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Title of Thesis: AN ANALYSIS OF LOANS AND ADVANCES DISBURSEMENT AND RECOVERY MANAGEMENT IN REGIONAL RURAL BANKS IN U.P. WITH SPL. REFERENCE TO REGIONAL RURAL BANK, BAREILLY, U.P.

ABSTRACT

Government of India established 'rural banks as subsidiaries of the public sector banks to cater to the credit needs of the rural people. Uttar Pradesh is one of the largest states of India, covering an area of 240928 square kms. Regional Rural Banks doing work in Uttar Pradesh since from the time when the first five Regional Rural Banks were established in India. Out of five Regional Rural Banks two Regional Rural Banks establish in Uttar Pradesh one in Moradabad and one in Gorakhpur. The Regional Rural Bank Bareilly was established on 27th September 1980, vide government of India notification under provisions of section 3 (1) of Regional Rural Banks Act, 1976 in the name of "Bareilly Regional Rural Bank". Regional Rural Bank Bareilly operates in two districts Bareilly and Pilibhit of Uttar Pradesh. Regional Rural Bank Bareilly was sponsored by "Baroda Bank". Bareilly Regional Rural Bank is included in the II schedule of the Reserve Bank of India Act, 1934. It is categorized as a Scheduled Commercial Bank. The bank is authorized to undertake all the banking transaction under section 5 (B) of Banking Regulation Act, 1949.

1. Important finding of the study is that Regional Rural Bank, Bareilly does not provide credit in the area of its command to the extent it mobilizes the deposits from the public. Here it is important to mention that one of the basic purposes of creation of RRBs was to provide institutional substitute of indigenous money lenders in rural areas. Hence, the first and foremost task before Regional Rural Bank, Bareilly is to improve its C-D Ratio and to bring it at least at par with all-India average. In sum, it came to the fore that Regional Rural Bank, Bareilly is basically a deposit-mobilizing institution and it failed to invest adequately in rural areas under its command.
2. The bank uses its funds mainly for meeting its liquidity requirements prescribed by RBI/NABARD, investing in Government and other securities, and extending credit to

customers. The bank failed to provide direct financial assistance to the people in its area of operation to a significant extent.

3. The percentage of recovery of NPAs is lower than the percentage of growth in NPAs per annum. Thus, it can be concluded that recovery of loans of the bank is not cent percent and the Bank faces the problem of recovery of loans and also of NPAs.
4. Interest/dividend on investment in Government and other securities is the main source of revenue of Bareilly Regional Rural Banks.
5. Interest on deposits is most important cost which was 65.28% of total costs in the year 2002-03. It is followed by salary and allowances to employees (26.70%).
6. The profitability of Regional Rural Bank, Bareilly is better than average of all 196 RRBs. Its productivity per branch is also higher than all-India average of 196 RRBs.
7. Transaction costs of Regional Rural Bank, Bareilly as on March 31, 2006 were 2.49% as against all-India average of 2.98%. Hence, it can be concluded that Regional Rural Bank, Bareilly costs are within reasonable limits.
8. Only 40% customers assigned good customer service as the reason for transaction with the bank. However, customers feel the need to improve its customer-service further.