PREFACE

The Indian rural society is not homogenous. Apart from this the economic differentiation arising from land ownership, productivity and application of science and technology, there are the socio-economic gradations resulting from the deep rooted caste system. As a result, in spite of some radical changes in the cities the village community has been stagnant for generations. Over more than four and half decades of independence, there has been a steady migration of rural populations to urban areas and the benefits of planned development are being acquired by the rich farmers. The upshot of this is that there is an enormous growth in the number of marginal and small farmers and agricultural labourers in rural areas. A majority of these people live below the poverty line. The villages in India are caught in a vicious circle of poverty, malnutrition, illiteracy, ill-health, low productivity, lethargy and the poor are being continuously exploited by the rich and the well-to-do. The rural economic problems are therefore, multitudinal and multidimensional.

The structure of rural society, land-man relationship, social relations between different classes and castes,
equitable flow of resources and benefits to and from the various socio-economic groups and individuals must all be taken into account in planning and execution, if the initiative of the vast majority of people is to be harnessed in the task of rapid rural development.

Rural Development is a subject to which, in recent years, a great deal of efforts has been devoted in academic institutions, seminar halls and even in administrative conferences. It is our misfortune that the enthusiasm and concern which inform such activity are - usually conspicuously absent from field development activities.

In Indian context, rural development is concerned as a strategy designed to promote a larger participation and involvement of the rural poor by transforming them directly into productive agents on the one hand and to provide a better life for them on the other hand. This need mobilisation and allocation of financial and non-financial resources. No doubt, rural credit has become a matter of great importance and proper utilisation of credit is still more important to achieve the target. Credit has been the chief content of the cooperative movement which started with the passing of the first Cooperative Society Act in 1904 by the Government of India. But in the context of green revolution and modernisation of agriculture, it was felt that the cooperatives by themselves alone would not be in a position to
meet all the credit needs of the expanding agricultural sector and these feelings paved the way for the adoption of ‘Multi-Agency Approach’ to agricultural finance and rural reconstruction. This acceptance of multi-agency approach brought in commercial banks in the sphere of agricultural / rural finance, but they have not so far succeeded in abolishing poverty or even improving the economic lot of the poor. Thus a new type of institution i.e. Regional Rural Banks were established.

The establishment of RRBs in India since 1975 aroused a great deal of interest among the policy makers and observers of the Indian economy. This innovation in the field of rural credit has been seen to a ‘potentially powerful instrument for achieving the objective of rural development mainly through the development of the rural poor. The Reserve Bank of India in a recent report has described the setting up of RRBs as a ‘development which will have a far reaching effect on the extension of banking facilities to the rural areas.’

‘Rural Banking in India’ is a subject that is assuming increasing importance and is bound to be one of the dominant topics of discussion during the decades to come. This is as it should be because nearly 70 per cent of the country’s population lives in 5.6 lakhs villages and therefore, economic development and progress of India really means reconstruction and resurgence of the rural communities of the country. Among
the various infrastructure facilities that would influence the economic development of the rural masses in India, provision of banking facilities is an important one. Availability of banking and credit facilities may not be a sufficient condition for the development of village communities but it is certainly an essential condition without which development can not and will not take place. This becomes more important and essential in the case of 'backward' areas.

The issue before the Indian economy today is not whether to promote industry - small and big or agriculture but what proportion of these investments should be made between the 'developed' and 'backward' States is increasing decade after decade, the cause lies in the fact that we have refused to make any significant change in the pattern of our investment for the development of backward states. The emergence of marked regional disparities in our developmental processes have been worrying the planners for quite sometime. On late it has been widely realised that there is a need for giving special attention to the development of backward areas in the country.

It is now recognised by everybody that backwardness, in whatever form, is the most obdurate obstacle in the way of national growth and improvement in the quality of life and is responsible for disparities of income, social exploitation and even political heart burning. But it will be dangerous and
unrealistic to simplify it so as to make it appear as amenable to one or two neat and clear cut solutions. The present study of Banda district, one of the five districts of the backward region - Bundelkhand, is an attempt in this direction.

The accelerated development of this drought prone district is essential not only in the best interest of itself, but is necessary in the larger interest of the entire region. With a view to developing rural economy of Banda, Tulsi Gramin Bank was established. The main objective of T.G.B. was to provide financial assistance, as well as, other banking facilities to the farmer particularly the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs and try to convert the non-monatized sector into monetized ones. The present study attempts to look deeply into the structure of this bank and analyse the level upto which the bank was able to achieve the end objectives for which it was established and further recommend measures in order to improve the working wherever possible and how to fill the credit-gap, so that the economy of Banda district could be strengthened.

The plan of the present work is as follows:

Chapter one provides an overview of rural banking, banking in theoretical monetary economics, relevance of the proposed research problem, contribution of the proposed study,
objectives of the study, sources and methods for data analysis, certain limitation and conceptual framework of the study.

Chapter two covers the evolution of Regional Rural Bank, RRBs - Constitution, functions of RRBs, distinction between RRBs and the commercial bank, objectives of RRBs, management of RRBs, monetary structure of RRBs and progress of RRBs in the Indian economy.

Chapter three discusses the rural economy of Banda district within the Bundelkhand region. It explains the agro-economy, industrial economy, occupational structure, poverty, unemployment and under-development dimensions like communication and other infrastructure facilities and the banking structure (at macro-level) of Banda district.

Chapter four explains the structure of Tulsi Gramin Bank of Banda district. It discusses the objectives of T.G.B., functions of T.G.B., capital of T.G.B., administrative structure of T.G.B., banking pattern of T.G.B. in terms of branch-expansion, deposit-mobilisation, advance position and credit-deposit ratio. It also throws some light regarding the performance of T.G.B. under the Integrated Rural Development Programme (IRDP).

Chapter five describes the theory of balance-sheet, salient features of balance-sheet, an analysis of balance-sheet, balance-sheet of Tulsi Gramin Bank as on 31st March,
1993 and profit - loss position of T.G.B.

Chapter six deals a critical evaluation of the banking performance of Tulsi Gramin Bank in terms of deposit position, advance position and recovery position. Further it describes the problems faced by the officials of T.G.B. and the beneficiaries of T.G.B. Alongwith this, it also highlights the concept of credit - gap.

Finally, the findings of this study have been summarised in Chapter seven. On the basis of these findings a set of recommendations is presented to the policy - makers for achieving more effectively the objectives for which Tulsi Gramin Bank (Regional Rural Bank) was set up. It also covers certain recommendations and suggestions for other agencies for implementation to ultimately strengthen the structure of Tulsi Gramin Bank, in such a way, that the ultimate objective for establishment of T.G.B. is achieved.