



Present scenario of regional rural bank in Bihar

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Abstract

Regional rural Banks plays a vital role in the agriculture and rural development of India. The RRBS have more reached to the rural area of India, through their huge network. The success of rural credit in India is largely depends on their financial strength. RRBs are key financing institution at the rural level which shoulders responsibility of meeting credit needs of different types of agriculture credit in rural areas the process of economic development, the banks are to play an innovation role by introducing newness in delivery and recovery system. It is impossible for the farmers and other target groups in rural areas to save first a certain amount of deposits and then undertake investment in land or allied activities or service sector. It would be more realistic first 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 the increase income. At present, most of the regional rural banks are facing the problems of overdue, recovery, nonperforming assets and other problems. Therefore, it is necessary to study present status of RRBs in Bihar. This paper made an attempt analyse RRBS in Bihar.

Keywords: Regional rural bank, rural economy, NABARD, Bihar

Introduction

Rural development may be the process of improving typically the quality of life and even economic well being regarding the testers living on the rural areas. Intended for rural development, there is definitely a requirement for proper credit services. To satisfy the gap that will exist in meeting the particular credit needs of country poor, the govt. designated a working group in rural credit. Depending on their recommendations, regional rural banking institutions emerged in 1975. These types of banks were intended to get banking to the non-urban masses, particularly in regions without banking facilities, provide cheaper institutional credit towards the weaker sections of the particular society, mobilise rural cost savings and channelize them with regard to other productive activities inside rural areas and provide down the expense of providing credit score in rural areas. Typically the rural credit market inside India consists of equally formal and informal monetary institutions and agencies of which meet the credit demands of the rural populace. For the purpose involving classification of bank limbs, the Reserve Bank specifies rural area being a location with a population involving less than 10, 1000. RRBs compete with the particular commercial banks in non-urban credit market of Asia. RRBs give loans with regard to agriculture and rural enhancement while commercial banks in addition serve needs of business and industry in countryside areas.

Need of Regional Rural Bank

Around 66% associated with Indian population lives found in the villages as described in 2019. The cost savings and cash flows involving the many the countryside population is small credited to which for the particular basic needs like foods, housing, education etc. Most involving the peoples in countryside areas involved in farming activities. Rural households likewise need funds for having out their agricultural actions. For meeting credit demands they approach to moneylenders because loan from typically the financial institutions involves lots of paper work, formalities

and in addition time consuming. Moneylenders acquire advantage of the condition and charge high rates of interest. As a result regarding which rural peoples endures from a great offer of indebtedness. Rural individuals need financial institutions that may provides loans to all of them at lower rates plus easy terms. The primary aim of establishment associated with RRBs is that countryside peoples can get loan products at surprisingly low rate plus on easy terms.

Regional rural banks in Bihar

Among various RRBs operating as scheduled commercial banks, within the framework of multi-agency system in India, four are functioning in Bihar state namely Bihar Kshetriya Gramin Bank (BKGB), Madhya Bihar Gamin Bank (MBGB), Uttar Bihar Gramin Bank (UBGB) and Samastipur Kshetriya Gramin Bank (SKGB). Out of these four banks, BKGB, MBGB and UBGB were emerged on the basis of merger in eight RRBs operating in this region. The merger took place in February, 2007. Rural banking structures one of the huge parts in Indian banking. Numerous business analysts and strategy creators think that the future development of banking area in India depends to a huge degree on the vigorous exhibition of the Rural Financial Institutions (RFIs). Among the components answerable for financial turn of events and destitution mitigation in rural area, the function of the RFIs is viewed as extremely critical as a significant part of the institutional rural credit by the RFIs is utilized for rural improvement to help development of rural capital. Despite the fact that the presentation of RRBs might be measured from the accomplishment of neediness lightening projects to which they are committed to go about as an impetus, their accomplishments as business banking association can never be disregarded. It is in this setting that the post consolidation benefit execution of RRBs expected tremendous centrality in the Indian rural banking situation. The case becomes more grounded when the course of consolidation in RRBs was basically started to capture the expanding level of enormous collected misfortunes.

