Review of Literature:

The literature available in the field under reference is very limited in nature and scope. The research studies / articles are reviewed here in this section:

**Chauhan (1991)** studied the availability and adequacy of credit, its use by borrowers and impact on rural income and savings with specific reference to the operations of RRBs. Data were collected from four RRB branches randomly selected in the Etawah district of Uttar Pradesh. Borrowers were divided into four categories small and marginal farmers, landless labours and rural artisan and small traders. Results for the year 1984/85 showed that the availability of credit per borrower was the highest for landless labour, however, it was found that the demand for loans exceeded the supply by about eight per cent for the other three categories of borrowers. Further, it was found that 35 per cent of total loan were put to unproductive use to the urgent consumption needs particularly in landless labour and a very little surplus income existed within the sample ranging from 7 to 16 per cent for the average household. It was credit activities and schemes to encourage the mobilization of saving among the rural poor.

**Jugale V B (1991)** - This study is an attempt to analyze certain theoretical aspects evolved in agricultural credit system. Every policy formulated for the development of agriculture in India is determined on the characteristics of our agricultural system. So, the Initial part of the book reviews the characteristics of Indian agriculture. An agricultural credit system which is passing through critical stages since the latter half of the 19th century is still facing various bottlenecks and constraints. The lullaby credit policies will not solve the problems. The second chapter deals with a critical review of agricultural farm system in India. The third chapter is the main
content of the book, wherein theoretical aspects of farm cred system have been over-viewed and analyzed. Co-operative movement has gained the sympathy and response from ruralites. Besides the movement has a vertical and horizontal linkage with various development activities. But the movement is just writhe of the co-operative leaders and does not stand as people's movement. However, co-operatives will succeed provided they are re organized. Co-operative Village Banks (CVBs) are suggested at last with an empirical evidence.

Pramod kumar (1993) studied the progress and performance of the RRBs in India based on selected performance indicators such as number of RRBs, number of branches, districts, covered, deposits and different categories of advances. For this purpose secondary data were collected from the RRBs division, NABARD, for a period of eleven years from 1979-80 to 1989-90. He found that the RRBs should mobilize deposits in order to increase the amount. Further he mentioned that with increase in coverage for states, the quantum of loan per account for allied activities and short-term loans would decrease. He found that states like Orissa, Kerala, West Bengal, Tamil Nadu, Tripura, Bihar, Kamataka and Assam had shown bad performance and the other states were performing well. He suggested that the bad performing states should step up their advances of agricultural investment and also see that adequate short-term loans are advanced as a much needed backup for the farmers.

Jai Prakash A. K. (1996) conducted a study with the objective of analyzing the role of RRBs in Economic Development and revealed that RRBs have been playing a vital role in the field of rural development. Moreover, RRBs were more efficient in disbursal of loans to the rural borrowers as compared to the commercial banks. Support from the state Governments, local
participation, and proper supervision of loans and opening urban branches were some steps recommended to make RRBs further efficient.

**Sinha (2003)** in a field study of 5 RRBs find that non-priority sector advances increased sharply in the second-half of the 1990s for all the sample banks. Of these 4 banks have a significant 25 percent of their portfolio invested in non-priority sector loans. The interviewed RRB managers agree that this was a deliberate strategy to improve viability. Non-priority sector advances are mostly collateralized and therefore carry low risk; they are generally market-based and of a higher value extended to higher-income clients or to low income clients through deposit and jewelry linked loans; and banks have freedom to charge cost-covering interest rates on non-priority sector advances. The bank managers candidly accept that the RRBs have been able to raise their profitability by refusing to serve low-income clients!

**Chavan and Pallavi (2004)** have examined the growth and regional distribution of rural banking over the period 1975-2002. The paper documents the gains made by historical underprivileged region of east, northeast and central part of India during the period of social and development banking. These gains were reversed in the 1990s; cutbacks in rural branches in rural credit deposits ratios were the steepest in the eastern and northeastern states of India. Policies of financial liberalization have unmistakably worsened regional inequalities in rural banking in India.

