

A COMPARATIVE STUDY OF ARYAVART BANK AND BARODA U.P. BANK

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ABSTRACT

Aryavart Bank (AB) and Baroda U.P. Bank (BUPB) both are regional rural bank operating in Uttar Pradesh (UP). AB was incorporated on 1st April 2019 and BUPB on 1st April 2020 under the provision of the RRBs Act, 1976. AB spreads in 26 districts while BUPB in 31 districts of UP. Both want to develop the rural UP in better way through banking facilities. Both are shaping their commitments. It is proven in Programmes, Balance Sheets, and Annual Reports of banks. Both have to nurture much more according to potential of rural Uttar Pradesh.

Keywords: RRB Act, Aryavart Bank, Baroda U.P. Bank, Economic Development, Financial Literacy, Real India, Ensuring Saturation.

Introduction

RRB Act

It is an Indian Act 21 of 1976 formulated by the Indian Parliament for the guidance of banks working for the betterment of the rural sector. It also includes The Regional Rural Banks (Amendment) Act, 2015.

Aryavart Bank

It is regional rural bank working in Uttar Pradesh. It came into existence by the amalgamation of two banks i.e. Gramin Bank of Aryavart and Allahabad UP Gramin Bank.

Baroda U.P. Bank

It is regional rural bank working in Uttar Pradesh. It came into existence as on 01.04.2020 by the amalgamation of three banks i.e. Baroda Uttar Pradesh Gramin Bank, Purvanchal Bank and Kashi Gomti Samyut Gramin Bank.

Economic Development

It means the acceleration of villages in Uttar Pradesh, through banking and financial performance by AB and BUPB.

Financial Literacy

It is a combination of financial awareness, knowledge, skills, attitude, and behaviour that is essential to make sound financial decisions for achieving ultimate individual financial well-being.

Real India

It means villages of India, especially villages in command areas of AB and BUPB.

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Ensuring Saturation

It means the excellent and sufficient flow of funds and services towards agriculture in villages of the command area of AB and BUPB. It indicates the fulfilment of rural financial needs through banking.

Objective

- To study the Aryavart Bank and Baroda U.P. Bank.
- To compare the Aryavart Bank and Baroda U.P. Bank.
- To compare the financial service products of Aryavart Bank and Baroda U.P. Bank.
- To compare the deposits, advances, net profit, and NPA of Aryavart Bank and Baroda U.P. Bank.
- To compare the financial performance of the Aryavart Bank and Baroda U.P. Bank.
- To present conclusions and suggestions to improve the performance of Aryavart Bank and Baroda U.P. Bank.

Review of Related Literature

Harsh Kumar (2024) "One State, One RRB" policy to boost efficiency, The Union Ministry of Finance is planning to consolidate the Regional Rural Banks (RRBs) under a policy of "One State, One RRB" to improve their efficiency and avoid undue competition among sponsoring public sector banks. "The 'One State, One RRB' policy is on the table, and work is underway. The government aims to reduce the total number of RRBs from 43 at present to around 30.*1

Nirmala Sitharaman (2024) "Government seeks RBI help to clear RRB dues with states" Finance Minister Nirmala Sitharaman expressed about Reserve Bank of India's (RBI's) intervention for clearing the pending dues of Regional Rural Banks (RRBs) with state governments.

Mr. Srinivas. K, Dr. J. A. Arul Chalakumar (2022) in the article "Regional Rural Banks and Rural Banking in India" expesered that Regional Rural Banks play a vital role in the agro and rural development of India. The RRBs have reached to the wide spread rural area of India, through their huge network. The success of rural credit in India largely depends on their financial strength. RRBs are key financing institutions at the rural level that shoulder responsibility for credit needs of different types of agriculture credit in rural areas. In the process of economic development, the banks are to play an innovative role by introducing newness in delivery and recovery system. It is impossible for the farmers and other target groups to save a certain amount of deposits and then undertake investment in land or allied activities or service sector. It would be more realistic to help them with a loan to invest in their familiar sector, so as to enable them to raise their productivity and income. The banks should then recover loans from that increased income. Most of the regional rural banks are facing the problems of overdue, recovery, nonperforming assets and other problems. This paper suggests new dimension for RRBs and rural banking in India. *3

