CHAPTER IV
CONCLUSIONS

The traditional organisation of Indian rural society and its present condition have been a favourite theme of many sociologists and we have also rehearsed it in our First Chapter. As a matter of fact, it is a theme that has to be considered carefully in a study like this. The idea of the Rural Banks came up because the need for the urgent transformation of this sprawling mass of Indian society has become an inescapable part of reality.

A Bank was understood till recently to be a commercial organization, with the main purpose of helping trade and industry by serving people seeking safe custody for their funds. The concept of the social responsibility of banks is of recent origin. It is this new concept that makes it possible and necessary to study sociologically the working of a bank. And this study is concerned with the working of a Bank that has been dedicated to the specific goal of financially helping the weaker section of the rural population. The ultimate aim of the project is thus the liberation of the weaker section of the rural society from the traditional money-lenders and setting them on their feet on the road to self-reliance. It is not a goal that can be soon or easily achieved under the typical social structure of the rural India. This study tries to find out
whether the Regional Rural Bank in Tamil Nadu is progressing in the right direction.

In the Introductory Chapter, the nature of India’s rural society has been explained. The First Chapter explains the different aspects of rural India on the basis of the available studies. The Chapter also reveal the disabilities of the weaker section of the rural society and the main reasons for the establishment of Regional Rural Bank "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 the small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs, and for matters connected therewith and incidental thereto."

The present structure of rural society in Tamil Nadu, the present bureaucratic set-up, the functioning of the Regional Rural Bank in Tamil Nadu to achieve its objective, and the obstacles that are insurmountable are discussed in the Third Chapter on the basis of the data collected for this study from Ramanathapuram and Tirunelveli Districts in Tamil Nadu. The study also speculates on the possible strategies for the achievement of the objective of the Regional Rural Bank in Tamil Nadu and to help the weaker section of the rural society.
This study, however, demonstrates that the working of the Pandyan Grama Bank in Tamil Nadu has not succeeded in attaining its objective. The social, political and bureaucratic structures all have the effect of prejudicing development programmes in favour of the big farmers. This bias is well known in the studies mentioned in the First Chapter, but it still remains essentially unchanged.

The traditional caste structure of society in traditional Indian Villages still remains unchanged. The struggle against Brahmin domination over life and lifestyle has gone full circles now; the struggle between the higher non-Brahmins and the lower non-Brahmins and the Scheduled Caste and Scheduled Tribes has taken on a new venom and vigour in recent times. Caste continues to influence the working of the Pandyan Grama Bank in Tamil Nadu from all directions.

The first Chairman of the Pandyan Grama Bank belonged to the Pillai community of Tirunelveli District. Most of the Pandyan Grama Bank staff appointed in his tenure belong to this caste. The second Chairman belonged to the Chettiar community of Ramanathapuram District and the story has repeated itself.

The Reserve Bank of India and the Sponsoring Bank conduct the Area Surveys to identify locales to open Branches. But the Pandyan Grama Bank follows other influential considerations.
The Pandyan Grama Bank is very much governed by representations from the people. Political units of parties in localities and associations representing castes made such representations to open a branch. Since the establishment of a branch often stems from the representations and other efforts of some particular community, the manager appointed is recruited from that community. Naturally, the manager gives a special treatment for the clients from that community. Sometimes this community is affluent but with the help of the manager, it corners the major share of loans sanctioned. People belonging to the other communities are treated as second class citizens. The Scheduled caste and Scheduled Tribes members are ignored. When they are helped it is only for the statistical and statutory requirements and not out of any real concern for them. Even among the community only educated are directly benefited and the illiterates through the educated members of their community. This study repeats the same story of what has been already mentioned by different study in the second Chapter—the changes in occupation and other aspects of the caste system do not mean a cessation of caste and they have no important effect on the caste system as a whole.

The caste basis of land-ownership has collapsed now, and the new order is cash-oriented. Education and modernisation have contributed to these changes. But the most paradoxical thing about the situation is that while these developments have
qualitatively changed the nature of India's rural society, it still remains fundamentally the same. The poor among them have always been neglected. Big farmers present themselves as persons of small means, either on false ground or through the ingenious method of borrowing in the name of a family member or a close relative or a dependent who satisfies the legal criterion of ownership of land below the ceiling prescribed by the Pandyan Grama Bank. Several landowners have divided and sub-divided their lands among the members of the family to circumvent land regulations. This naturally helps one family to corner many loans. It is not always that these big landowners borrow for genuine needs; they borrow from the Pandyan Grama Bank at a lower rate of interest and lend to others at a higher rate. Thus there are occasions when the rural bank finances the frustration of its own principles.

