

## DEVELOPMENT AND CONTRIBUTION OF BANKING SECTOR IN HARYANA

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### **Abstract**

Banking industry is the backbone of the development of the any country economic development. Banks provide various services to the general public and play a vital role in the development of various industries and various sectors like agriculture, MSME etc. Agriculture and industries plays a crucial role in the development of any state and they need regular assistance from banks for their financial needs. Banking sector development is very important for the development overall economy of the state. In the last five years there is a mass level of development in the banking sector and Haryana is also benefited by this development. Bank eases the pressure of state government by providing funds to various industries. They also improve themselves in customer services and they have adopted new technology which increases there efficiency. In this paper the author will try to show the development of banking sector in Haryana and will also see how the banking sector contribute in the development of various sectors of the Haryana state.

**Key words:** Banking sector, Haryana, Commercial Banks, Branches

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## Introduction

The banking sector in India is having a very long history but its development is distributed into various phases. The first major development of banking sector took place after 1969 when major banks of India were nationalised. This was the time when banking reach to common people. This the time when government put pressure on banks for giving loan to priority sector so that sectors like education, SSI etc can avail funds from reliable source and able to develop themselves. The next face was the liberalization of Indian economy. After liberalization there was a drastic change in the banking sector. The entry of private banks was allowed after 1991. The emergence of new private banks changes the face of Indian banking sector as a whole. To compete with the private players nationalized banks were also forced to change their old methods of operations. Computerization in banking sector came after liberalization. Concepts like CRM, CBS system, ATM machines etc came into the banking sector. Development of various private banks like ICICI, HDFC, and AXIS etc took place after liberalization. Haryana state is also benefited by this development. The most important sector of Haryana is agriculture and maximum population of Haryana resides in rural areas. The development of agriculture and MSMSE is always the main target of Haryana government.

Institutional finance is essential for any development programme. In Haryana the role of government has been to persuade the banking institutions to give greater importance to agriculture and allied sectors, particularly to poverty alleviation programmes. The institutional finance available through commercial banks, co-operative banks and other term lending institutions reduces pressure on the budgetary resources of the state government (Economic Survey of Haryana 2010-2011).

## Review of Literature

### **K.Gunashekhar, Santhakumari K.B (2014) (Recent Trends in Indian Banking Sector)**

In this research paper the author is trying to show a glance on the development of Indian banking industries after the liberalization. He has showed various changes that took place in banking industry like internet, ATM, cash dispenser system, electronic clearing services, bank net, net banking, tele-banking, mobile banking, anywhere banking and voice mail. He has also discussed various trends in information technology like outsourcing etc. in the end he has concluding that the banking industry in India is growing and progressing with a very

good pace as its customer base is continuously increasing and it is adopting new technology. Reserve bank is playing a very good role as it is providing the Indian banks a shield against excessive leveraging and preventing them from doing high risky investments. With the continuous support from government there is high possibility that Indian banks will grow up to global level.

**Dr. Singh Vijay (The Haryana State Co-Operative Apex Bank Ltd: An Assessment of Performance and Achievements).** In this paper the author is discussing the financial performance and achievements of Haryana State Co-operative Apex Bank Ltd. is the apex co-operative bank which is also known as HARCO Bank. The bank has performed very well in recovery amounts and deposits, borrowings and working capital. In all these areas HARCO has shown more than hundred percent growths. In the end the author concluded that to make DCCBs more profitable along with strengthening the viability of PACS across the State are the very next responsibility of this apex bank. Automation and up-gradation of ICT remain to be implemented in the whole State. If HARCO bank wants to spread co-operative banking services in realistic manner, it needs to focus on to educate its existing beneficiaries and also potential customers by holding seminars and camps regarding financial literacy. Haryana State Cooperative Apex (HARCO) bank should establish a full automated research centre at its head office for conducting researches relating to co-operative activities in Haryana state.