Jaynal Ud-din Ahmed, Govinda Prasad Bhandari (2015) in the book "Efficiency and Working of Regional Rural Bank in India" focuses on working efficiency of RRBs in India. Multi-agency shareholding and various restructuring strategies of the banks introduced from time to time, the rural banks are under severe pressure to improve their base with a view to manage competitiveness. Hence, it is necessary that the functioning of rural banks be analysed separately than the RRBs as a whole so that it helps in policy formulation. The present book is an attempt to enquire into such factors that influence the working of the rural banks in general and Meghalaya Rural Bank in particular.*4

Jasvir S Sura (2008) in article "Efficacy of Regional Rural Banks (RRBs) in India: A Conventional Analysis" focuses on RRBs the burden of indebtedness in rural India is exceptionally enormous. Despite major structural changes in credit institutions and forms of rural credit in the post-Independence period, the exploitation of the rural masses in the name of credit facility is one of the most pervasive and persistent features of rural India. The objectives of this paper are to assess the growth pattern of RRBs; to examine the credit distribution and geographical distribution of RRBs. The overall position of RRBs in India is not quite encouraging. The poor credit-deposit ratio is still making dent on the improved functioning of RRBs.*5

To remove banking infra disparity in rural areas, India Government performed several steps i.e. Formulation of The Regional Rural Banks Act, 1976, and The Regional Rural Banks (Amendment) Act,2015, etc. Several rural banks were established in various states of India under these statutory provisions. AB and BUPB are the important RRBs in Uttar Pradesh.

Aryavart Bank and Baroda U.P. Bank

AB emerged on 1st April 2019 after the amalgamation of two regional rural banks of Uttar Pradesh i.e.

- Gramin Bank of Aryavart
- Allahabad UP Gramin bank

BUPB emerged on 01.04.2020 by amalgamation of three former regional rural banks in Uttar Pradesh. *6

- Baroda Uttar Pradesh Gramin Bank
- Purvanchal Bank
- Kashi Gomti Samyut Gramin Bank

Aryavart Bank and Baroda U.P. Bank**Aryavart Bank**

AB incorporated as on 01.04.2019 by Government of India Gazette notification no. 338 dated January 25, 2019. It is sponsored by Bank of India. Head office of bank is situated at A-2/46, Vijay Khand, Gomti Nagar, Lucknow-226010 Uttar Pradesh. AB is operating in 26 Districts namely Agra, Aligarh, Ayodhya, Bahraich, Banda, Barabanki, Chitrakoot, Etah, Farrukhabad, Firozabad, Hamirpur, Hardoi, Hathras, Jalaun, Kannauj, Kasganj, Lakhimpur, Lucknow, Mahoba, Mainpuri, Mathura, Mirzapur, Shravasti, Sitapur, Sonbhadra and Unnao in the state of Uttar Pradesh. Bank has a network of 1367 Branches with 22 Regional Offices. All Branches and Regional Offices are on CBS platform. RTGS/NEFT facility is enabled in all branches.

Regional Offices of the bank are located at Agra, Aligarh, Bahraich, Banda, Barabanki, Bhinga, Biswan, Chitrakoot, Etah, Farrukhabad, Firozabad, Hardoi, Hathras, Kannauj, Lakhimpur, Lucknow, Mahoba, Mainpuri, Mirzapur, Orai, Sitapur*14A and Unnao.*8

Goal**Prosperous and Developed Rural India**

We serve the real India

Vision

To become Bank of choice for micro, small and medium business and retail customers and developmental banking for people engaged in agriculture and rural development.*9

Mission

To provide superior, proactive banking service to all segments of market in its operational area and to provide responsive service to others in our role as a development Bank, in cost effective manners, especially to priority sector of economy.*10

Baroda U.P. Bank

BUPB under the sponsorship of Bank of Baroda working in Uttar Pradesh, Head office at A 498, Buddh Vihar, Rail Vihar Colony Phase 3rd, Taramandal, Gorakhpur, Uttar Pradesh 273016. It operates in 31 districts of Uttar Pradesh having Branch network of 1983. These Branches are managed by around 7000+ efficient work force under the control & supervision of 30 Regional offices & Head Office. *11

Goal

To Become a Hope of Rural People for Socio-Economic Development

Mission

Mission is to transform into a bank with sound financials committed to overall economic development of rural areas with care, competence and compassion towards its customers. *12

Vision

To stage a turnaround in profitability and NPA reduction, to double the flow of credit to agriculture, to achieve a quantum jump in savings bank deposit mobilisation, to ensure saturation of villages in our service area, to prepare a committed and knowledgeable workforce with a view to transforming the bank into the most preferred banking outlet in rural areas. *13

Logo

The twin green leaf twigs encircling the Baroda Sun depicts our commitment to protect 'rays of hope' of rural people by contributing to socio-economic development of rural India.

