

A STUDY ON THE CONTRIBUTION OF UTTAR BIHAR GRAMIN BANK IN THE DEVELOPMENT OF RURAL AREA OF BIHAR

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Abstract

Uttar Bihar Garmin Bank (UBGB) has been instrumental in the development of rural areas in Bihar. The Bank aims to build strong and resilient rural banking infrastructure for more inclusive financial inclusion, access to credit services to all sections of the society especially those deprived of resources, and provide resources for employment generation activities that will enhance rural economic growth. The study is intended to examine the contribution of Uttar Bihar Garmin Bank in promoting development in rural communities in Bihar. The investigation focused on understanding what kind of services this particular bank provides and what roles it plays in introducing financial products tailored for people living below the poverty line. It was found that Uttar Bihar Garmin Bank has been playing a major role in eradicating poverty at grassroots level by offering remittance services, credit support/loan provision, ATM facilities etc., as part of its core banking services. These have enabled many people to start earning through self-employment ventures or regular employment opportunities thereby improving their life conditions. It was also observed that this bank proactively participates with local governments and other NGOs to organize training programs related to agriculture or entrepreneurship development, which further enhances economic stability among villagers and offers them better job prospects over time. In addition, the bank regularly upgrades its technology infrastructure so that customers can access more secure digital payment systems when dealing with transactions locally as well as international basis.

Keywords- RRBs, Uttar Bihar Gramin Bank, Banking Sector, GDP.

Introduction

UBGB is a regional rural bank which provides banking services to the people living in semi urban areas or backward states of India especially in eastern part like west champ ran, east champ ran, muazzamabad etc. This region has some unique challenges particularly due low income levels, harsh climatic conditions bad lack of basic amenities leading to deprivation among general masses. The need for rural development in Bihar is felt by all, but not many are willing to take the task judiciously. It has been observed that Uttar Bihar Garmin Bank (UBGB) has been playing a key role for the development of rural areas in the state. UBGB's various programs have had far-reaching impacts on agricultural productivity, water conservation and other rural infrastructure developments. The bank mainly focuses on improving access to credit from small scale farmers encouraging them to borrow at affordable interest rates and use it productively. As part of this strategy, UBGB also provides financial counseling throughout the loan process which enables borrowers to make wise decisions regarding their investments into productive assets or enterprises. Additionally, cashless transactions system with local banking outlets have helped provide seamless service even in remote villages without any physical connectivity with banks branches. Alongside this provisioning of good quality financial services and solutions for customers has made sure that more people can benefit from these services leading towards effective poverty alleviation through greater economic opportunities creation. In order to address these problems UBGB plays an important role in providing financial assistance to foster inclusive growth and development among rural sections. It also works towards improving access to credit for small and marginal farmers who are not able to avail formal banking services due various issues related with poverty or land titles etc. UGDB provide attractive interest rates on loans making them more accessible from different Government subsidized schemes such as PMJJBY-Pradhan Mantra Jan Dan Yojana, PMSBY- Pradhan Mantri Suraksha Bima Yojna etc.

Literature review

This literature review aims to evaluate the research conducted by vimarsh clay on The Contribution of Uttar Bihar Gramin Bank in the Development of Rural Areas of Bihar which was published in 2020. Vimarsh Clay's study is based on a survey that took place among a group of people living in rural areas from three districts. The main objective behind this survey was to know people's views about how well the Uttar Bihar Gramin Bank (UBGB), located at different branches, has been able to contribute positively towards development in their respective regions. The results

concluded that majority respondents rated UBGB as satisfactory and reported sufficient customer services from them with respect to agricultural loans or other banking concerns like online payment, loan repayment etc. Respondents also expressed good feedback regarding bank updating themselves with technology related banks operations such as apps and websites for facilities provided by UBGB.

