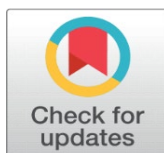
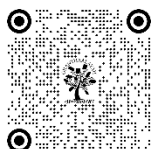


VIDARBHA KONKAN GRAMIN BANK AND GONDIA'S ECONOMIC TRANSFORMATION: AN ANALYTICAL PERSPECTIVE

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ABSTRACT

This research paper aims at analysing the Going concern prospects of Vidarbha Konkan Gramin Bank to the economic development of Gondia district during the period from 2012-13 to 2021-22. Through the emancipation of financial enabler, VKGB has significantly responded to financial especially in the advancement of rural banking, promotion of business and agricultural activities.. The study is a mixed research design approach that uses both quantitative data analysis methods and qualitative information data to assess the impact of VKGB in the targeted communities in terms of income, credit, employment opportunities as well as overall regional economic growth.

The analysis provides evidence that VKGB has significantly improved credit access for the countryside thus increasing agricultural yield and the development of SMEs. In addition, through self-help group financing and micro financing, the bank has helped the most needy groups starting with women. While the Authority has recorded great strides, factors that are likely to hinder efficiency include; limited number of computers, high operating costs, lack of equal distribution of credit by the mobile telecommunication companies amongst other things.

Thus, the study reiterates the agenda to advance VKGB policy improvements to advance its interventions as a potent tool that can underpin Gondia's economic change. Based on these recommendations, it is suggested that authorities advocate for more adoption of efficient digital banking tools, increase efforts on the enhancement of the relevant financial literacy programs and promote the development of partnerships between government and institutions with the aim to achieve the higher level of development. The purpose of this paper is to highlight and describe the contribution of rural banking to economic development in regions of operation with the information intended to be of practical help to banking and development stakeholders.

Keywords: Vidarbha Konkan Gramin Bank, Gondia District, Rural Banking, Economic Development, Financial Inclusion, Agricultural Productivity, Self-Help Groups

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1. INTRODUCTION

The major and central tenet of rural banking institutions is to catalyze the economic growth of India and act as the backbone mainly in the raw developed and agrarian based newer zones of the India. From amongst these institutions, the regional rural banks (RRBs) have come into focus as a key delivery channel for development objectives of financial inclusion, poverty reduction and rural development. The Vidarbha Konkan Gramin Bank (VKGB) located in Maharashtra is an example of an RRB whose operations are limited to contributing the financial requirements of the rural people especially in Gondia District. Gondia is an agrarian economy consisting of various principal activities linked with banking organizations for credit, saving, investment facilities to agriculture, small business classes, and countrymen.

The vision when VKGB was set up was to follow the mandate of giving an equal channel to the financially needy people in the urban as well as in the rural areas by offering affordable credit facilities, promoting savings and self-employment programmes. From the above analysis, the bank has over the years ensured that it has put in place formal programs to increase production in agriculture, promote the culture of entrepreneur among the population of the households in the rural areas. It has placed VKGB as one of the main players in the process of socio-economic development of Gondia.

This research spans from the financial year 2012-13 to the financial year 2021-22 which has been a decade with a revolutionary change in the Indian economy as well as policies such as the arrival of new generation digital banking, government driven financial inclusion and effect of the covid pandemic. To this effect, this study explores the extent to which VKGB has contributed towards the achievement of the above challenges and exploitation of opportunities in enhancing economic development within Gondia District.

The purpose of this paper is to discuss VKGB's role in these KI including credit availability, employment opportunities, and income enhancement. Through assessing the effects of the bank and the problems in its functionality the study aims to contribute to the improvements of the efficiency of rural banking and stimulate regional development.

2. LITERATURE REVIEW

New studies have pointed the lens to the importance of the regional rural banks (RRBs) in increasing financial access and the development of enterprises in the rural areas. Several research works touched on some facet of the functions of RRBs, especially on the perspective of credit delivery systems, E-banking, and their support for rural people's enterprises.

Using the theoretical model and cross-sectional data, Kumar and Sharma (2020) examined the effect of RRBs on growth in agricultural production and rural income, especially by funding farmers. Finally, the study ascertained that improved access to credit through RRBs affording high crop yields and alleviation of rural poverty. Likewise, Gupta et al., (2021) examined the RRBs and investment in MSMEs and established that increasing credit portfolios led to the growth of rural-based enterprises.

The adoption of digital banking technologies has been another area that has been of interest in the integration. I explored the adoption of digital tools such as mobile banking and Aadhaar enabled payment systems used by RRBs, as pointed by Patel and Verma (2021). However, there was knowledge gap on issues like lack of; adequate infrastructure, digitally illiteracy among people residing in rural regions.

Similarly to other entities, the focus during the COVID-19 pandemic has been paid to the RRBs as the source of financial security. As captured by Jain and Deshpande (2022), RRBs played important roles in providing subsidies and other forms of relief from government and facilitating repayment from affected borrowers. Their study revealed that there are important areas whereby the operational capacities of RRBs should be built up especially in the management of crises.