**Ruston Ali Ahmed (2004)** study conducted on impact of financing by Rajshahi Krishi Unnayan
Bank on agricultural development of Bangladesh has revealed that variations in farm and off-farm production, income from agro-based trade, intensity of cropping, amount of cultivated area of uncommon crops, total and per capita consumption expenditure of the borrowers are found statistically significant higher than the non-borrowers. On the other hand, insignificant relations of working capital investment for farming and use of inputs with demand of bank credit are observed in case of small and large farms, but those are found significant in case of medium farmers. Credit delivery procedures and services of the sample bank do not satisfy the expectations of the borrowers. The study embodies that, the major problems associated with the bank financing are diversion of the borrowed fund, poor recovery of loans and high default rate, which are attributed to both the borrowers and the bankers.

Agarwal R K (2005) concludes that - Though the Rural Credit Survey Committee has brought into limelight the problems of the rural finance, the Regional Rural Banks Ordinance 1975 proved to be a landmark in restructuring the rural infrastructure by providing easy and cheap finance to the small and marginal farmers, agricultural labourers, artisans and the small entrepreneurs in the rural areas. Since the problem of employment is becoming more and more acute and the service sector is nearly stagnant and industry sector has a narrow scope, the employment opportunities can be better explored in the rural segments. In this regard, the Regional Rural Banks have to do a great deal by providing easy and cheap credit to the unemployed. The book besides highlighting the aims and objects of the Regional Rural Banks scheme presents a vivid description of the working and performance of the Prathma Bank, Moradabad, which is considered to be one of the ideal Regional Rural Banks in the country. The author has covered the relevant aspects of Regional Rural Banks like branch expansion, deposit
mobilization, credit deployment, profitability etc. and has given partial suggestions for improvement. Problems like lack of banking habits among rural public, competition with other financing institutions, recovery of advances; defective management pattern, untrained staff, limited resources, etc. have also been discussed along with suitable remedial measures. An effort has also been made to assess impart of these banks on rural infrastructure. The book is likely to prove much useful to the students and researchers in the areas of banking, finance and rural economics as well as to the reader in general.

**Shaha Deepak (2005)** discussed that - An investigation into rural credit delivery system in Maharashtra shows slower growth in institutional finances through commercial banks, credit cooperatives, RRBs and LDBs, particularly during the decade of 1991-2000, which is mainly due to adverse environment created by the financial sector reforms. Due to unfavourable policy framework, the entire rural credit delivery system is reduced to a moribund state. High transaction costs and poor repayment performance are the twin root causes of the moribund state of rural credit delivery system. With a view to revive the agricultural credit delivery system, there is need to adopt innovative approaches like linking of Self-Help Groups (SHGs) and Non-Government Organizations (NGOs) with mainstream financial institutions. The revival of rural credit delivery system of Maharashtra also depends on strategies that are required for tackling issues such as sustainability and viability, operational efficiency, recovery performance, small farmer coverage and balanced sectoral development of the state.

**Roy Durgadas (2006)** in his study complete critical survey of rural banking in the sphere of agricultural financing in a planned economy of the country. This is indeed, one of the most
comprehensive and analytical descriptions of the rural banking structure, system and policy presented as an integral part of the entire economy and over-all macro policy. Rural banking has now become a subject of both practical importance and academic analysis in India. Usually there is a wide gulf between those whose concern is the former and those whose mandate is the latter. This is unfortunate. In the last few decades the rural banking structure has been expanded spatially throughout the country. However, it has not been characterized by robust financial health and unfortunately over the years the structure of rural banking itself has been viewed as an enviable one. The moribund rural credit delivery system was part of the debris inherited from the 1990s. The existing network needs to be strengthened to make it vibrant. Similarly, the network of NGOs, ASHGs and other micro-credit institutions needs to be widened greatly. The snail’s pace at which NABARD is at present working would not do. Massive expansion of these institutions is an absolute necessity. In this book, I have attempted to give a comprehensive idea of all these aspects of rural banking and finance as a programme in India Planned period.