This study was conducted by Abhishek Patel of Shankar University, Raebareli in the year 2020 with a focus on the contributions made by Uttar Bihar Gramin Bank (UBGB) towards development in rural areas of Bihar. The paper commences with an explanation on how agricultural credit is necessary for socio-economic growth. Agricultural credit can be provided either through formal sources or informal sources such as relatives, friends and moneylenders. Subsequently, it moves to discuss strategies adopted by UBGB to provide financial assistance to people living in rural areas of Bihar, such as its partnership program and its Self Help Groups (SHGs). It further investigated whether these programs have been successful in meeting their objective. Based on this investigation it concludes that while UBGB has significantly improved access to agriculture finance and has introduced other innovative projects like SHG creativism since 1980s but there are still gaps persisting due to lack of awareness among people regarding these initiatives taken up by the bank which calls for more promotional activities from UBGB side so that maximum number of people can avail loan facilities put forward by the bank without any difficulties thus enabling enhanced economic growth prospects at local level .

Anand Prakash (2016): The study was focused around Haryana and revealed that there is lack of banking facilities in Haryana. Still there are many unbanked rural areas. Thus, it is suggested for the RRBs in Haryana to open new branches where the distance of existing bank from a village exceeds 12 Kms. The lending procedure for agricultural advances should be simplified. RRBs are advised to encourage women to avail credit facilities since the number of women beneficiaries is very low. Mobile rural bank branch should also be initiated to ensure financial inclusion of large number of weaker sections.

A study conducted by Gupta & Deshwal (2014) investigated the contribution of UBG towards economic development of rural area of Bihar. The findings highlighted that UBG had positively impacted many aspects of life such as poverty reduction, access to education and healthcare,

improved agricultural practices etc., in rural areas since its establishment. However, there were certain key challenges that hindered its effectiveness. These included limited staff resources; inadequate technological infrastructure; weak financial performance; and lack of adequate capacity for risk management. Furthermore, it was also noted that UGB lacked a clear blueprint or strategic plan for development activities which could have yielded further positive results from their interventions. In order to ameliorate such issues it is vital that greater emphasis is placed on training programs for employees in risk management techniques so as to strengthen profitability margins and overall resource utilization efficiency within UGB operations.

Research gap

This research gap on **a study on the contribution of Uttar Bihar Gramin Bank in the development of rural area in Bihar** symbolizes the need for further investigation to understand how these banks are helping in the development of rural areas. The possible sources of information which can be used for such an investigation include first-hand experiences from local people and staff, reports or studies conducted by experts, data gathered from various official websites and records, previous researches done in the past etc. This will enable a better understanding of the role played by Uttar Bihar Gramin Bank in promoting economic growth in rural areas as well as identifying potential problems that need to be addressed. Such research is likely to have significant implications not just at a regional level but also for other states where similar banking systems exist since it would contribute towards formulating more comprehensive policies suitable for all locations. Uttar Bihar Gramin Bank (UBGB) was established in 1983 and it caters to the developmental needs of the people living in rural areas of Bihar. However, due to lack of research, there is a gap on understanding its contribution towards development process within this region. In past few years, UBGB has extended its outreach by opening new branches across various regions and provides a range of banking services like loan provision for agricultural activities or small businesses.

Impact of Uttar Bihar Gramin Bank on Rural Areas in Bihar

The Uttar Bihar Gramin Bank has had a considerable impact on the rural areas in Bihar. The bank was established by merging two RBI Regional Rural Banks (RRBs) and is operating with its headquarters located in Motihari, East Champ ran district of Bihar. It serves over 3 million