Logo is a unique representation of a composite symbol. It comprises dual 'B' letterforms that hold the rays of the rising sun called Baroda Sun and it represents the Sponsor Bank – Bank of Baroda. *14

**At A Glance****Aryavart Bank and Baroda U.P. Bank**

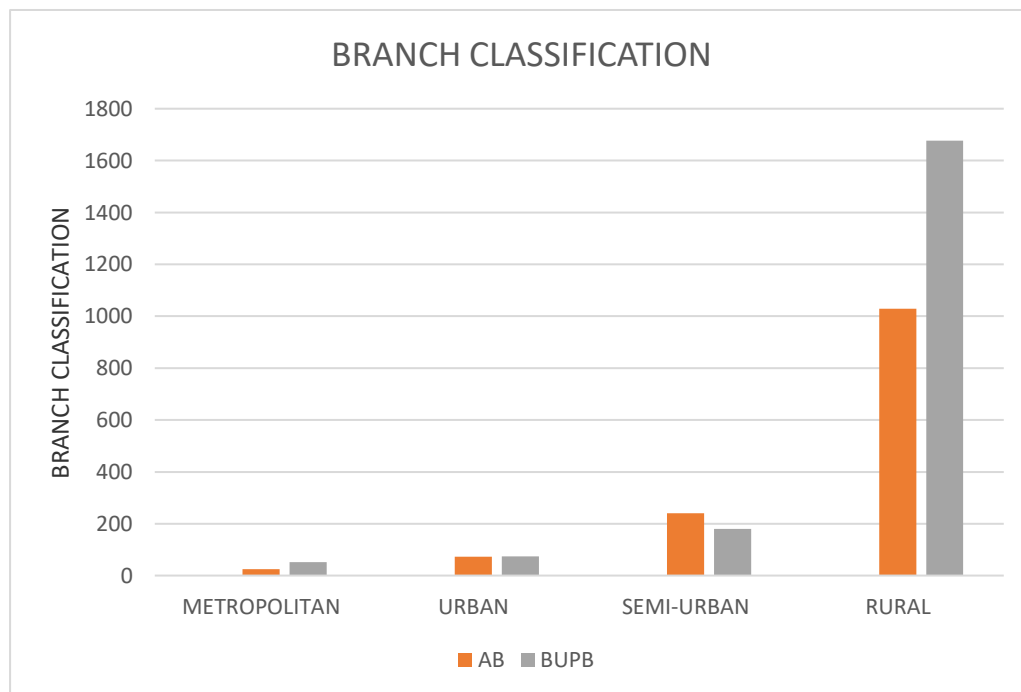
Name	Aryavart Bank (AB)	Baroda U.P. Bank (BUPB)
Date of Incorporation	01.04.2019	01.04.2020
Act	Under Subsection (1) of section 23A of Regional Rural Banks, Act 1976 ^{*14A}	Under Subsection (1) of section 23A of Regional Rural Banks, Act 1976 ^{*14A}
Government of India Gazette notification no	338 dated January 25, 2019	3837 dated November 26, 2019
Command Area	U.P, 26 Districts Agra, Aligarh, Ayodhya, Bahraich, Banda, Barabanki, Chitrakoot, Etah, Farrukhabad, Firozabad, Hamirpur, Hardoi, Hathras, Jalaun, Kannauj, Kasganj, Lakhimpur, Lucknow, Mahoba, Mainpuri, Mathura, Mirzapur, Shravasti, Sitapur, Sonbhadra and Unnao ^{*14A}	U.P, 31 Districts Prayagraj, Amethi, Azamgarh, Ballia-I, Ballia-II, Mau, Bareilly, Basti, Sant Ravidas Nagar, Jaunpur, Chandauli, Deoria, Auraiya, Etawah, Ambedkar Nagar, Ayodhya, Fatehpur, Ghazipur, Gorakhpur, Deoria, Kushinagar, Jaunpur, Kanpur Dehat, Prayagraj, Kaushambi, Sant Kabir Nagar, Maharajganj, Azamgarh, Ghazipur, Mau, Siddharth Nagar, Kushinagar, Pratapgarh, Raebareli, Shahjahanpur, Pilibhit, Sultanpur, Varansi
Head Office	A-2/46, Vijay Khand, Gomti Nagar, Lucknow, (U.P.) ^{*14A}	A/498, Rail Vihar Colony, Taramandal, Gorakhpur, (U.P.)
Regional Offices	22 Regional Offices Agra, Aligarh, Bahraich, Banda, Barabanki, Bhinga, Biswan, Chitrakoot, Etah, Farrukhabad, Firozabad, Hardoi, Hathras, Kannauj, Lakhimpur, Lucknow, Mahoba, Mainpuri, Mirzapur, Orai, Sitapur and Unnao ^{*14A}	30 Regional Offices Amethi, Bareilly, Etawah, Fatehpur, Kanpur, Kanpur Dehat, Raebareli, Shahjahanpur, Prayagraj, Azamgarh, Bhadohi, Chandauli, Ghazipur, Janupur, Kaushambi, Pratapgarh, Sultanpur, Varanasi, Ballia-I, Ballia-II, Basti, Deoria, Ayodhya, Gorakhpur-I, Gorakhpur-II, Padrauna, Maharajganj, Mau, Khalilabad, Naugarh
Goal	Prosperous and Developed Rural India	To Become a Hope of Rural People for Socio-Economic Development
Branches	1367	1983
Work Force	7000	7697