Abdul Hadi (2006) in their research study deals with the performance of regional rural banks in India in general and in West Bengal in particular. This is an important issue of contemporary concern. RRBs play an important role in the socio-economic development of rural areas in improving the welfare of people living in these areas. Therefore, periodic evaluation of the performance of RRBs with respect to fulfillment of its socio-economic and other objectives is necessary. this study makes a review of the progress of the RRBs in west Bengal in terms of expansion of branches, credit expansion and deposit mobilization since inception till the end of June 2001. By analyzing relevant secondary data the study reveals that RRBs have been more or less successful in expanding outreach of institutional credit in rural areas. the main objective of
setting up of RRBs was to provide institutional credit to the weaker sections especially to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in the rural areas and bring about growth with social justice to the rural poor. The authors find evidences that the RRBs in the state have to some extent succeeded in achieving this objective. The study has found out certain cogent causes of unsatisfactory state of recovery performance and loan repayment in the case of selected branches and beneficiaries of Murshidabad Gramin bank. Suggestions have been made by the authors for improvement in the functioning of the RRBs. Implementation of these suggestive measures are expected to help the RRBs in performing their role properly and in achieving the objectives for which these banks were established.

Gosavi N.B. in his study entitled Co-operative Agricultural and Rural Development Banking in India examines how the Maharashtra State Cooperative Agricultural Rural Multipurpose Development Bank is responding to the credit requirement of the farm as well as non farm sector in the district. He conclude that the bank has made considerable progress in the activities of advancing long term loans and has contributed greatly to the economic uplift of the farmers in Dhule District. Some of the major problems acting as implements to the growth of the bank’s functioning are paucity of funds, lack of concessionary, finance, lack of technical staff, delay in disposal of loan applications, mounting over-dues, security based loan etc. These problems can be solved by raising additional funds and grants from the government relatively at low rate of interest, appointment of technical staff and by chalking out a programme to strengthen it not only at the head office but also at the regional and district level offices of the bank.
Hosamani S B (2007) published the book entitled Performance of Regional Rural Banks consists of five chapters: Chapter I presents the background of Regional Rural Banks since their establishment, development in the rural banking system, objectives and scope of the study. It is a sort of introduction to the rural banking system in general and Regional Rural Banks in particular. Chapter II reviews the earlier research studies conducted elsewhere to have a better insight into the field of rural banking. Chapter III devotes itself to the description of the study area, the sampling techniques employed, the nature and sources of data and the various tools and techniques used in analyzing the data and evaluating the results. Chapter IV deals with the results and discussion of the study. In addition there are Appendices for supplementing the study.

Sonara (2008) undertakes a study entitled Regional Rural Banks in India concludes that -RRBs have been established with a view to provide banking services to the rural masses and extending wide variety of financial assistance to the weaker and poorer sections of the rural society. RRBs have been viewed as an important instrument for serving the weaker sections of the society. The present work on RRBs is a wishful attempt to study and analyze the operations of these banks in recent years. The study focuses various facets of the working of these banks. Though the research work confined to fives selected RRBs in Gujarat, most of the Findings and suggestions made here will be quite useful to direct mould operations of RRBs to fulfill their expectations. Today's burning problem of the viability and profitability of RRBs is also dealt in the study which will provide necessary.

K. Prabhakar Rajkumar (2008) Concludes that agricultural production in India depends upon millions of small farmers. It is the intensity of their effort and the efficiency of their technique
that will help in raising yields per acre. Because of inadequate financial resources and absence of timely credit facilities at reasonable rates, many of the farmers, even though otherwise willing, are unable to go in for improved seeds and manures or to introduce better methods or techniques. It is, therefore, of the utmost importance that the financial requirements of the farmers are adequately met. Till Independence in 1947, money lenders and the landlords were the principal sources of rural credit. Over the years, the operations of moneylenders have declined in view of debt relief legislations, the system of licensing moneylenders and restrictions on the use and transfer of land as security. Similarly, the abolition of all privileged tenures both in zamindari and ryotwari areas has discouraged investment by the landlords and larger cultivators. Provision of sufficient and timely credit at fair rates of interest has, therefore, to be considered as an integral part of agricultural development. Assistance rendered by way of credit has, however, to be related to specific items of productive work or of essential costs of cultivation. Set up in 1982, National Bank for Agriculture and Rural Development (NABARD) is the apex institution accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India. NABARD serves as an apex refinancing agency for the institutions providing investment and production credit in rural areas.