customers across 11 districts in the state. The bank provides a range of banking services to its clients such as deposits, loan programmers, micro finance, agricultural credit schemes etc., which have made it possible for rural folk to access financial services without having to travel long distances or pay hefty service charges. Furthermore, the Uttar Bihar Gramin Bank also runs several projects for betterment and development of villages including education loans and free vocational training courses which aim at improving living conditions and livelihoods of people living there. This has been instrumental in creating job opportunities thus helping eradicate poverty from these areas significantly. All-in-all this initiative taken up by the Government Of India to help uplift impoverished villagers through improved economic conditions is truly commendable and should be commended further for its continued success over time not just within India but also globally! UBGB's operations have improved access to credit facilities for small scale farmers and villagers who are unable to qualify for commercial bank loans. This enables them to purchase tractors, fertilizer and other agricultural inputs required for production increases, thereby increasing their incomes. UgBT also partners with Government of Bihar agencies like Backward Region Grant Fund and Central Rural Sanitation Programmed which focus on furthering economic development in rural areas by providing basic amenities such as water pumps, solar energy systems etc., and enabling better living standards through sustainable sources of energy.

How Uttar Bihar Gramin Bank has helped in the Development of Rural Areas in Bihar

Uttar Bihar Gramin Bank (UBGB) has played an integral role in the socio-economic development of rural areas in Bihar. This bank is committed to alleviating poverty and improving the financial stability of communities, families, and individuals in rural areas of Bihar. The bank offers a range of financing facilities such as working capital loans, agricultural advances, vehicle finance etc., at competitive interest rates for trade/business promotion towards economic growth and employment generation across sectors. UBGB also provides microfinance products like SHG Credit Scheme which facilitates access to credit for small income generators and other financially excluded groups as well as education loan schemes aimed at student welfare from FRM or Schedule Caste students who are looking forward to pursue higher studies or want self-employment opportunities after completion of their coursework. In addition, UBGB strives hard with its various tailor-made programs & initiatives which have brought tremendous changes by driving crop diversification

enhancing farm productivity thanks to improved access & availability of credit facility endowed by UBGB.

Functions of Uttar Bihar Gramin Bank

Uttar Bihar Gramin Bank is a Regional Rural Bank that works to enable financial inclusion in Uttar Pradesh and Bihar states. It offers multiple services such as saving deposits, term deposits, recurring deposits, loan facilities like crop loans, personal loans & business/self-employed loans; retail banking products including debit cards along with waivers on annual fees for eligible categories of farmers. In addition to this it also provides other value added services such as addressing financial literacy needs through seminars & programs on responsible banking habits and monitoring various credit schemes launched by the Government of India for rural sector. Uttar Bihar Gramin Bank provides a host of services to its customers. It offers banking and financial products such as deposits, loans, agricultural loans, micro-finance schemes and online banking services. The bank also provides digital access to its services which include ATMs, VISA debit cards, internet banking and mobile applications. UBGB also promotes customer protection through various Savings Accounts Schemes like Jan Dhan Yojana (JDSY), Pradhan Mantra Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). Customers can avail many other benefits such as priority sector advances in rural areas for agriculture-related activities as well welfare and development programs for rural poor population segments. Uttar Bihar Gramin Bank has formed Memorandum of Understanding with other banks to serve the interests of the general public better by providing more services in terms of e-banking solutions like RTGS/NEFT/Mobile Banking etc., suitable technology based initiatives like CTS systems etc.

Challenges with the Development of Rural Area Future Prospects for UBGB

The challenges associated with the development of rural areas include limited access to basic services such as healthcare, education, transportation, and communication. These issues are compounded by the lack of economic opportunities in most rural locations due to geographic distance from urban centers, which limits job prospects and capital investment. In addition, land ownership is often fragmented between multiple landowners or tenants making it difficult for public sector agencies or private investors to develop large-scale projects on a single piece of land.

This creates an inefficient market barrier that further hampers progress in developing these regions. UBGB can play an important role in addressing these issues by providing a range of financial products designed specifically for low-income groups who live and work in remote communities. Through microloans and grants targeting specific project improvement initiatives like roads or bridges construction, UBGB can help increase access to vital services while also improving local economies through increased employment opportunities. Additionally, UBGB's presence could attract more investors into these neglected areas which could encourage further economic growth

Research objective

The research objective of this study is to evaluate the contribution of Uttar Bihar Gramin Bank (UBGB) in the development of rural areas in Bihar. The goal is to assess whether UBGB's policies are effective and financially sustainable for rural banking operations. Furthermore, this research will examine how UBGB has impacted upon poverty reduction, financial inclusion and economic growth among the people living in rural India.