Board of Directors**Aryavart Bank and Baroda U.P. Bank**

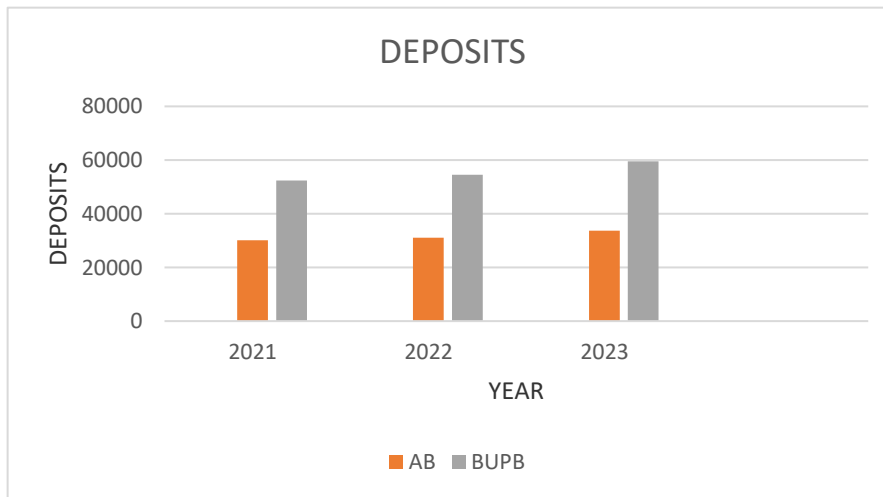
Name *15	Designation	Name*16	Designation
Shri Santhosh	Chairman, Aryavart Bank	Chairman, Baroda U.P. Bank	Shri Devinder Pal Grover
Smt Nagarajan	Nominee, BOI	Nominee, Bank of Baroda	Shri Samira Ranjan Panda
Shri Amrendra Kumar	Nominee, BOI	Nominee, Bank of Baroda	Shri Sudhanshu Kumar Singh
Shri Rajesh Singh	Nominee, NABARD	Nominee, NABARD	Shri N.L.Sahoo
Shri Rakesh Dubey	Nominee, RBI	Nominee, RBI	Shri Amit Gupta
Shri Shiv Shankar	Nominee, U.P. Govt.	Nominee, U.P. Govt.	Shri Shiv Shanker

Branch Classification**Aryavart Bank and Baroda U.P. Bank**

Total Branches	Metropolitan	Urban	Semi-Urban	Rural
AB - 1367	25	73	240	1029
BUPB - 1983	52	74	180	1677