The RRBS in Bihar have 68.8 percent of their branches located in rural areas, 26.2 percent in semi-urban and 5.0 percent in urban areas. Among the two RRBS in the state, Dakshin Bihar Gramin Bank has 75.4 percent of its branches located in rural areas. In contrast, Uttar Bihar Gramin Bank has a relatively lower (61.9 percent) number of its branches located in rural areas. The number of branches of the two RRBS in Bihar has remained the same between September 2021 and 2022 (Table 11.5). However, the number of ATM cards issued by these two banks has marginally increased from 33.1 lakh in September 2021 to 33.6 lakh in September 2022. In addition to their branch network, the RRB also work through the CSPs to provide some essential banking services including cash withdrawals. The RRBS in Bihar had 5679 CSPs working with them as of September 2022.

Table 1: Number of RRB Branches in Bihar (September, 2022)

Bank Name	Branch Location				ATM card (in lakh)
	Rural	Semi-Urban	Urban	Total	
Dakshin Bihar Gramin Bank	813 (75.4)	204(18.9)	61 (5.7)	1078(100.0)	22.3
Uttar Bihar Gramin Bank	639 (61.9)	349(33.8)	44 (4.3)	1032(100.0)	11.3
Total	1452 (68.8)	553(26.2)	105(5.0)	2110(100.0)	33.6

Source: Economy Survey-2022-23

Importance of RRB's in Bihar

The study portrays the importance of RRB'S in Bihar state. It could be summarize that the course of consolidation taken ready for improving working execution of RRBs in Bihar state, was prevail with regards to improving benefit and feasibility position of the separate banks in this district. Union of the banks help in lessening collected misfortunes position (from 469.2 crores to. 40.9 crores). For a portion of the banks viz. UBGB consolidation measure has set up a turnaround story. Nonetheless, story behind the accomplishment of solidification of RRBs in this district are expressed beneath:

- After consolidation, the RRBs in Bihar State are continuously advancing as business substances fit for contending with different RFIs. The customary part of taking into account the credit needs of target bunch customer base proceeds with them, yet the extension of business through NTG (non-target gathering) financing has opened up new vistas. In this manner the RRBs are redesigning the nature of administrations to meet their desire. The consolidated banks are shedding their prior picture of 'thin banking', consider giving a scope of items enveloping every single budgetary need and spotlight on 'monetary consideration' careful reformist utilization of advancements and ease elective conveyance channels.
- The blended RRBs were setting up a solid connection with NGOs, Government and other augmentation offices, network based associations, corporate, research establishments and socially and formatively arranged people and associations to develop individuals potential.
- There might be events when the rural bank in this locale would have occasions to fund in overabundance of as

far as possible under administrative standards or purposeful standards by the Board of Directors. After union blended RRBs in Bihar state are presently participating in consortium account game plans on pari passu premise with public area banks.

- Merged RRBs were currently playing a credit-drove position of authority by giving credit over the gracefully chain including capacity, preparing, transportation, showcasing and retailing. A significant bit of leeway of the methodology is that credit dispensed to one fragment will help in recuperation of advances from another connection in the chain.
- The connection between support banks and RRBs are presently changed into a synergistic one, valuable to the two banks. After solidification, a MOU (for example update of comprehension) are presently executed between the support bank and the GOI and between the RRBs with their separate supported banks concerning the observing of execution of RRBs under different key boundaries e.g., gradual development in business, outreach, benefit, improvement in CD proportion, decrease in NPAs and so on
- Mechanization and computerization of the banking administrations. The basic solidification of the RRBs through blend has purchased colossal open doors for RRBs in Bihar State to prepare. It empowered them to turn out to be monetarily solid and greater regarding business volume just as effort. The blend of misfortune making RRBs has improved the productivity of RRBs and has become the quantity of benefit making RRBs.

Conclusion

The RRBs have had a great deal of success in bringing banking services to previously unbanked areas and making institutional credit available to the weaker sections of the population in these areas. The efforts made by RRB in branch expansion, deposit mobilization, rural development and credit deployment in weaker section of rural areas are appreciable. RRB successfully achieve its objectives like to take banking to door steps of rural households particularly in banking deprived rural area, to avail easy and cheaper credit to weaker rural section who are dependent on private lenders, to encourage rural savings for productive activities, to generate employment in rural areas and to bring down the cost of purveying credit in rural areas. Thus RRB is providing the strongest banking network. Government should take some effective remedial steps to make Rural Banks viable.

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