**Kumar Rajiv and Dr. Kaur Jasmindeep(2013) A Study of Cooperative Banking in Haryana.** In this paper the author wants to discuss the importance and role of cooperative banks in Haryana. The main focus of the author is short and medium term rural cooperative banks working in the state of Haryana. The author has discussed the position of HARCO bank and central cooperative banks (CCBs) in Haryana. In the end author concluded that HARCO bank works as an apex bank and CCBs and PACSs come down the operating chain of it. HARCO Bank exercises control over the CCBs. HARCO Bank grants loan to the CCBs which in turn lend funds to PACSs. So, CCBs work as a link between HARCO Bank and PACSs. The results of author's research reflects that the profits of the HARCO bank has been declined over the year. The operational performance of the HARCO Bank and CCBs has not been as good as is evident from the operational results of these banks during the period 2002-03 to 2011-12. With regard to the financial position of the CCBs, it was found that CCBs suffered losses during the study period. It can be suggested that there is need to improve the profitability positions of these banks. For this purpose first of all bank should

focus on the Customer Relationship Management and fill the vacant posts immediately so that operational performance can be improved.

## Objectives

1. To analyse the development of banking sector in Haryana
2. To analyse the contribution of banking sector in the development of various sectors.

## Commercial Banks and Regional Rural banks in Haryana

There is a vast network of branches of commercial as well regional rural banks in Haryana. These banks are very helpful to the government in the growth and development of the people of state. The institutional finance available through commercial banks, co-operative banks and other term lending institutions reduces the pressure on the budgetary resources of the state government. (Economic survey of Haryana 2012-2013)

The total number of commercial banks and regional rural banks in Haryana is 3,015 in September 2012 as compared to 2,653 in 2011. There is growth of 13.64% in the number of branches of commercial as well as regional rural banks. The below table show the number of commercial and regional rural bank in Haryana in the last five years.

**TABLE-1 BRANCHES OF COMMERCIAL BANKS AND REGIONAL RURAL BANK IN HARYANA**

YEAR	NUMBER OF BRANCHES	PERCENTAGE INCREASE
2008	2003	-
2009	2250	12.33
2010	2410	7.11
2011	2653	10.08
2012	3015	13.64

Source: economic survey of various years of Haryana

The deposits, advances and overall credit deposit ratio of commercial and regional rural banks in Haryana have shown a tremendous increase. The deposits have shown a tremendous increase from the year 2008 to 2012. In the year 2008 the deposits were Rs. 75,034 which has increased up-to Rs 1, 59,453 in the year 2012. The advances have also shown an increase from Rs 51,869 of 2008 to Rs 1, 25,436 in the year 2012. Overall credit deposit ratio has been

increased from 69% of 2008 to 79% in 2012. The below table is giving the full detail of the amount of deposits, advances and credit deposit ratio.

**TABLE-2 TOTAL NUMBER OF DEPOSITES, TOTAL NUMBER OF ADVANCES AND CREDIT DEPOSITE RATIO OF COMMERCIAL BANKS AND REGIONAL RULAR BANKS IN HARYANA**

YEAR	TOTAL NUMBER OF DEPOSITES	TOTAL NUMBER OF ADVANCES	CREDIT-DEPOSIT RATIO
2008	75,034	51,869	69%
2009	90,271	61,000	67%
2010	1,05,704	78,328	74%
2011	1,26,890	92,320	73%
2012	1,59,453	1,25,436	79%

Source: economic survey of various years of Haryana

In Haryana, the government always try to persuade banking institutions to work for the development of agriculture and allied sector. Banks have taken away the burden of government by financing these sectors. Below are the various tables which show the credit plan of the government of Haryana for various sectors.

**TABLE-3 CREDIT PLAN OF HARYANA STATE FOR AGRICULTURE FROM 2008-2012**

YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	8415.15	5646.10	67.09
2009	9014.06	9738.79	108
2010	11102.81	13748.48	124
2011	15823.00	13450.00	85
2012	19409.92	18312.84	94

Source: economic survey of various years of Haryana

**TABLE-4 CREDIT PLAN OF HARYANA STATE FOR MICRO & SMALL ENTERPRISES FROM 2008-2012**

YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	1516.25	1381.80	91.13
2009	1873.69	2038.54	109
2010	2251.46	3009.57	134
2011	3364.00	3595.00	107
2012	3825.69	4060.04	106

Source: economic survey of various years of Haryana

**TABLE-5 CREDIT PLAN OF HARYANA STATE FOR TERTIARY FROM 2008-2012**

YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	1914.25	2089.34	109.15
2009	2238.07	2087.59	93
2010	2666.34	2864.72	107
2011	3106.00	2424.00	78
2012	3445.94	2801.58	81

Source: economic survey of various years of Haryana

### Performance of commercial banks and regional rural banks:

Commercial and regional rural banks provide great assistance to state government in attainment of this objective. Below tables will give you the performance of commercial banks and regional rural banks.

