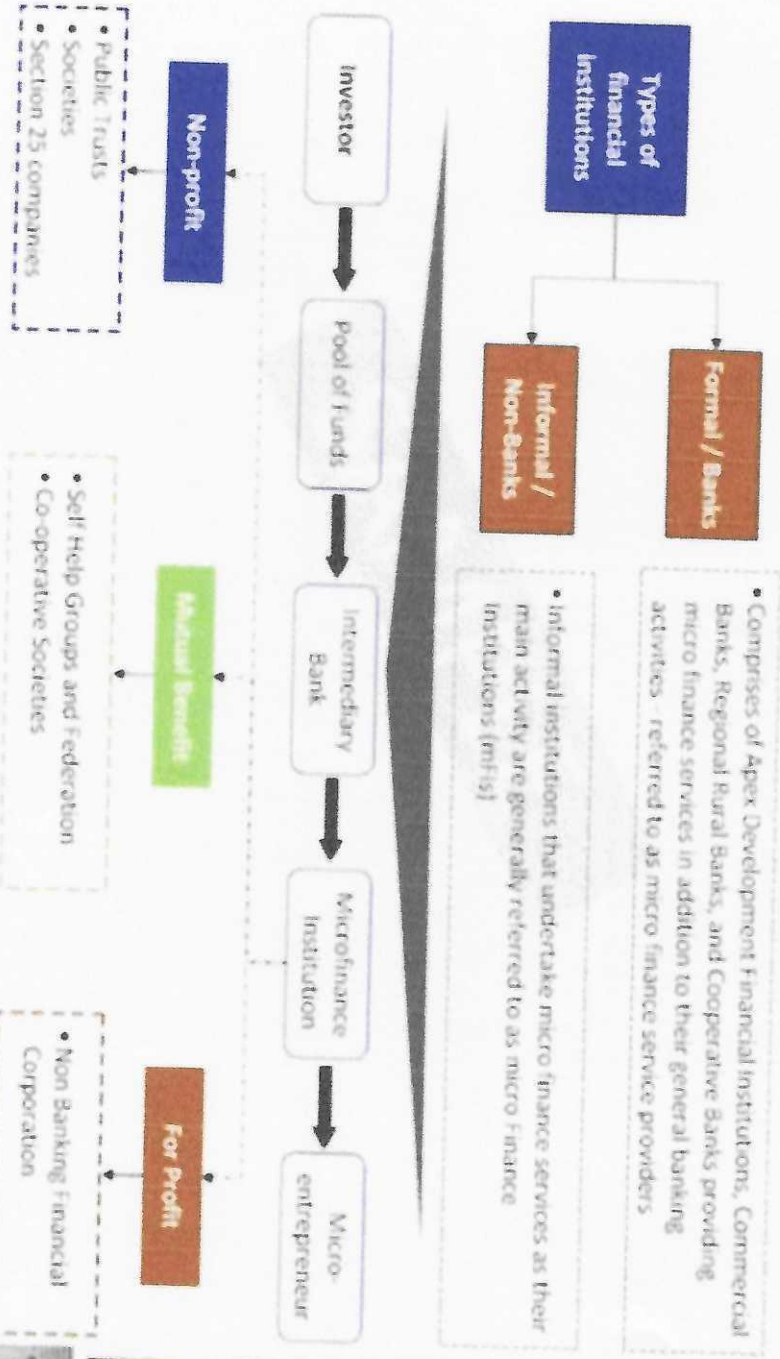
# Microfinance

Provision of thrift (Savings), Credit and other financial services and products of very small amounts to the poor for enabling them to raise their income levels and improve living.

## Services Provided



# Microfinance



# Case Study



STATE BANK OF INDIA



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- Largest commercial bank in India
- Bank with largest branch network – 9247
- Rural and Semi-urban branches – 6473
- SBI has 30 Regional Rural Banks in India known as RRBs
- The rural banks of SBI is spread in 13 states extending from Kashmir to Karnataka and Himachal Pradesh to North East
- The total number of SBIs Regional Rural Banks in India branches are 2349 (16%).