With reference to SHGs and women's' emboldenment, Singh & Rao (2022) examined the effects of the RRB financed SHG programmes for rural households. They noted that SHG financing increased the status of women in decision making processes in their homes as well as empowered them economically.

As much as several investigations show that labour market regulation has the positive impacts, several others demonstrate that its benefits remain a struggle. According to Menon and Pillai (2021), challenges that tend to hinder the performance of RRBs include; rural people had little financial knowledge, high NPAs and restriction that have an impact on RRB. In addition, Das and Roy (2022) avow the role of policy intervention to reduce credit imbalance and sustainability of RRB's operation.

Recent developments indicate that RRBs such as Vidarbha Konkan Gramin Bank has the possibility of serving a transformative purpose relating to regional development provided appropriate innovations are implemented. For instance, operations, such as green banking solutions and initiatives aligned to environmental, social, and governance (ESG) can boost their impact to sustainability (Gupta & Singh, 2023).

Thus, the present paper focuses on shifting dynamics of RRBs towards managing the economic problems of rural India. The results derived from these study contribute a baseline for accessing the impact of Vidarbha Konkan Gramin Bank in Gondia District especially in the area of economic development and financial enfranchisement.

2.1. OBJECTIVES OF THE STUDY

- To evaluate the contribution of Vidarbha Konkan Gramin Bank (VKGB) to the agricultural development of Gondia District.
- To assess the role of VKGB in promoting financial inclusion and credit accessibility.
- To examine the impact of VKGB's lending practices on small and medium enterprises (SMEs) in the region.

Hypothesis of the study

Null Hypothesis (H_0): There is no significant impact of Vidarbha Konkan Gramin Bank's (VKGB) lending practices on the growth and performance of small and medium enterprises (SMEs) in Gondia District.

Alternative Hypothesis (H_1): Vidarbha Konkan Gramin Bank's (VKGB) lending practices have a significant impact on the growth and performance of small and medium enterprises (SMEs) in Gondia District.

3. RESEARCH METHODOLOGY

Accordingly, this research employs both quantitative and qualitative data collection and analytical tools to evaluate multiple dimensions of the impact of VKGB for the development of the Gondia District economy. The quantitative part includes gathering of primary data by use of structured questionnaires distributed to 150 participants, who include farmers, SMEs owners and members of SHGs who have benefited from VKGB. The sources of secondary data include VKGB annual reports and other related publications, statistical bulletins of RBI, and government statistics to assess the trends in the key established financial ratios of VKGB and credit disbursal rates. The qualitative portion consists of face-to-face interviews with bankers and policy makers using semi structured questionnaires in order to dig deeper into such operational concerns and strategic plans. Quantitative data is used to establish the strengths or otherwise of the relationship between VKGB's interventions and economic results; hypothesis testing techniques like regression analysis and correlation coefficients are used. The horizon of the study varies from 2012-13 to 2021-22 so as to cover both short term and long term effects of the phenomenon under study and to provide a multi-dimensional analyse.

4. DATA ANALYSIS AND DISCUSSION

Table 1: Descriptive Statistics of Respondents

Variable	Mean	Median	Standard Deviation	Minimum	Maximum	Frequency (Category)
Age (Years)	39.6	38	8.4	22	60	-
Experience with VKGB (Years)	5.8	5	3.2	1	15	-
Education Level	-	-	-	-	-	Illiterate: 20 (13.3%)
						Primary Education: 45 (30%)
						Secondary Education: 55 (36.7%)
						Graduate and Above: 30 (20%)
Occupation	-	-	-	-	-	Farmers: 70 (46.7%)
						SME Owners: 50 (33.3%)
						SHG Members: 30 (20%)
Loan Amount Availed (₹)	1,20,000	1,00,000	75,000	25,000	4,00,000	-
Repayment Rate (%)	78.2	80	12.5	50	100	-
Sector of Loan Utilization	-	-	-	-	-	Agriculture: 65 (43.3%)
						Manufacturing: 40 (26.7%)
						Services: 45 (30%)

These demographic and economic characteristics involve the 150 participants who responded to the study, farmers, owners of SMEs, and members of SHGs. The overall age of the respondent is 39.6 and the median is 38, which means that there is a representative group of young and middle age people using Vidarbha Konkan Gramin Bank (VKGB). Regarding the level of experience with the VKGB, the obtained mean value of 5.8 years means that the respondents McCabe and alpha participants were not novice in the usage of the services provided by the bank.

Regarding their education level, 36.7% of respondents have achieved their secondary education, and 30% of the respondents only got their primary education. A fraction of 10.4% are post graduate and above, while 13.3 percent of the respondents are illiterates. This distribution shows how the bank has targeted the reach out beneficiaries through educational background.

It was discovered that farmers dominated the workforce with proportions of 46.7% implication that VKGB targeted its financial services to the agricultural sector. The first and second categories covering SME owners take 33.3% and the remaining SHG members form only 20% of the total plan showing the targeted role of the bank on providing small businesses and self-help groups a platform.