**TABLE-6 ADVANCES TO AGRICULTURE SECTOR BY CBs AND RRBs FROM 2008-2012**

YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	4323.24	4130.59	95.54
2009	5119.94	7045.73	138
2010	6836.59	10803.15	158
2011	11394	10318	91
2012	14120.77	14153.23	100

Source: economic survey of various years of Haryana

**TABLE-7 ADVANCES TO SMALL ENTERPRISES SECTOR BY CBs AND RRBs FROM 2008-2012**

YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	1355.59	1264.72	93.30
2009	1716.80	1853.26	108
2010	2077.89	2764.37	133
2011	3145	3276	104
2012	4113.21	4296.56	104

Source: economic survey of various years of Haryana



**TABLE-8 ADVANCES TO TERRITORY SECTOR BY CBs AND RRBs FROM 2008-2012**

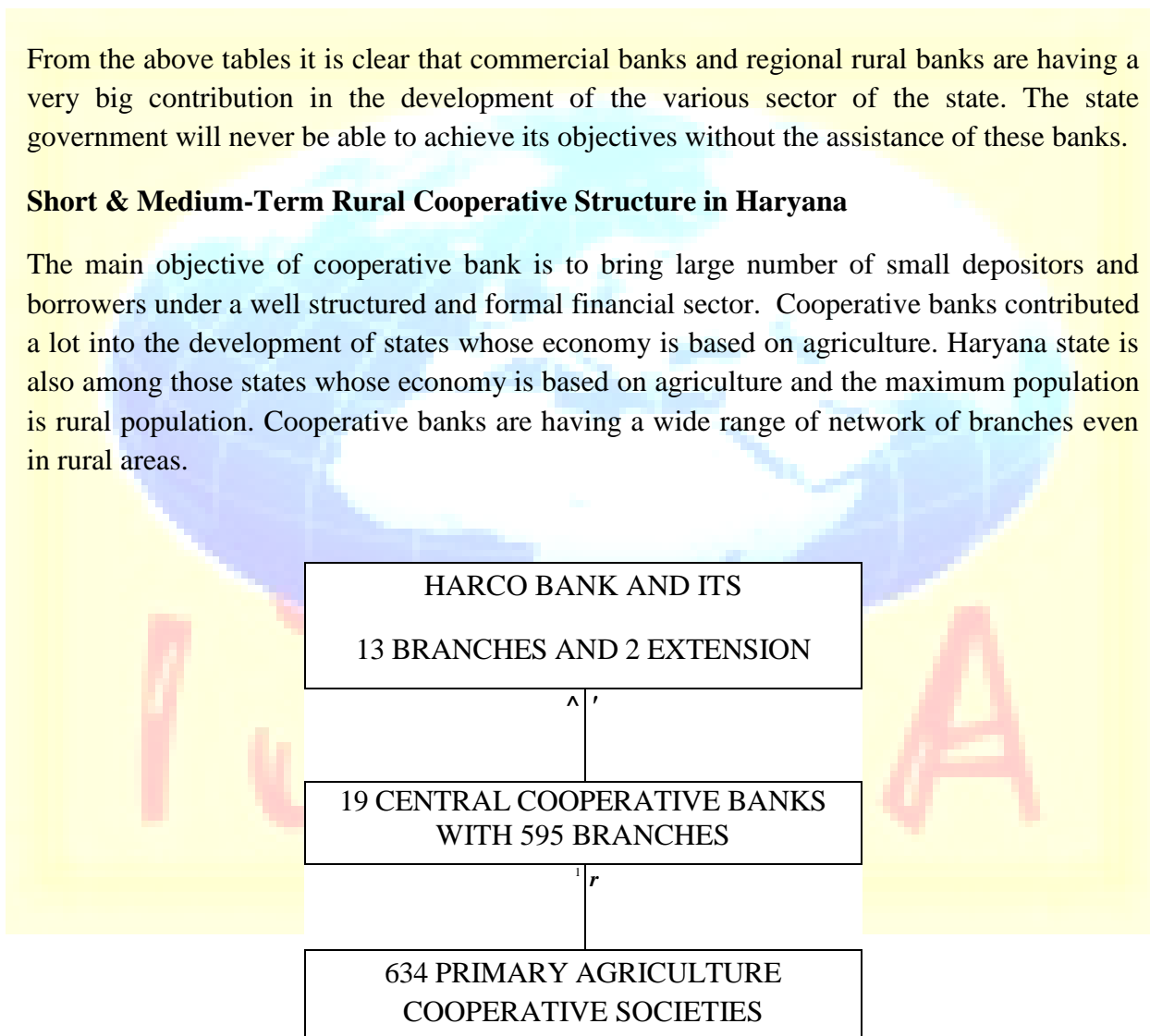
YEAR	TARGET	ACHIVEMENT	PERCENTAGE ACCHIVEMENT
2008	1691.28	1971.63	116.58
2009	1992.50	1949.94	98
2010	2666.34	2864.72	107
2011	2866.00	2311.00	81
2012	3445.94	2801.58	81