Muhammad Yunus, Alan Jolis (2008) - The remarkable life story of one visionary economist and his simple but revolutionary tool to end world poverty: micro-credit. In 1983, against the advice of banking and government officials, Yunus established Grameen, a bank devoted to providing the poorest of Bangladesh with miniscule loans. Grameen Bank, based on the belief that credit is a basic human right, not the privilege of a fortunate few, now provides over 2.5 billion dollars of micro-loans to more than two million families in rural Bangladesh. Ninety-four
percent of Yunus's clients are women, and repayment rates are near 100 percent. Around the world, micro-lending programs inspired by Grameen are blossoming, with more than three hundred programs established in the United States alone. Banker to the Poor is Muhammad Yunus's memoir of how he decided to change his life in order to help the world's poor. In it he traces the intellectual and spiritual journey that led him to fundamentally rethink the economic relationship between rich and poor, and the challenges he and his colleagues faced in founding Grameen. He also provides wise, hopeful guidance for anyone who would like to join him in "putting homelessness and destitution in a museum so that one day our children will visit it and ask how we could have allowed such a terrible thing to go on for so long."

**Jasvir S. Sura (2008)** - The burden of indebtedness in rural India is exceptionally enormous. Despite major structural changes in credit institutions and forms of rural credit in the post-Independence period, the exploitation of the rural masses in the name of credit facility is one of the most pervasive and persistent features of rural India. The objectives of this paper are to assess the growth pattern of RRBs; to examine the credit distribution and geographical distribution of RRBs. The analysis period of the study is from inception (1975) to till (2005) date. The overall position of RRBs in India is not quite encouraging. The poor credit-deposit ratio is still making dent on the improvement functioning of RRBs. Since the RRB is supposed to be a bank for poor people, it's presence in all the states of country especially in underdeveloped States can make things better. The government should spread the branches of RRBs at grass root level to provide such banking service to the really needy rural people. Moreover, it is the responsibility of the bank management and the sponsored bank to take corrective measures to raise the credit-deposit ratio of the bank that would make RRBs relevant in the rural India.
Meenu Agrawal (2009) highlights that the Regional Rural Banks (RRBs) were started in 1975 to cater to the needs of rural economy of India. They pay particular attention to the credit requirements of small farmers, artisans and agricultural workers. They operate mainly at the district level. RRBs have a special place in the multi-agency approach adopted to provide agricultural and rural credit in India. The capital of RRBs is contributed by the Central Government, concerned State Government and a sponsor bank in the ratio 50:35:15. The papers examine almost every aspect of the functioning of RRBs including geographical coverage, clientele outreach, business volume and contribution to the development of the rural economy.

Prasad C.S. (2009) in his books traces developments in Indian agriculture and transformation of rural India during the post-Independence period. It explains the key reform measures undertaken for the modernization of agriculture and raising the standard of living of the rural population. Part I of the book, containing 15 chapters, provides a detailed description of the various aspects of agricultural development in India since Independence in 1947. Part II contains 11 chapters which deal with various programmes/schemes to improve the quality of life of the rural masses. Part III provides year-wise review of agricultural developments in India, covering the period 1947-48 to 2008-09.

Alan Jolis (2010) discussed that Muhammad Yunus, winner of the Nobel Peace Prize in 2006, set up the Grameen Bank in Bangladesh to lend tiny sums to the poorest of the poor, who were shunned by ordinary banks. The money would enable them to set up the smallest village enterprise and pull themselves out of poverty. Today, Yunuss system of micro-credit is practiced
in some sixty countries, and his Grameen Bank is a billion-pound business acknowledged by world leaders and the World Bank as a fundamental weapon in the fight against poverty. Banker to the Poor is Yunus's own enthralling story: of how Bangladesh's terrible 1974 famine underlined the need to enable its victims to grow more food; of overcoming skepticism in many governments and in traditional economic thinking; and of how micro-credit was extended into credit unions in the West.