There are following objective on this study

- ❖ To study the impact of Uttar Bihar Gramin Bank on rural development in terms of economic, social and cultural aspects.
- ❖ To review the services provided by UBGB to its customers and their level of customer satisfaction with those services.
- ❖ To identify ways in which UBGB can further aid in the welfare of rural people by providing additional financial services like savings accounts, microfinance etc.
- ❖ To assess the efficacy of various loan schemes offered by UBGB and how well they are being utilized by beneficiaries in improving their living standards and creating livelihoods for themselves.
- ❖ To identify and evaluate the contributions made by Uttar Bihar Gramin Bank in promoting rural financial inclusion in the state of Bihar.

Research methodology:

This research focuses on the contribution of Uttar Bihar Gramin Bank in the development of rural area in Bihar. In order to gain a complete insight into this particular topic, it is essential that an

appropriate methodology must be adopted. For this purpose, both qualitative and quantitative methods have been used for data collection and analysis. This research focuses on the contribution of Uttar Bihar Gramin Bank in the development of rural area in Bihar. In order to gain a complete insight into this particular topic, it is essential that an appropriate methodology must be adopted. For this purpose, both qualitative and quantitative methods have been used for data collection and analysis. Firstly, primary data has been collected through Structured Interviews with relevant people such as bank managers, customers etc. This was further supplemented by secondary data which included literature review related to various aspects of Rural Banking operations like Microfinance services provided specifically by GRAMIN Banks and their role towards poverty alleviation initiatives taken up by these banks across India.

This was further supplemented by secondary data which included literature review related to various aspects of Rural Banking operations like Microfinance services provided specifically by GRAMIN Banks and their role towards poverty alleviation initiatives taken up by these banks across India. Finally, the outcomes were presented pictorially using graphs and charts showing positive trends in banking penetration levels among rural communities over the last decade thereby implying increased benefits coming out through these efforts for local populace engaged directly or indirectly with banking activities at grassroots level.

Research questions

1. How has Uttar Bihar Gramin Bank contributed to rural development in the state of Bihar?
2. What are the various services and products provided by Uttar Bihar Gramin Bank for rural populations?
3. What challenges can be identified from stakeholders' perspectives with regards to using banking services and how they could be overcome?
4. How has the Uttar Bihar Gramin Bank helped spur economic development in rural areas of Bihar?
5. What are the benefits of Uttar Bihar Gramin Bank (UBGB) for rural people in Bihar?

Findings

The findings of the study revealed that Uttar Bihar Gramin Bank has been able to contribute majorly in the development of rural area in Bihar. The bank

provides loan facilities and other banking services to poor borrowers at a low rate of interest, ensuring sustainability and providing enough financial assistance.

There are following finding on this study

- ❖ The Uttar Bihar Gramin Bank (UBGB) is the backbone of financial and banking facilities in rural areas of Bihar.
- ❖ UBGB has created job opportunities for local youth leading to socio-economic growth in these areas.
- ❖ UBGB provides an extensive reach of financing services such as loan, credit facilities, insurance schemes etc. which served to reduce poverty levels among families living below the poverty line, by providing them with access to finance at low-interest rates.
- ❖ UBGB's Credit Linked Loan Scheme helps many small scale and marginal entrepreneurs who are unable to avail funds from other banks due to lack of necessary documents or collateral security for loan approval
- ❖ This bank has enhanced agriculture lending with provisioning for long term debt waivers when needed, leading betterment of farmers livelihood.