Source: economic survey of various years of Haryana

From the above tables it is clear that commercial banks and regional rural banks are having a very big contribution in the development of the various sector of the state. The state government will never be able to achieve its objectives without the assistance of these banks.

**Short & Medium-Term Rural Cooperative Structure in Haryana**

The main objective of cooperative bank is to bring large number of small depositors and borrowers under a well structured and formal financial sector. Cooperative banks contributed a lot into the development of states whose economy is based on agriculture. Haryana state is also among those states whose economy is based on agriculture and the maximum population is rural population. Cooperative banks are having a wide range of network of branches even in rural areas.



**Figure 1: Structure of Cooperative Banks in Haryana as on 31<sup>st</sup> March, 2012**

Source: [www.harcobank.nic.in](http://www.harcobank.nic.in)

**HARCO BANK**

As far as Haryana is concerned there is a three tier structure of short & medium term rural cooperative banks in Haryana. Among these HARCO bank is the apex bank. HARCO bank came into its existence after the formation of Haryana on 1<sup>st</sup> November 1966. Harco works as an apex bank among the cooperative banks in Haryana. It was registered at Ambala with its headquarters at Chandigarh in the year 1966.

The short term co-operative credit structure consists of three tiers i.e. HARCO Bank at state level having 13 branches and two extension counters at Chandigarh and Panchkula. 19 Central Co-operative Banks at district head quarters with their 594 branches and 643 PACS catering to the financial needs of 29.85 lakh members who are residing mostly in rural areas of Haryana. Haryana State Co-operative Apex Bank Limited (HARCO BANK) occupies a vital position in the State economy and has been financing farmers, rural artisans agricultural labourers, entrepreneurs etc. in the State and serving its depositors for the last 46 years (Economic survey of Haryana 2012-2013).

HARCO bank has been judged as the best cooperative bank of the country. In India NABARD and NAFSCOB give awards to various state cooperative banks for their good performance. HARCO bank has received this award for first position in year 1999 and 2000 and also received second position in the year 1997 and 2001. HARCO bank has its branches mainly in Chandigarh and Panchkula. It is having a staff training college in Panchkula sector-5. It is having 13 branches and 2 extension counters. Following table is giving you the detail of branches of HARCO bank.

**TABLE-9 BRANCHES OF HARCO BANK**

<b>At Chandigarh</b>	<b>At Panchkula</b>
Sector 17	Sector 9
Sector 15	Sector 4
Sector 19	Sector 11
Sector 20	Sector 15
Sector 34	Extension Counter at Haryana State Agricultural Marketing Board (HSAMB)
Sector 44	Staff Training College, Sector-5, Panchkula.
Sector 28	
Manimaira	
Haryana Civil Secretariat	
Extension Counter New Secretariat	

Source: [www.harcobank.nic.in](http://www.harcobank.nic.in)



HARCO bank is having a strong financial structure. The table given below will tell you in detail about the strong financial position of HARCO bank.