- The Bank is actively involved since 1973 in non-profit activity called Community Services Banking.
- Micro finance deeply ingrained in SBI.
- Social obligation services like E-Ticketing.
- Comprehensive financial services, viz., savings, credit, remittances insurance and financial products through ICT.



## Some Rural Projects Of



STATE BANK OF INDIA

### SBI TINY ACCOUNT

- Opening of simple savings accounts for the villagers with zero balance.
- One of the villagers as SBI Mitra.
- Drop Box for depositing cash – at the SBI Mitra's shop / house.
- Small emergency loan.
- SBI Mitra assists in opening account.
- Piloted in Bahirgaon village in Maharashtra.

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## SBI TINY SMART CARDS

- A smart card with photo and fingerprint.
- Card serves as the account.
- Can be used for govt disbursals, insurance and loan disbursals.



### KCC

- This is medium limit card of Rs.20,000.
- Farmers can withdraw partial amount from card.
- 2.5% annual interest only on withdraw led amount.



# Self Help Groups



- Credit linked 677 thousand SHGs as on December 2006 with total disbursement of US\$660 million benefiting 9.48 million families.
- Market share of 43% of total SHGs financed by Commercial Banks in the country.
- 734 thousand SHGs are having thrift account with total thrift of US\$108 million in these accounts.







## Impact of SHGs

- 6400 thousand women beneficiaries.
- Increase in income.
- Increase in expenditure on education, clothes and health.
- Improvement in status of women and their confidence level.





STATE BANK OF INDIA

## Impact of SHGs

- Improved health and hygiene.
- Better housing.
- Decline in social evils.



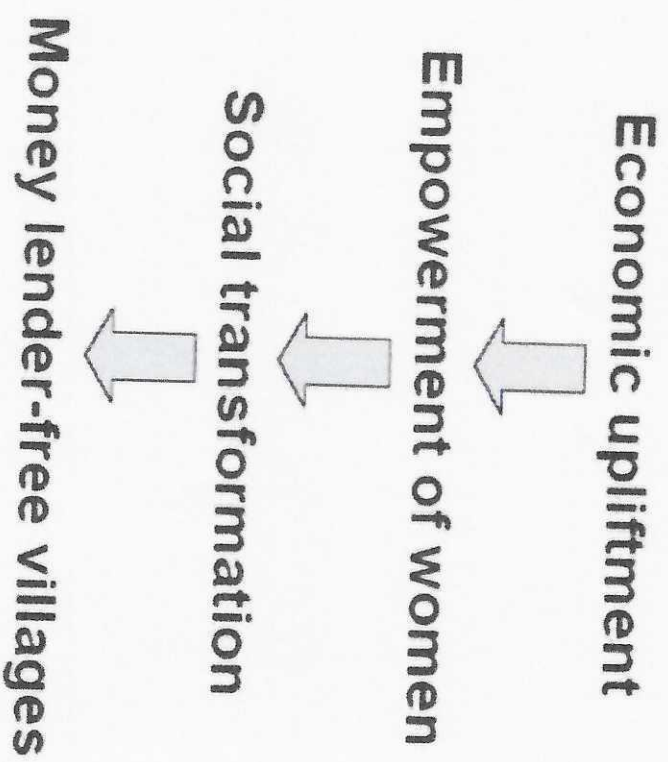
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# Ultimate Goal of SHG Being..