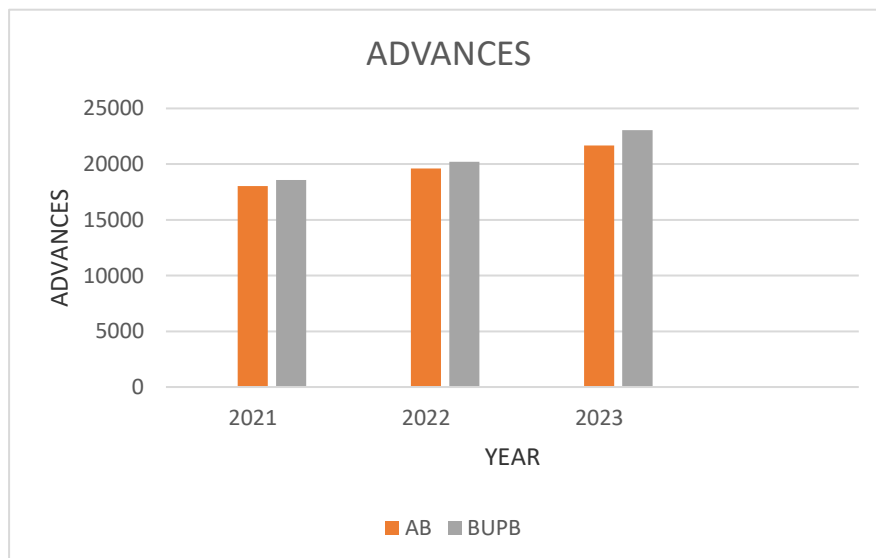
**Aryavart Bank and Baroda U.P. Bank****Deposits*17**

Year	AB in Cr	BUPB in Cr
2021	30160	52390
2022	31116	54580
2023	33689	59551



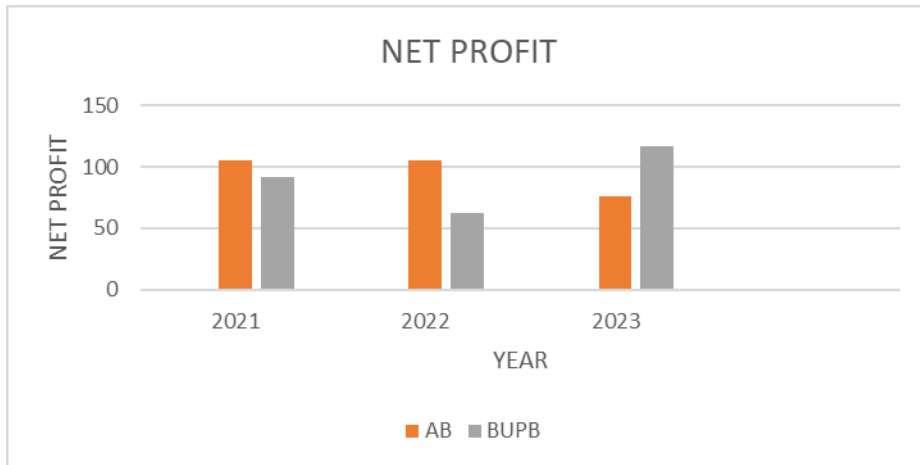
**Aryavart Bank and Baroda U.P. Bank
Advances*17**

Year	Advances in cr.	Advances in cr.
2021	18035	18578
2022	19613	20217
2023	21679	23052



**Aryavart Bank and Baroda U.P. Bank
Net Profit*19**

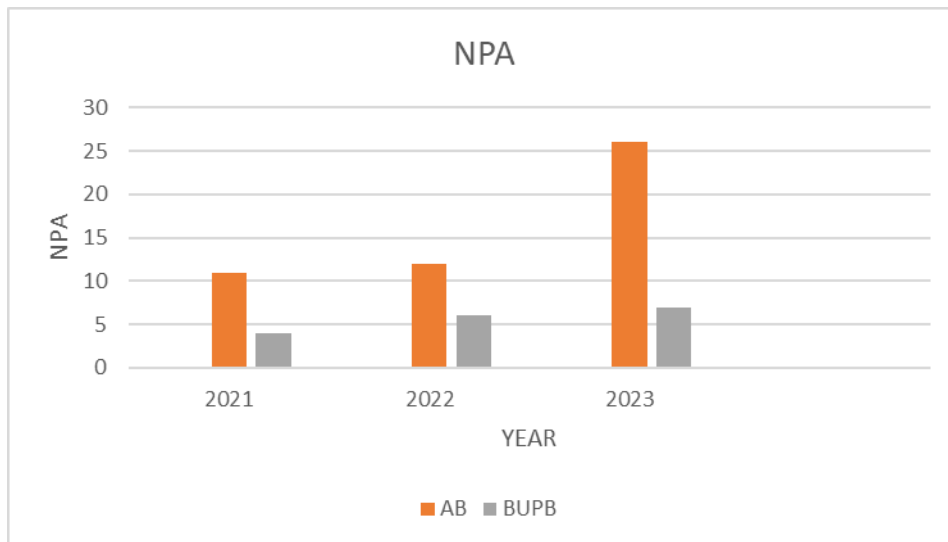
Year	AB in Cr	BUPB in Cr
2021	105.05	91.33
2022	104.86	62.85
2023	76.55	117.33



