PREFACE

India is still a predominantly agricultural country as agriculture contributes significantly towards her national income, employment & household activities. Although it has not taken a great leap forward, it has remained the many sector of Indian economy. It raised expectation during the first five year plan as it grew at a fast rate to give coverage to the whole economy. But during the second plan, policies which were heavily titled towards creating an industrial base, involved heavy investments and jeopardized the overall growth of the economy.

Credit is considered as an important instrument for agricultural and rural development which is available to the villagers from two types of sources, i.e. institutional and non-institutional credit agencies. Inspite of rapid expansion of institutional credit agencies co-operatives and commercial banks in the country a large segment of rural population consisting of small and marginal farmers, were not availing facilities of institutional credit agencies and were dependent upon money lenders for borrowing both for production and consumption purposes, who exploited them by charging very high rate of interest and they became victim of various other mal-practices.
Banking institutions are very helpful in creating such an atmosphere in the areas where the money lender exploited the villagers by charging high rates of interest. And therefore, it is conclusively said that development follows the bank. It was in conformity of this theory alone that bank branches were opened all over the country to save the rural people exploitation as well as to assess the rural credit requirement, regional Rural Banks came into existence in 1975 with a view to provide financial assistance to the neglected section of the rural economy.

The Regional Rural Banks were set up in the areas where commercial and co-operative banking facilities have been lacking. Regional Rural Banks improving the flow of credit to the rural sector of the economy these banks provide finance to meet the short and medium term finance needs of the weaker sections, small and marginal farmers, land-less labourers, village artisans trade and businessmen in the rural areas. Especially the agricultural sector has assumed the increased importance in the country in recent years. As 75 % of the total population live in the rural areas and they contribute about 45% of the total national income by agriculture production, therefore, economic development and progress of the country really means reconstruction and resurgence of the rural economy of the country Regional Rural Banks (RRBs) plays very important rate in the construction and
development of rural economy in particular and the whole country in general. Regional growth is the main purpose of all of the development programmes.

**Salient Features of Regional Rural Banks:**

The salient features of regional rural bank are as follows:

i) The Regional Rural Bank combine the local feel and familiarity with rural problems which the cooperatives possess and the degree of organization ability to mobilize deposits, access to central money market and modernized outlook which the commercial banks have.

ii) Every rural bank will operate in a limited area or region comprising of one or more districts in a state. Each of its branches will serve a compact group of villages having a population of 5000 to 20,000. The area should be comparatively backward or a tribal area or where coverage by commercial banks and cooperatives is relatively poor. The area chosen should have a real potential for development and should be poised for a break through once the flow of credit is assured.

iii) The regional rural will grant loans and advances mainly to small and marginal farmers, agricultural labourers artisans and small entrepreneurs engaged in productive activities in their area of operation. The repaying
capacity of the borrower over a reasonable period of time would be the basis for sanctioning the loans.

iv) These banks _will_ adopt the pattern of operations to suit their requirements. To start with a branch may be managed by a manager, an agriculture officer, a clerk-cum-cashier and a peon.

v) The forms and procedures for the operations of rural banks _will_ be very simple. All the business would be conducted in the regional languages. Forms would be filled up on behalf of the employees of the banks themselves so that brokers and intermediaries may not exploit them.

vi) The rates of interest charge by the regional rural banks _will_ be comparable with those charge by the cooperatives.

The thesis in hand is representing “Role of Regional Rural Bank in Agricultural Development with special reference to Aligarh District.”