

## **A COMPARATIVE STUDY ON STANDALONE AND AMALGAMATED REGIONAL RURAL BANKS USING CAMELS APPROACH**

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### **ABSTRACT**

The regional rural banks would be a 'model financial infrastructure' for rural development with patronage and encouragement given by planners in the field. With this viewpoint the State sponsored, regionally based and rural oriented commercial banks had taken birth in rural India, which is popularly known as 'Regional Rural Bank'. Despite the fact that RRBs worked for around four decades and they achieved performance to the expected level quantitatively, but not turning towards sound financial management and productivity. Moreover the achieved performance is not uniform, though they are working under the same approach of administration and management. In order to achieve the effective and efficient performance, the RRBs have been taken up amalgamation process at a larger scale in the year 2005-06. Amalgamation of regional, rural banks was considered to be a strong mechanism to strengthen all banks financially. In the present study an attempt has been made to assess the effectiveness of Amalgamation and comparing the financial performance of selected standalone and amalgamated regional rural bank during the post reorganization period. To measure the financial soundness of these banks, the CAMELS Model, which is an appropriate technique, is adopted. It is observed from the study that only an amalgamation of banks is not enough for strengthening the financial performance of the RRBs. Consolidation of banks with proper strategy is essential for their sound and viable financial performance.

**KEYWORDS:** RRBs, CAMELS, Amalgamation