PREFACE

Regional rural banks came into being with the objective of mobilisation of funds from rural areas and deploying them to the development programmes of rural sector with low cost transactions. They are administering on democratic management with a sense of local feeling what the cooperatives possess and operating the business transactions on professional approach like that of commercial banks. Promotion of rural economy in general and improving the standard of living of the people in particular depend upon 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 utilising 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 requires 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 recovery of loans lent on the other for recycling of funds. In other words, the banking institution should operate its business transactions of deposits mobilisation and credit deployment managerially viable for attaining financial sound. Apart from the goal of achieving 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 in the rural credit to become
sound financially achieving the social goal. It is a high time to examine the soundness of regional rural banks in terms of finance and their profit position attending the social obligations too. This has been examined with reference to the sample bank, Sree Anantha Grameena Bank, which is operating in Anantapur district of Andhra Pradesh.

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