

## Preface

Regional Rural Banks (RRBs) came into existence as a third agency of rural credit structure on the recommendation of Narasimham working group in 1975. The objective behind the setting up of the RRBs was to provide institutional credit to the rural poor by raising resources in the form deposits and refinance from the higher tiers. These banks have achieved a considerable degree of success in fulfilling the basic objective of providing credit to the weaker sections by mobilising deposits and refinance from the higher tiers. Despite impressive growth in rural banking parameters, they have emerged serious problems reflected in decline in productivity and erosion of profitability and have become a subject of controversy over the past few years. The losses have continued in spite of some compensatory measures taken to revive these institutions. The overdues in the aggregate grew at a faster rate than the disbursement of loans. The problems faced are also vary over times and from bank to bank due to their operations in different socio-economic condition and different level of efficiency and attitude of the management.

The present study is an attempt to identify the various factors contributing to the overall deterioration in the performance of Uttar Banga Kshetriya Gramin Bank (UBKGB) which is suffering form recurrent accumulated losses and burden of heavy overdues to suggest ways and means for a sustained growth and survival as rural credit structure.

The study is based upon the primary and secondary data. The primary data is collected through interview schedules both at the beneficiary and bank level. Whereas, the secondary data is a combination of various reports, statements and statistics published by the bank and other concern agencies.

The study is divided into eight chapters. The first one is devoted to introduction, setting the general framework, objective and relevance of the study. Chapter two and three deal respectively with the problems of mobilisation of resources and deployment of credit and its impact. The recovery performance and the problems of overdues is analysed in chapter four. Chapter fifth analyses the profitability and viability problems by the decomposing the financial performance into revenues, costs and margins and on the basis of the productivity, profitability and operating ratios. While, chapter sixth is devoted to the study of the performance of the sample branches, focusing on their growth of deposits and credit, recovery and financial performance. Chapter seventh presents an analysis on the effectiveness of the performance budgeting system as an important instrument of Management Planning and Control System for achieving the corporate goals of financial viability. The final chapter eight, summarises the main findings of the study and while drawing conclusions suggests measures for better performance.