Sharma Manohar (2010) concludes in his articles that most rural households lack access to reliable and affordable finance for agriculture and other livelihood activities. Many small farmers live in remote areas where retail banking is limited and production risks are high. The recent financial crisis has made the provision of credit even tighter and the need to explore innovative approaches to rural and agricultural finance even more urgent.

Desai Pranav K. (2010) discusses that - A modern discipline, Agricultural Economics generally applies the principles of economics to the production of crops and livestock. The discipline, known as Agronomics, is a branch of Economics, which specifically deals with land usage. It focuses on maximizing the yield of crops, while maintaining a good soil-ecosystem. Throughout the 20th century, the discipline got expanded and the current scope of the discipline is much broader. Agricultural Economics now includes a variety of applied areas, having considerable overlap, with conventional economics. Economics is the study of resource allocation under scarcity. Agronomics or the application of economic methods to optimizing the decisions, made by agricultural producers, grew to prominence, around the turn of 20th century. The field of agricultural economics can be traced out to works on land economics. Present work is a research-
based, compact and exclusive study for the benefit of scholars, researchers and students of Economics and Agriculture Science.

**Sharma Neeraja (2010)** in published research article concludes that the Regional Rural Banks (RRBs) have been growing their importance since inception, in 1975 as special institutions playing a catalyst role in the development of rural areas they have been playing a significant role in financing the weaker sections of the community in the rural areas. Regional Rural Banks are not being able to provide the desired outcome as of nonperforming assets play a negative role and steps should be taken to remove them. Economic viability should be integral part of the organizational setup. Multi agency rural credit delivery structure must be protected and supported by the Government. Competent authorities / bodies should be incorporated to float the desired knowledge / awareness about banking among the rural society which could help in increasing the assets base of RRBs through deposits. Required supports should be provided by NABARD to RRBs, pertaining to micro financing.

**Dhaliwal N K (2010)** - Regional Rural Banks were set up in 1975 with the basic objective of providing credit facilities to the rural poor. In the light of changes that have taken place in response to the financial sector reforms, the present study appraises the growth and performance of Regional the growth and performance of Regional Rural Banks in the state of Punjab. It attempts to intensively examine and compare the various aspects of growth, profitability and productivity of RRBs operating in the State and assesses the perception of customers regarding working of these institutions. The study covers all the Regional Rural Banks operating in Punjab, serving 15 districts of the State and having 210 branches. The study is based on both primary data and secondary data.
V. Jagan Mohan (2011) in his research article concludes that the financial sector reforms without social and rural sensitivity would only aggravate the complexities of agrarian sector reforms, which are yet to take shape. It is thus hoped that the Advisory Committee, being constituted by the RBI, will be a High-Powered one suggest innovative measures with a definite roadmap to meet the emerging challenges in rural credit.

S. Suresha & H. R. Uma (2011) - Financial institutions have been established to promote developmental activities in the country, and India is no exception to this. And regional rural banks (RRBs) are one of its kind. The Main objectives of RRBs are to mobilize financial resources for rural and semi-urban areas. Which are relatively poor, particularly in recent years when the government is adopting several development programs for the inclusive growth of poor rural people, the role of RRBs highlighted as very significant. This work is an effort towards evaluating the performance of such RRBs in Ramanagara district.

Girish.K.Nair and Dr.R.Thirumal (2012) - The RRBs should lay greater emphasis and continue with its efforts on directed credit, regulated interest rate structure and focus on profitability. Bringing in transparency in the bank's balance sheet, preparing itself to face competition and effective use of managerial resources will enhance the performance of RRBs. In the wake of economic liberalization now underway in India, the banking sector in general, and Regional Rural Banks in particular are experiencing sweeping changes. Although RRBs have played a predominant role in supplementing the efforts of the Government in eradicating poverty by dispensing credit under Government sponsored programmes, the erosion in profitability and
the poor sustainability is causing much concern. The structural consolidation of RRBs has resulted in the formation of new RRBs, which are financially stronger and bigger in size in terms of business volume and outreach. This will enable them to take advantages of the economies of scale and reduce their operational costs. With the advantage of local feel and familiarity, RRBs should capitalize on better position to achieve the objectives of rural development and financial inclusion.

