ABSTRACT

In the financial situation of India the RRBs has been survival for 36 years. In these years it improves a lot in banking operation. And then it focused on mounting the efficiency of rural credit delivery method in the country. As known point of view the commercial banking sector join with the extensive policy framework concerning social banking through combining shareholding of central government, the state government also involved and subsidized bank.

For production of rural credit availability the RRBs sketched out a strong institutional arrangement. It is developed for institutional credit in the rural region, and particularly in between economically and communally deficient section. The cooperative banks and commercial banks had fair records in terms of geographical area and payment of credit, yet in terms of federation of the population. The domination of rich people in rural areas is affecting the cooperative banks. But the commercial banks exhibited a clean predisposition.

The literature available in the working and performance of Regional Rural Banks in India is a little limited. The chapter reviews the literature on factors affecting performance in the context of Regional Rural Banks. To understand the concept better I undertook a study on Growth and Viability of First and Second generation’s reforms period, this has considered all RRBs operating in India during the sample period from 1991 to 2009. I bifurcated the entire study period into distinct viz; first generation reforms period (1991 to 1998) and second generation reforms period (1999 to 2009) to study the impact of deregulation on the financial efficiency of RRB banks. During First Generation Reforms (1991 to 1998) average Total Factor Productivity change was 0.77. During Second Generation Reforms (1999 to 2009), average Total Factor Productivity change was 0.93. The results on Total Factor Productivity change also indicate that there is still a room for RRB’s to improve their performance.

Keywords: Restructuring of Rural Credit Market, Performance, State Governments, Sponsor, Reserve Bank of India, Reform.