ABSTRACT

The study entitled “The Role of South Malabar Gramin Bank in the Rural Development of Northern Kerala” has been undertaken to assess the developmental role already and being played by the South Malabar Gramin Bank, the largest Regional Rural Bank in Kerala, in its heartland, the northern districts of Kerala. For this purpose, an assessment of various development finance programmes of the bank, the effectiveness of these programmes from the customer’s perspective and an analysis of the operational and financial performance of the bank have been made.

The study covers a period of ten years from 2000-01 to 2009-10. Both primary and secondary data were used. The primary data were collected from the customers and officials of SMGB, based on structured interview schedule. The secondary data were collected from books, periodicals, research articles, Committee Reports, official records of State and Central governments, RBI bulletins, and last not the least, from the Internet.

On the basis of the study, it is learned that, majority of the customers are aware of the various schemes of SMGB for the promotion of agriculture, industry and service sectors. Even though a small per cent of customers divert the loan use, majority utilizes the loans properly, repays in time and is in continuous relationship with the bank since the last fifteen years on an average and they have never had a bad experience at the bank. It is also reported that, vast majority of the beneficiaries of SMGB finances have been able to create full employment for them and to some extend to others. These customers have some savings with them, but most of these savings are kept out of the banks. The study also revealed that, though the bank has good repute among the public, and is operationally well, the trend of the financial results especially the profitability during the period, is not encouraging.
**KEY WORDS**

**Agriculture**
Activities related to farming, cultivation, harvesting, rearing, breeding of animals and building and acquisitions related with the above activities

**Amalgamation**
A process whereby two or more business entities, on the basis of a mutual agreement dissolve themselves and form a new entity using the resources of the former entities

**Branch**
A bank office where the major activity is banking

**Customer**
A person who has loan or deposit account with the bank for a period at least three years

**Finance**
The loan/ advance/ grant by SMGB

**Financial Inclusion**
Provision of banking services at an affordable cost to the vast sections of disadvantaged and low income groups

**Industry**
Micro, small and medium industries as defined in the MSMED Act, 2006

**Office**
Any SMGB office, comprising of head office, regional offices, controlling offices, satellite centers and branches

**Official**
Staff/Officials ranging from senior managers to clerical categories of SMGB

**Promotional Programs**
Various loan schemes and related tailor made campaigns indented to promote banking among rural communities who are engaged in agriculture, industry or service
| **Rural**  | A conglomeration of habitats not necessarily a revenue village, where the total population is less than 10000 |
| **Rural Bank**  | Basically a bank as defined in the Banking Regulations Act, 1949, with a rural orientation in location and give a prominence to farmers, artisans, small traders, landless labourers in schemes, loan size and interest rate |
| **Rural Development**  | Economic, social and physical changes that happened in the life of rural people |
| **Restructuring**  | Reorganizing of the capital structure of RRBs to facilitate the infusion of additional capital by the stake holders to wipe out its accumulated loss |
| **Service**  | Any activity that results in generating of a benefit that is consumed at the point of delivery or within a short period of time |
| **Turnaround**  | Surviving a crisis period by RRBs with the help of the additionally infused capital |