The literature provides mixed evidence of the performance of the bank. As none of these studies analyze the physical and financial performance of Maharashtra Gramin Bank hence there is a need for carrying out the present study. The indicators selected to study the performance of the Maharashtra Grameen Bank geographical coverage, capital funds, deposits mobilization, loans outstanding and investment. The present study will be a modest attempt to make an appraisal of the credit needs of the rural people and the way Regional Rural Bank, i.e., Maharashtra Gramin Bank, has been extending its service to meet the same in the state of Maharashtra.

**History of Gramin Bank in India:**

Gramin banks were started in India on October 2nd, 1975. They were created based on the Recommendations of the *Narsimham* committee. The main reason was that our Economic planners knew well that regionally oriented rural banks will help in the growth of rural economy. Regional Rural Banks are established under the provisions of an ordinance promulgated on the 26th September, 1975 and the RRB Act, 1976 with an objective to ensure sufficient institutional credit for agriculture and other rural sectors. Reforms and mergers introduced by the
Government of India in consultation with Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) in the years 1994-95 to 2005-06 have yielded positive results in respect of key performance indicators such as number of banks and branches, capital composition, deposits, loans, loans and the trend of investments. The Regional Rural Banks were established with the objectives to provide credit and other facilities particularly to small and marginal farmers, agricultural labourers, rural artisans and small entrepreneurs so as to develop agriculture, trade, commerce, industry and other productive activities in rural areas. Initially, 5 Regional Rural Banks were set up on October 2, 1975 in Moradabad and Gorakhpur in Uttar Pradesh, Bhiwani in Haryana, Jaipur in Rajasthan and Malda in West Bengal. These banks were sponsored by the Syndicate Bank, the State Bank of India, the Punjab National Bank, the United Commercial Bank and the United Bank of India respectively. The Equities of Gramin banks are divided as 50:35:15 among the Central Government, above said sponsoring banks, state government. There are now almost 100 Gramins with their branches in 593 districts. Maharashtra has a good base for Rural banking record for Gramin banks.

**Rural Finance:**

The rural banking plays an important role in the development of a country. A sound, progressive and dynamic banking system is a fundamental requirement for rural development. The rural banks render vital services to the rural masses belonging to various sectors of economy like agriculture, industry whether small scale or large scale and also to the tertiary sector that is the service sector. The rural banks are expected to help the government in its pursuit of building up an egalitarian society with a rising standard of living by designing their lending policies accordingly. Taking into consideration the socioeconomic environment of India, the banks are
not expected to be inclined towards the already developed sector but towards the underdeveloped and neglected sector of the economy. The rural banking industry in India is supposed to help in the removal of poverty and creation of more employment opportunities and in overcoming the disparities in the distribution of income and wealth, minimizing the gap between the rich and the poor and also in rural and urban areas.

**Need of Rural Banking In India:**

The rural population in India suffers from a great deal of indebtedness and is subject to exploitation in the credit market due to high interest rates and the lack of convenient access to credit. Rural households need credit for investing in agriculture and smoothening out seasonal fluctuations in earnings. Since cash flows and savings in rural areas for the majority of households are small, rural households typically tend to rely on credit for other consumption needs like education, food, housing, household functions, etc. Rural households need access to financial institutions that can provide them with credit at lower rates and at reasonable terms than the traditional money-lender and thereby help them avoid debt-traps that are common in rural India. The debt profile of rural households indicates that the major source of credit to rural households, particularly poor income working households, has been informal sector loans like money-lenders, which are usually at very high rates of interest. The terms and conditions attached to these loans impact the poor adversely. This reflects the inadequate institutional credit flow to rural areas. As on 31-3-2003, rural and semi-urban centres had a Credit/Deposit (CD) ratio of 42% and 35% respectively as compared to a CD ratio of 69.5% and 59.3% for urban centres and national level. These trends broadly indicate that despite the widespread banking
network in place, there is a continued migration of rural/semi-urban savings to urban/metro centres, thereby causing a banking divide between rural and urban areas.