This study reveals that the rich class of the rural society has been able to corner the major share of the loans advanced by the Pandyan Grama Bank which was founded to help the indigent rural population. There is nothing surprising in this or in the high-castes getting control. They constitute the most important, prestigious blocks in our society. As the source of big deposits, the rich are bound to have a strong hold on the practical loyalty of the Bank.

This bias toward the rich class is of course rooted in the traditional social structure. Since the managers and other
bank staff tend to make the assumption that poor class of the rural society are not credit-worthy, they give very little attention to the poor class of the rural society.

Kinship is a consideration that has taken root among the Pandyan Grama Bank Staff. The data collected for this study reveals that kinship plays its substantial role in the working of the bank. So the bank's resources do not have much of real mobility. They revolve within narrow limits. A few families benefit, and the majority do not get any share of the resources.

The important local political figures - the Panchayat Presidents and the Panchayat Union Chairman, some of whom also hold higher-level offices such as M.L.As - are generally large landholders themselves, or in any case linked by class or by political strings to the big landlords. These people and their supporters have a great deal of control over the loan distribution of the Pandyan Grama Bank, since they control not only political patronage, but also other local institutions.

As many writers have pointed out, the most obvious effect of the bias is to increase inequalities in the countryside, leading to heart-burnings. Other people who are less favoured have their complaints. They may not be able to dissociate themselves from the branches, but they are slowly alienated from it in their sympathies. This feeling of discontentment
spreads in course of time and the step originally taken by the Regional Rural Bank in Tamil Nadu as a strategic measure turns counter-productive in course of time. And favouritism can give rise to a host of irregularities. This problem is manifested in sporadic incidents of violence in some branches where the managers were attacked. Thus, a handful of big farmers in each village are able to corner most of the available credit for themselves and their associates. All of these benefits are available to these men at public expense.

Bureaucracy thwarts the wider dispersal of the benefits by its safety and viability criteria, and sometimes through its shortsighted selfishness. To the largely uneducated clientele, it has devised a cumbersome procedure ridden with forms and schedules. The people do not understand them and have to depend on others who are educated to satisfy these official requirements. Illiteracy of the clientele often leads to embarrassments not only in the matter of filling in loan applications, but also even to approach the Bank. While those official requirements to sanction a loan thus put off the target population, the population just beyond is able to corner these loans more easily. They have the education to follow the procedures by themselves. Since they are able to satisfy the official requirements of the Pandyan Grama Bank, they get the loans easily. In fact, a few families are able to get a number
of loans and even binami loans because they are able to manipulate records, being literate. Some have borrowed even on the names of their minor children.

This brings us to another aspect of favouritism. Bureaucracy has a special gift for inventing obstacles and slowing down benefits. Managers are known to treat applications not purely on terms of merit. They relax conditions when they have to oblige somebody, and they enforce them very strictly in order to deny some facility to some individual. The policy of granting loans only to those farmers who could offer adequate security has not only led to poor social distribution of the benefits of Pandyan Grama Bank, but also to host of irregularities.

Illiteracy of the clientele leads them to follow their traditional occupation, even with the financial assistance given by the Pandyan Grama Bank. As far as the individual remains in his traditional occupation, his social standing does not improve in any way. The real improvement will have to express itself in terms of moving up in the scale of social respectability too. That means a loosening of the grip of the hold of caste. So long as this does not happen, there can be no substantial progress in social improvement.
Given the situation as summarized above, what are the possible steps which could be taken which would lead to achieve the objective of Regional Rural Bank? In my opinion, educating the rural mass is indicated as the first essential step to develop the rural economy, particularly the target population. First, Education removes the fear to approach the Regional Rural Bank for loan. Education helps meaningful modification of traditional attitudes and acquirement of new achievement value orientations, but also creates new wants and particularly by raising expectations, it makes people less satisfied with the traditional ways of life, thus creating a desire in them for immediate change over to the new ways. It plays a vital part in social mobility, both horizontal and vertical. It forms an element of social prestige. Thus, the main point which this study argues is that it is only through educating the rural mass that the Regional Rural Bank can hope to attain its objective of developing the rural economy particularly the target population.