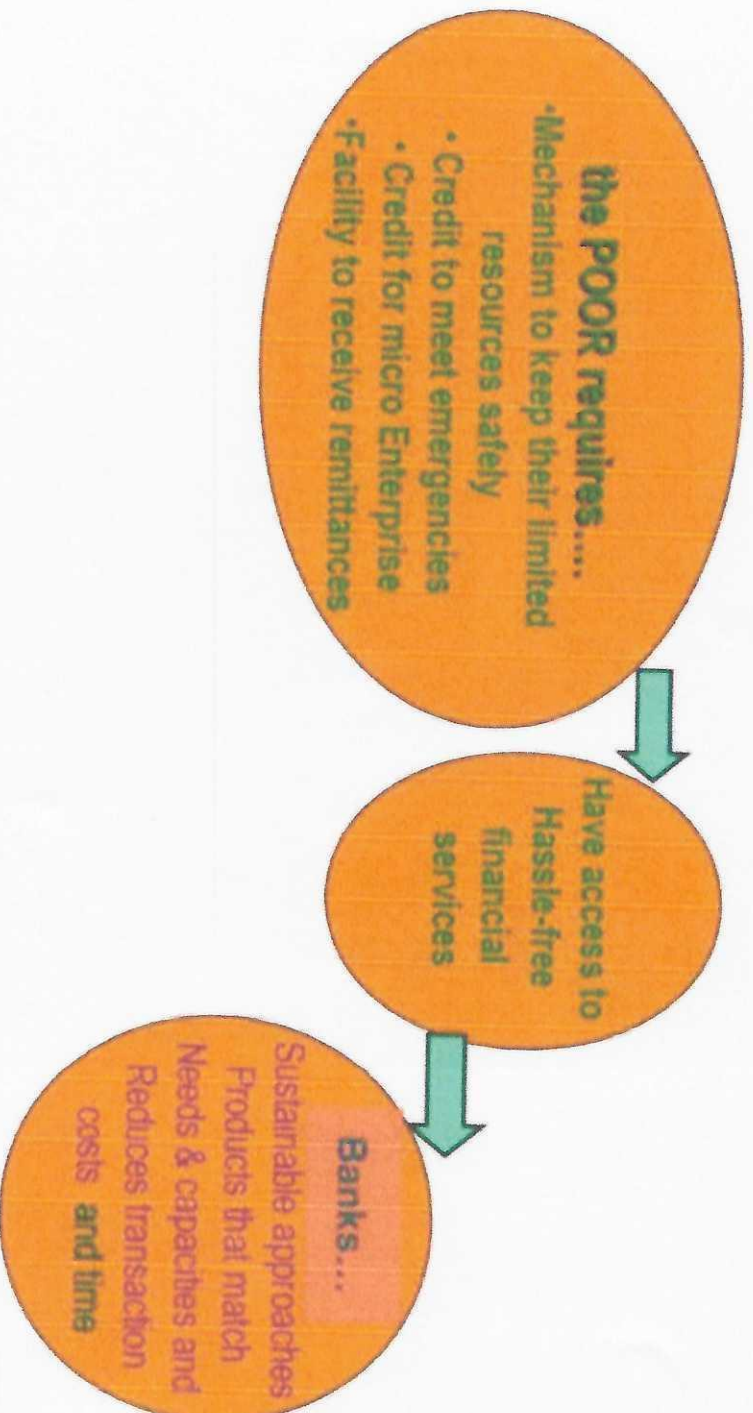
# Goals (2009-10)

- Issue one crore IT enabled No Frill Accounts through alternate channels.
- Open 15 lac No Frill accounts through Bank's branch channel.
- Cover 1,00,000 unbanked villages through BC (Business Correspondents) / BF (Business Facilitators) and opening new branches.
- Increase outreach through 25,000 Customer Service Point Outlets of BC/ BF.
- Set up additional processing capacity of Rural and Semi urban branches by setting up 300 Rural Credit Processing Centres.
- Open 870 new branches under second wave of branch expansion program.
- Open at least 250 rural household accounts at each Rural and Semi Urban branch every year as per GOI directives.