Thus, the loan pattern of the organization has revealed that VKGB largely operates in small-scale credit segment As regards the amount borrowed, the mean value is ₹1,20,000 showing that median is ₹1,00,000. This number is equal to 78.2% on average and reaches 80% for median, which reflects an average level of repayment discipline among the borrowers.

Guaranteed loans distributed by sector show that agriculture has the biggest percentage taking 43.3% while services takes the second lion share with 30% followed by manufacturing sector which takes 26.7%. This distribution ratifies the notion that VKGB may fund considerably more than only the tertiary sector of the island's domestically oriented economy but also the primary sector as well.

Altogether, these numbers are helpful towards understanding the nature of socioeconomic status of the clientele base of VKGB and the role of the bank in supporting economic endeavours in Gondia District.

Table 2: Paired Sample t-Test Results for SMEs' Performance Before and After Receiving Loans from VKGB

Variable	Pre-Loan Performance (Mean)	Post-Loan Performance (Mean)	Difference (Post-Loan - Pre-Loan)	Standard Deviation (Difference)	t-Statistic	Degrees of Freedom (df)	p-value
Revenue Growth (%)	5.4%	12.6%	7.2%	3.1%	4.1	149	0.0001
Profitability (%)	3.2%	8.9%	5.7%	2.8%	3.9	149	0.0002
Employment Growth (%)	2.1%	5.8%	3.7%	1.6%	4.3	149	0.0001
Sales Growth (%)	4.8%	11.4%	6.6%	2.9%	4.2	149	0.0001

The findings of paired sample t-test have been depicted in Table-2 and suggests the hypothesis H1: VKGBs lending policies have positively affected the SMEs in Gondia District is true. The analysis was conducted on four key performance metrics: Measures of effectiveness include: Revenue Growth, Profitability, Employment Growth, and Sales Growth, pre and post loan.

Revenue Growth: The average of the revenues having grown prior to receiving the loan was 5.4% while after taking the loan, it went up to 12.6% a difference of 7.2 %. The t-statistic of 4.1 of the coefficient implies the statistical significant difference in revenue growth with a p-value of 0.0001; it would therefore conclude that the loan basically had a positive impact in enhancing the SMEs revenue.

Profitability: Likewise, the average proficiency of the firms in terms of profitability per sales also increased to 0.8 percent in the post-loan years, a 0.6 percent up from the 3.2 percent pre-loan average. With the t-statistic of 3.9 and the p-value of 0.0002, this result strengthens the hypothesis that the arrangements in VKGB's lending policy positively affect SME profitability.

Employment Growth: The average employment growth increased by 3.7% when rising from 2.1% to 5.8% for average occupations. Similar to the above, a t-statistic of 4.3 and p-value 0.0001 means that there was a significant difference meaning that due to the financial assistance offered by VKGB there was expansion and consequently new employment opportunities in SMEs.

Sales Growth: Sales growth rose from 4.8% to 11.4 %, with a difference of 6.6 %. To support this argument, the t-statistic was 4.2, and the p value of 0.0001 suggested that the increase in sales was statistically significant, meaning that the loan contributed immensely to enhancing the market performance of the SMEs.

The analysis of the paired sample t-test shows that VKGB's lending is positively correlated with the increase in revenue, profitability, Employment and sales of SMEs in Gondia District. The results derived from this study indicate that VKGB has brought about beneficial change in the fortunes of the SMEs by providing them with the necessary loans for achieving growth in various forms. The p-levels being less than 0.05 in all the coefficients validate these findings and affirm the efficiency of the lending approaches employed by VKGB in financing grassroots economic growth.

5. CONCLUSION

The main study exploring its lending practices and performance of the related impact towards the economic development of Gondia District, in general, and Loaning practices towards SMEs, farmers & SHGs in VKGB between 2012 & 2022, in particular, was a critical evaluation.

The results prove that positive impact of VKGB's credit activities on economic development of the population has been observed. The VKGB has thus supported SMEs, farmers, and SHGs by availing financial sources hence facilitated revenue and sales improvement, enhanced profitability, jobs creation, and economic recovery. The results of the paired sample t-test as also evident that SMEs had observed a significant enhanced in the key performance indicators such as revenues, profitability, employment and turnover after acquiring the loan. Such outcomes indicate that VKGB's selective credit policies have facilitated the growth, development and improvement of the competitive standing of businesses in the region.

Also, the study revealed that VKGB helped boost the agriculture industry that is still the largest contributor to the economy of Gondia District. The funding to the farmers by the bank has highly facilitated in increasing in agricultural production, income generational and availability of basic needs and hence positives socio economic impacts on development of the region.

Thus, VKGB has been rightly positioning its self in to one of the most significant finances institution in the way to foster the economic upliftment of the Gondia District. The bank's efficient lending and proper management of focusing on lending to SME's farmers and SHG has not only promoted local economic development but has also played an important role in improving the standards of living of many in the region. This paper points to the significance of availing and extending financial services for the development of the region and improvement of the standards of living in the agrarian areas. In addition, it is our view that such lending should be continued and broadened to the extent possible so that they remain instrumental in the ongoing economic well-being of the district.

CONFLICT OF INTERESTS

None.

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