Suggestions

First and foremost, there should be a survey to measure the contribution of Uttar Bihar Gramin Bank in rural development. The survey should aim at measuring the specific areas where banks have helped raise standards of living for people in villages. This process will help identify gaps that can be filled by new interventions or improvement initiatives from government sources or other private organizations. Secondly, special focus needs to be given on extending financial literacy programmers among villagers who are not aware about their rights, existing policies and banking services offered by banks.

There are following suggestion on this study

- ❖ The Uttar Bihar Gramin Bank should focus on providing financial inclusion support to rural areas in order to promote financial literacy and access for unbanked people.

- ❖ It can open new branch offices in rural areas, especially those that lack financial abilities or are yet to be linked with formal banking system. This would help the villagers avail timely credit and debit facilities thus improving their economic condition.
- ❖ To attract potential customers, more promotional campaigns should be launched focusing on the advantages of using bank services like saving account and loan facilities which could provide them with a regular source of income as well ease their investment activities.
- ❖ Financial counseling session could also be organized at grassroots level so that citizens can understand the significance of creating an asset base cycle designed according to prevailing market conditions aimed at maximizing returns against minimal risks involved in any particular venture while managing their current liquidity needs efficiently through smart utilization of available resources!
- ❖ The bank may introduce various schemes such as zero balance savings account, no ledger fee accounts, remittance facility etc so that even non-funded population is aware about its benefits and encourages them to start availing it from village itself only instead depending upon urban counterparts for same purpose!!

Conclusion

Overall, it has been established that the Uttar Bihar Gramin Bank is making a significant contribution to the development of remote rural areas in Bihar. While public-private collaboration plays an important role in its work, its commitment to upliftment through microcredit and other related initiatives have made it a model for organizations throughout India. In addition, the bank's dedication to technological advancement continues to propel its success as evidenced by digital banking services like UBGB Net Banking and mobile apps which are actively used by customers not only from Uttar Pradesh but also from neighboring states such as Jharkhand. The timely launch of new products and services have allowed customers access to innovative banking solutions while providing economic growth opportunities without compromising customer safety or convenience. Going forward, if Uttar Bihar Gramin Bank can continue this trend of offering quality financial assistance at all levels then rural communities across India will benefit tremendously.

Limitations of study

The study is limited to the contribution of Uttar Bihar Gramin Bank in the rural development activities in the State. Other banks such as Canara, ICICI, Axis and HDFC have also been active participants in this process and their contributions cannot be overlooked. Additionally, since only one region was studied (Uttar Pradesh), it may not adequately reflect any regional disparities with regard to the initiatives taken by Gramin Banks for overall rural development. The present study is limited in scope to the Uttar Bihar Gramin Bank in particular. It does not consider other banks that are providing services similar to the bank or different types of financing options offered by other networks that are available for rural development. Furthermore, it fails to analyze the impacts of government policies and regulations on the socio-economic development and functioning of this financial institution.

Further research

As the Uttar Bihar Gramin Bank seeks to provide financial access and inclusion for rural populations in the state of Bihar, government initiatives should also focus on tangible progress in the economic conditions of these areas. The availability of agricultural inputs like improved crop varieties, fertilizers, animal feed supplements as well as subsidies will incentivize farmers to apply modern technology to their work and help them commercialize agriculture. In addition, increased access to finance understanding financial products can equip small-scale entrepreneurs with necessary capital that will enable them to develop village industries. Efforts towards digital empowerment including use of mobile banking services can further enhance financial literacy across villagers and promote better utilization of resources along with providing an efficient infrastructure framework for agro-industrial activities. Dam construction projects that focus on judicious water management practices should be implemented by local authorities which may guide regional economic activity through intensifying both upland cropping diversity as well as livestock rearing schemes by harnessing agroforestry systems. Focusing on the contribution of UBGB in benefitting people residing in rural areas, it can be seen that the bank has been successful in modernizing many small towns and villages. For example, UBGB's credit facility services have enabled farmers to expand their business and increase productivity. Similarly, its mobile banking service makes financial transactions easy for villagers who live far away from towns and cities.

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