**Maharashtra Gramin Bank:**

Regional Rural Banks have been in existence for around three decades in the Indian financial system. With joint share holding by Central Government, State Government and the sponsoring bank, an effort was made to integrate commercial banking within the broad policy thrust towards social banking keeping in view the local peculiarities. RRBs were established “with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto Maharashtra Gramin Bank came into existence on 20th July 2009 after amalgamation of erstwhile Maharashtra Godavari Gramin Bank and Marathwada Gramin Bank as per the notification of Government of India. The Bank is sponsored by Bank of Maharashtra. The Board of Director of the Bank comprises of members nominated by Government of India, Government of Maharashtra, RBI, NABARD and Bank of Maharashtra. The share capital of the Bank is contributed by Government of India, Government of Maharashtra and Bank of Maharashtra in proportion of 50:35:15. Bank is rendering the services through Six Regional Offices and 323 branches as at the end of December 2009. Out of these, 28 branches are in Aurangabad district, 26 branches in Jalna district, 34 branches in Osmanabad District, 39 branches in Latur District, 59 Branches in Nanded District, 61 Branches in Parbhani District, 49 Branches in Beed District,
20s branches in Thane district, Two Branches in Pune District, One branch each in Jalgaon district, Ahmednagar district, Nasik District, Raigad District and Dhule District. The service area of the Bank includes 16 districts covering Nanded, Latur, Beed, Osmanabad, Parbhani, Hingoli, Aurangabad, Jalna, Pune, Thane, Jalgaon, Ahmednagar, Nasik, Dhule, Nandurbar & Raigad.

**Importance Of The Study:**

Rural people in India are facing problems in the inadequate supply of credit. The major source of credit to rural households, particularly-low income working households, has been the informal sector. Informal sector advances loans at very high rates of interest; the terms and conditions attached to such loans have given rise to an elaborate structure of intimidation of both economic and non-economic conditions in rural population in India. Grameen Banks were established in India in 1975 essentially for the purpose of taking banking service to the doorsteps of rural people, particularly in places without banking facilities. The objectives as given in the preamble of RRBs Act of 1976 were “to develop the rural economy in providing for the purpose of development of agriculture, trade commerce, industry and other productive activities n the rural areas, credit and other facilities particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs and for matter connected therewith and incidental thereto”

Regional rural banks have taken deep roots and have become a sort of inseparable part of the rural credit structure in India. The financial viability of the RRBs has, however, been a matter of concern since the 1980s, just five years after their existence. A number of committees have gone into the issue of their financial viability and possible restructuring. This study
follows a critical approach. First the extent of the problem of the loss making RRBs has been studied to analyze if the problem is confined to some particular sponsor banks or States. Subsequently, an attempt is made to enquire as to factors that influence the performance of the RRBs and the role-played by the sponsor banks.

The objective of this study is to investigate the financial performance of *Maharashtra Gramin Bank*, undertaken has helped to improve their performance. Several committees have emphasized the need to improve the performance of these banks which play an important role in the rural credit market in India. The study is diagnostic and exploratory in nature and makes use of secondary data. The study will finds and that performance of Maharashtra Gramin Bank has significantly improved after amalgamation process which has been initiated by the Government of India. The Maharashtra Godavari Gramin Bank playing a catalyst role in the development of rural areas of Maharashtra State and Marathwada region. They have been playing a significant role in financing the weaker sections of the community in the rural areas & also in inculcating banking habits among rural masses. Grameen bank; being a new species in the multi-agency credit delivery system of India particularly at the grass root level it is worthwhile to study their contribution to the economic development in the region. The study will aims at analyzing the present role & identifying the future role of the Maharashtra Gramin Bank in the rural development of Maharashtra State.