PREFACE

Rural development is an indispensable sphere in the development of Indian economy since independence. Moving towards this constructive vision of the economy, the financial intermediaries playing a greater role with strict compliance of financial sector reforms. At this appropriate context, the journey of regional rural banks has shifted into warranted turn with new facets of banking sector reforms including prudential norms, financial inclusion, micro-finance and micro-insurance, etc. The promotion of rural economy in general and improving standard of living of the people in particular depend upon the effective use of rural resources including manpower which depend upon one input factor namely credit.

The provision of credit in the rural sector is much more governing factor in effective utilizing the other means available with the rural people, because capital formation is very low in the rural areas due to no self support and self-reliance financially. Here, it acquires a sound in-built mechanism of banking institution to raise funds locally designing various suitable deposit schemes and lending to the potential areas of economic significance on one hand; and to operate business transactions of deposits mobilization and credit deployment managerially viable for attaining financial
soundness on the other. Apart from achieving the goal of sound financial management, the social goal is also indispensably need to be fulfilled by the banking institution in the rural areas. Existed in 1975 with rural ethos, the regional rural banks have been operating rural credit to become sound financially. After passing its journey more than three decades in serving the rural sections with mixed features of cooperatives and commercial banks through passing many milestones in the history of rural credit structure, its profit mantra has tuned into financial viability. In other words. It is distancing the regional rural banks from its social objectives, which means they are moving in a commercial style. This is all about amalgamation of regional rural banks. It is right time to examine the financial performance of regional rural banks in terms of finance and profit position during pre-amalgamation period and post-amalgamation period. This has been examined in the present study.

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