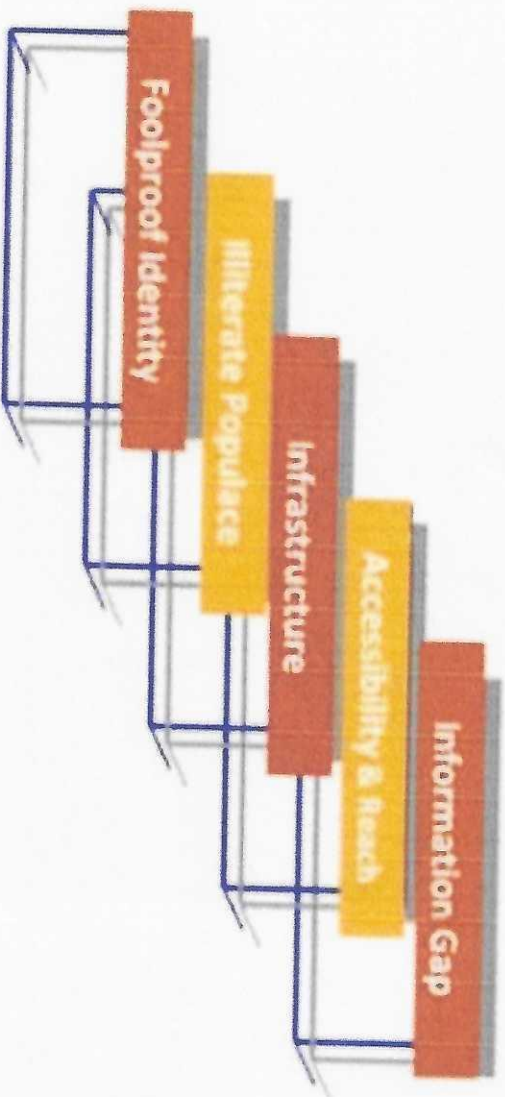
# Analysis & Recommendations



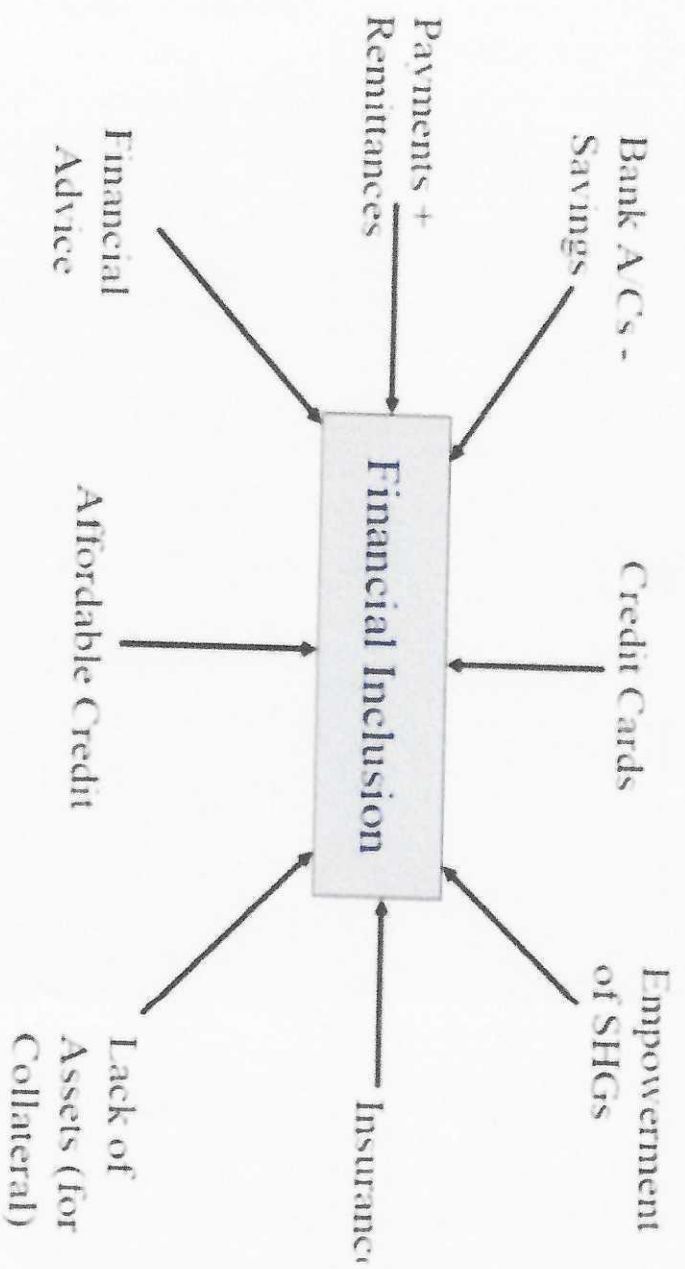
# Gap Analysis



# Hurdles in Micro Banking

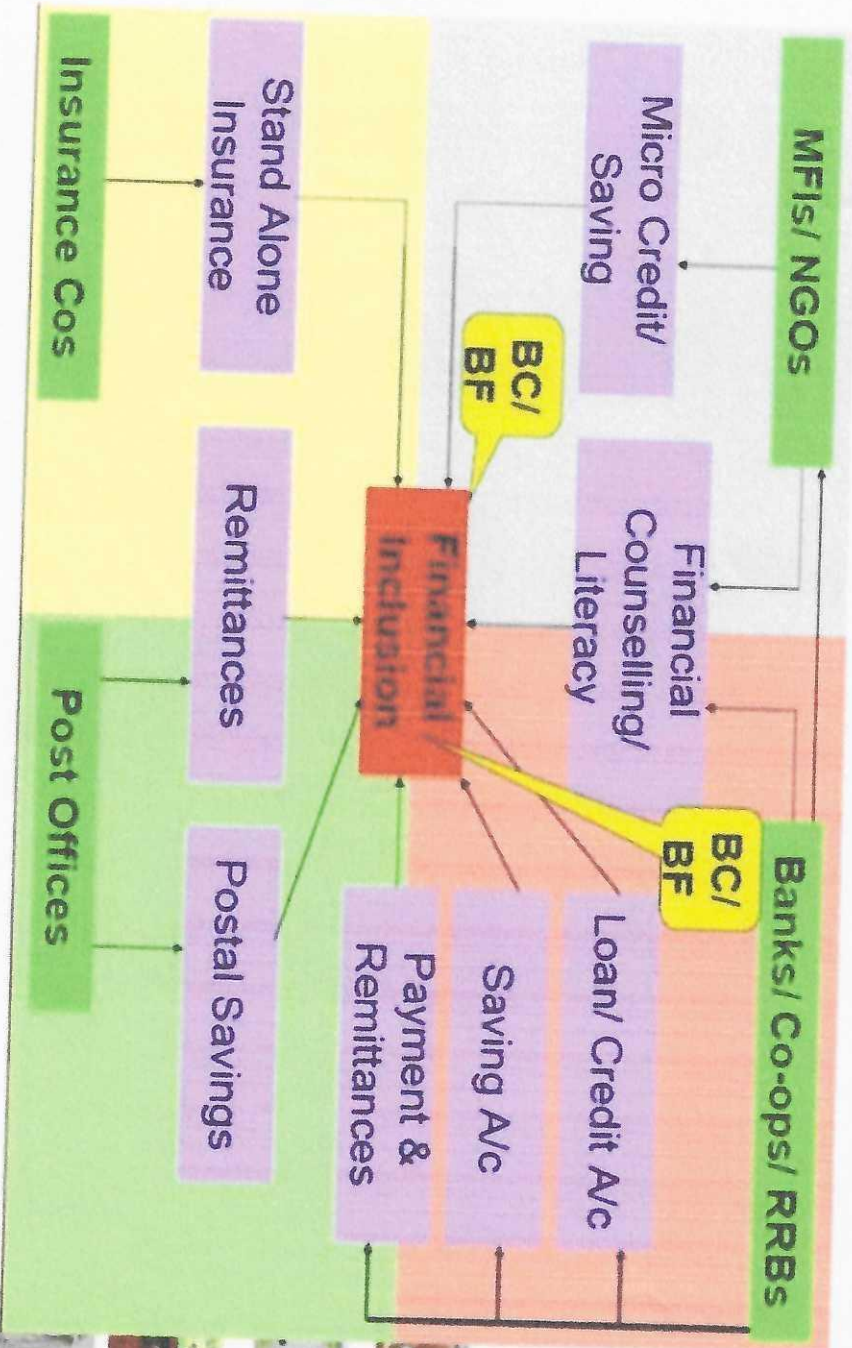


# Possible Rural Financial Inclusion





# Roadmap for Financial Inclusion



## What is needed from Banks ??

- Focus on non farm rural business.
- Greater levels of financial inclusion.
- Reach out to the needy through micro credit/SHGs(Self Help Group).
- Easy and affordable financial services through the best use of technology.



## What is needed from Government ??

- Undertake a massive program for financial literacy and credit counseling.
- Dovetail Govt. payments under various programs through bank accounts.
- Strategic action plan for remittance facility both inter bank/intra bank and post office.
- Implement a time bound plan for training of BC.
- Include SHGs as BC.