**TABLE -10 FINANCIAL POSITION OF HARCO BANK (Rs in crore.....)**

Sr. No	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Dec.12)
1.	Share Capital	69.33	72.04	72.33	79.18	101.74	112.51
2.	Own Fund	447.47	449.00	426.03	456.28	494.64	505.03
3.	Deposits	1362.58	1723.72	1935.17	2025.21	2130.90	2454.02
4.	Borrowings	2156.60	1751.74	1951.23	2528.91	3404.41	3385.61
5.	Loan Issued	3026.54	3227.40	3332.86	3764.48	4676.69	3661.57
6.	Loan O/S	3124.16	2800.00	2988.77	3738.89	4515.33	4586.36
7.	Profits/Loss	4.91	10.61	-17.94	5.01	18.69	-
8.	Recoveries %	99.76	97.75	99.93	99.94	99.95	-
9.	Total Overdue as % to Loans O/S	0.23	2.63	0.07	0.06	0.05	-
10.	NPAs %	0.07	0.08	0.07	0.06	0.05	-
11.	Working Capital	4005.66	3952.79	4360.21	5051.04	6070.63	6585.98

Source: economic survey of various years of Haryana

The table is showing clearly that the HARCO bank is showing continuous improvement over the years and its financial position is getting stronger and stronger day by day.

### CENTRAL COOPERATIVE BANKS IN HARYANA

CCBs act as a mediator between for short and medium term cooperative credit structure. CCBs provide funds to PACSs so that they can fulfil the needs of rural areas. The following table will give you the detail of the number of branches in different areas of the state.

**Table 11: List of CCBs with Number of Branches as on 31<sup>st</sup> March 2012**

S. No.	Name of CCB	Branches
1.	Ambala Central Cooperative Bank	28
2.	Bhiwani Central Cooperative Bank	40
3.	Faridabad Central Cooperative Bank	32
4.	Fatehabad Central Cooperative Bank	29
5.	Gurgaon Central Cooperative Bank	38
6.	Hisar Central Cooperative Bank	46
7.	Jhajjar Central Cooperative Bank	24
8.	Jind Central Cooperative Bank	33
9.	Karnal Central Cooperative Bank	44
10.	Kaithal Central Cooperative Bank	29
11.	Kurukshetra Central Cooperative Bank	36
12.	Mahendargarh Central Cooperative Bank	21
13.	Panchkula Central Cooperative Bank	13
14.	Panipat Central Cooperative Bank	22

15.	Rewari Central Cooperative Bank	27
16.	Rohtak Central Cooperative Bank	25
17.	Sirsa Central Cooperative Bank	41
18.	Sonepat Central Cooperative Bank	35
19.	Yamunanagar Central Cooperative Bank	32
	<b>Total</b>	<b>595</b>

Source: Reports of HARCO Bank

CCBSs has maximum number of branches in Bhiwani, Hissar, Karnal and Sirsa and overall it has 595 branches in the state.

**Table 12 Financial Position of CCBs in Haryana**

(Rs in crore...)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	EGR (%)
Share Capital	253.42	262.91	274.53	297.59	330.92	7.56
Total Own Fund	924.51	561.34	693.31	666.36	692.88	5.10
Deposits	3373.49	3800.23	4437.96	4940.19	5364.95	11.63
Borrowings (O/S)	3095.24	2772.17	2651.21	3366.27	4146.76	8.68
Investment	1211.35	1427.59	1781.30	2073.52	2373.26	18.37
Loan Issued	6757.32	4544.18	5410.34	6932.65	8619.29	6.58
Loan O/S	5661.68	5540.88	5735.07	6595.80	7561.64	8.08
Profits	-5.94	22.03	-9.66	-20.80	-20.16	NA
Recoveries %	78.07	78.07	67.89	70.81	73.74	-1.37
Working Capital	7546.91	7954.17	8365.80	9695.99	11025.60	10.29

Source: Annual Reports of HARCO Bank

The following table gave you the glimpse of strong financial position of CCBSs in Haryana. In 2007-2008 its share capital was 253.42 crore but it reached to 330.92 crore in 2011-12. Similarly if we saw other areas like total funds, deposits, investments all are showing satisfactory growth. But the recovery position of the bank is unsatisfactory.

## CONCLUSION

From the above discussion it is clear that banking has shown a very good growth in the Haryana state. Banking is showing continuous growth in Haryana. As far as commercial banks are concerned they have contributed very well in the development of the state. They have provided credit to the main sectors of the state like agriculture, MSME and territory. They have taken off the pressure of state government by providing credit to these important sectors. The cooperative banks in Haryana have also a very well defined structure but CCBSs need to take care of their recovery because inefficient recovery may lead to the closure of the banks. In the end the overall structure and contribution of banking sector is very satisfactory in Haryana and helping the state in its development by reaching to rural population through cooperative banks and by providing them credit.

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