Rural development is considered as the way and target of India’s planned development efforts. It implies both the economic betterment of peoples as well as greater social transformation. To accelerate such a process, people participation and financial support by way of making the funds available in time is of paramount importance. Among a host of financial agencies that cater to the needs of rural people, Regional Rural Bank (RRB) is the official organ of the government of India, to interfere in the rural financial market. They were established in the year 1975 and are governed by the RRBs Act, 1976 and they are under the collective ownership of GoI, State Government and a sponsoring bank. Within a short period of time, the number of RRBs grown to 196 with a network of more than 14000 branches. But, as these were operating among the rural poor with meager resources, there was the problem of financial viability ever since it’s beginning. A series of remedial measures such as allowing non priority sector lending, relocating of branches, opening of satellite branches, capital restructuring and sponsor bank wise amalgamation of RRBs etc. were taken to put the RRBs in the present stable position. As on March 31, 2010, there are 82 RRBs under 26 sponsor banks in 620 districts across India.

South Malabar Gramin Bank (SMGB), one of the two RRBs operating in Kerala since the last thirty years, has presence in eight districts. Malappuram, Palakkad, Kozhikode and part of Waynad districts in the northern Kerala, are the main area of operation until recently and these districts host more than 80 per cent of the branches. Now the bank is expanding to Thrissur, Pathanamthitta, Idukki and Thiruvananthapuram districts, opening branches in semi urban and urban areas.

The present study has been undertaken to assess the role of South Malabar Gramin Bank in the rural development of northern Kerala. The study aimed at assessing different schemes of SMGB for the promotion of
Agriculture, Industry and Service sectors of northern Kerala. It also aims to assess the impact of the operation of the programmes of SMGB on its beneficiaries and finally to assess the operational and financial performance of the bank. The study covers a period of ten years from 2000-01 to 2009-2010. Both primary and secondary data were used for the study. Primary data were collected from customers and officials of select branches of SMGB with the help of a structured interview schedule. A total of 400 customers and 100 officials were selected using convenient sampling technique. Secondary data used for the study were collected from books, periodicals, Committee Reports, official records, government publications and the Internet. The data collected were classified in order and suitably analysed by taking the appropriate statistical tools, considering the objectives set for the study. The study is embodied in six chapters. Chapter one gives an introduction which contains review of literature, statement of the problem, scope of the study, significance of the study, objectives of the study, hypotheses, variables used for the study, methodology, period of the study, and limitations of the study. Chapter two contains a theoretical review of regional rural banks in India and Kerala. Chapter 3 presents the perception of customers and officials on various programmes of SMGB. Chapter 4 analyses the impact of the promotional programmes of SMGB on the socio-economic status of customers and their region based on the response of the customers and officials. While chapter 5 contains an analysis of the operational and financial state of SMGB based on the published information of the bank. Finally chapter 6 contains a summary of findings and recommendations based on the study.

The findings of the study would hopefully be useful to RRBs and rural financial institutions in general, governments and other stake holders, and scholars and academics in particular.

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