Aryavart Bank and Baroda U.P. Bank

NPA*20

Year	AB (in lakh)	BUPB In Lakhs
2021	11	4
2022	12	6
2023	26	7



Conclusions

AB emerged on 01.04.2019 and BUPB on 01.04.2020. It was created after the amalgamation of two RRBs in Uttar Pradesh namely Gramin Bank of Aryavart and Allahabad U.P. Gramin Bank on the other hand BUPB emerged after amalgamation of three RRBs namely Baroda Uttar Pradesh Gramin Bank, Purvanchal Bank and Kashi Gomti Samyut Gramin Bank.

AB operates in 26 districts of UP having network of 1367 branches and Head Office at A/26, Vijay Khand, Gomti Nagar, Lucknow. These Branches are managed by around 7000+ efficient workforce under the control and supervision of 22 Regional offices. Baroda U.P. Bank operates in 31 districts having a network of 1983 branches and a Head Office at A489, Rail Vihar Colony Phase 3rd, Taramandal Gorakhpur (U.P.)273016

Deposits of AB in 2021 were 30160cr, in 2022 were 31116cr, in 2023 were 33689cr. Deposits of BUPB in 2021 were 5239cr, in 2022 were 5458cr, and in 2023 were 5955cr. It shows deposits both are increasing. It is a good indication.

Advances of AB in 2021 were 18035cr, in 2022 were 19613cr, in 2023 were 21678cr. Advances of BUPB in 2021 were 1858cr, in 2022 were 2021cr and in 2023 were 2305 cr. It shows advances are increasing. It indicates that both banks are reaching in nooks and corners.

NPA of AB in 2021 were 11lakhs, in 2022 were 12lakhs and in 2023 were 26lakhs. NPA of BUPB in 2021 is 4lakhs, in 2022 is 6lakhs and in 2023 is 7 lakhs. It shows NPA is increasing.

Net Profit of AB in 2021 was 105.05cr, in 2022 was 104.8cr and in 2023 was 76.5cr. Net Profit of BUPB in 2021 was 91.33cr, in 2022 was 62.85cr and in 2023 was 117.33cr. The tendency of Profit is different for both. Profit of AB is decreasing with shocking effect. While Profit of BUPB is increasing with fluctuating tendency. BUPB Profit in 2023 is 117.33cr it is at highest level while profit of AB in 2023 is 76.5cr, it is decreasing and at lowest level.

Suggestions

Aryavart Bank (AB) and Baroda U.P. Bank (BUPB) both are result of the amalgamation of several regional rural bank. Both are incorporated for the sole aim of

Rural development through banking activities. Remembering their sole aim, both must concentrate their attention on rural development. The branches of duo should be spread at grass root level to provide banking services to the really needy rural people instead of metro cities.

AB and BUPB are incorporated for the development of all rural sector of Uttar Pradesh but both are covering only 57 districts of Uttar Pradesh only. Both must expand their activities in all districts of Uttar Pradesh.

Deposits of both are increasing. It is a good indication. Keeping in view the monetary inflation, quantity of deposits should be more. Many families are shifting in higher income strata in rural area. Both banks must concentrate on these newly prosperous families to collect more deposits.

Advances of AB and BUPB are increasing. Keeping in view traditional and non-traditional agriculture-based enterprises, both must provide more advances to present and potential aspirants.

NPA of both banks is increasing. It is not a good indication. Dense and repetitive effort should be done in this regard. Special campaign must be launched to realise NPA amount.

Profit earning tendency of both banks is different. Profit of AB is decreasing while of BUPB is increasing with fluctuation. Keeping in view, profit of private banks and genuine return on capital both banks must fix target of profit. An effective work plan should be implemented to achieve targeted profit.

RRBs are key financing institutions at the rural level that shoulder responsibility for credit needs of different types of agriculture credit in rural areas. In the process of economic development, RRBs are to play an innovative role. For this duo must introduce well discussed new delivery and recovery system.

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