CHAPTER IX

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In the foregoing chapters of this study, we have made an attempt to indicate the importance and objectives of the study, to analyse the genesis, structure and functions of the nationalised banks, to trace the evolution and dimensions of various rural development programmes in Orissa in the national context, to present the profile of the area under our study, to examine the process of identification of beneficiaries and the institutional linkages, to assess the performance of the nationalised banks in deployment of credit in Cuttack district, to study the socio-economic impact of rural development programmes and finally to measure the degree of people's participation in the process of rural development. In the present chapter, we propose to setforth a summary review of what we have done in the preceding chapters and putforth our concluding observations.

In the introductory chapter we have explained the reasons of taking up the study, the hypotheses drawn, methodology adopted and the causes for selecting Cuttack district as the focus of our micro-level analysis of rural development through the nationalised banks.
In the second chapter we have briefly focused upon the evolution of banking system, growth of the nationalised banks and their structure and functions. While during pre-independence period, the British took important steps in establishing banks in India chiefly for commercial purposes, the post-independence period experienced social control over the banks and nationalisation of major commercial banks for involving those banks in development programmes, particularly in the rural sector. A nationalised bank was found to be well organised with differentiated structures and functional specificity. While the nationalised banks were entrusted with the traditional functions like accepting public deposits and lending to the individuals as well as business firms, they were specifically engaged in deploying credit for the upliftment of the rural poor. For discharging such functions, the nationalised banks mainly depended upon capital, reserve funds, deposits, recovery of credit and refinance from various agencies. All those banking processes were controlled by the Government of India through the Reserve Bank of India.

The third chapter of this study chiefly relates to the conceptual analysis of rural development, evolution of rural development and various dimensions
of development programmes in two separate sections. It is found that most of the countries have attempted to promote rural development through the adoption of different programmes like, 'Community Development', 'Green Revolution', 'Agricultural Development' and 'Integrated Rural Development'. This was greatly true in case of India. While Ancient India emphasised upon the promotion of human personality to improve the rural life, British India sought to improve the rural economy through the advancement of Takkadi loans, establishment of different institutions like Central Research Institute and Agricultural Colleges, etc. The Independent India, on the other hand, approached rural development in a more systematic way through the adoption of Five Year Plans and the nationalisation of banks. The Government of India implemented numerous rural development programmes for removing poverty and unemployment problems through credit deployment by the nationalised banks. Orissa being an integral part of the country also experienced similar development process. However, the State was conspicuous in adopting an independent programme, namely, 'Economic Rehabilitation of Rural Poor' for achieving greater development in its rural sector.

In the fourth chapter we have focused our
attention on analysing the profile of the area under our study. In course of our discussion, we have shown the socio-economic and the historical background of the State of Orissa with reference to Cuttack district. Important indicators like geography, history, economy and demography have been taken into consideration in this regard. Special care has been taken to study the socio-economic profile of the four blocks and the four villages which have been selected for our micro-analysis by highlighting population distribution, labour force, biological resources and other existing infrastructure within the area. In the process, we have referred to the distribution of the nationalised banks within the study area in order to divulge how banks had extended their services in ensuring the development programmes.

In fifth chapter our concern has been to discuss in some detail on the problem of identification of beneficiaries and the existing linkages among the institutions, which were entrusted with the rural development functions. In course of our analysis, we have studied the progress of identification of beneficiaries in Cuttack district under various development schemes. This has been done on a background discussion of the concept of identification, approaches to its study and different methods of
identification. While the study revealed that the performance of identification work was very regular and the concerned authorities could be remarkably successful in achieving the target; our survey of the opinions of the beneficiaries as well as bank officials on the process of identification established that the bank officials had rarely associated themselves in such an important matter. As such, our hypothesis in this respect, "There is lack of involvement of the nationalised banks in the process of identification of target groups" has been proved correct.

Our second hypothesis in relation to the institutional linkages was "There are proper institutional linkages in the implementation of the rural development programmes." In this regard, our findings revealed that although a number of institutions had been established and well organised for discharging rural development functions, a proper linkage could not be maintained among them, chiefly, due to the target oriented approach of the government, corrupt practices of concerned personnel, etc. Thus, the aforesaid hypothesis stands invalid.

The sixth chapter deals with the deployment of credit by the banks in different rural development
programmes within the district of Cuttack. In course of analysis we have focused on the amount of credit deployed during the period between 1974 and 1984, its utilisation and recovery. Findings of our survey established that the banks deployed huge amount of credit under various rural development programmes, which amounted to Rs. 12.58 crores by the end of 1983-84 under IRDP, Rs. 5.63 crores by 1983-84 under ERRP and Rs. 86.33 crores during 1974 and 1984 under the different priority sectors. So far as the utilisation of credit is concerned, it was found that majority of the beneficiaries (69.5%) had made proper use of the loans sanctioned to them. However, our survey into the recovery position revealed that in case of 85.5% of the beneficiaries regular recovery of the credit could not be ensured by the banks. Hence, our hypothesis drawn in this respect, "The nationalised banks deploy adequate credit for rural development but fail in its recovery," stands correct.

The seventh chapter has been devoted to the study of socio-economic impact of rural development programmes on the beneficiaries. In course of analysis an attempt was made to the changes occurred in the economic and social conditions of the rural dwellers who had availed loans in adopting development schemes. Effort was also made to study the changes realised in
their social status. The survey revealed that in case of 55.5% of the beneficiaries, the development programmes had failed in improving their socio-economic conditions. On the other hand, in case of the rest 44.5% of the beneficiaries, the development programmes could promote their socio-economic conditions as well as their social status. Thus, our hypothesis, "The nationalised banks have become successful in promoting the socio-economic conditions of the rural poor through the schemes they have undertaken" is found to be partially correct.

In chapter eight we have considered people's participation in rural development programmes. With a conceptual analysis of participation, people's participation has been viewed from the angles of awareness, interest and involvement. The survey of the opinions of the beneficiary respondents showed that while 71% of them had awareness regarding the rural development programmes, 47.5% of them took interest in such programmes and 39% of the beneficiaries actively involved themselves in the process of rural development programmes implemented within the district of Cuttack, during the period between 1969 and 1984. It is, as such, established that although the degree of awareness regarding development programmes among the rural dwellers was high, the degree of interest had
been substantially reduced which ultimately resulted in a very low degree of involvement. Hence, our hypothesis, "There is low degree of people's participation in the process of rural development undertaken by the nationalised banks" stands valid.

After examining to what extent our hypotheses have been proved to be valid we feel it essential to turn to the various suggestions which were put forth by the respondents whom we had surveyed. While 80% of the beneficiaries suggested that the rural people should be associated directly in identifying the beneficiaries through the formation of ward committees, 100% of the official respondents advocated association of bank officials and other financing agencies in the whole process of identification. Because proper identification is not ensured as the political parties and the middlemen often create bottlenecks in such process. For a majority of the respondents institutional linkages would be greatly realised if adequate authority is entrusted to the Block Development Officer in controlling other sectoral departments functioning at the block level which are involved in the field of development programmes. Moreover, it was suggested for providing infrastructural facilities with adequate backward and forward linkages by the Government before deciding to implement a particular scheme.
Most of the respondents, on the other hand, advocated for the proper implementation of the rural development programmes through the formation of a Co-ordination Committee consisting of the village elites, panchayat leaders, bank and block officials with the District Collector as its Chairman. The Committee should direct the beneficiaries in implementing the development programmes for achieving qualitative improvements.

About 90% of the beneficiary respondents and 65% of the official respondents suggested for the abolition of the system of delivery of assets through the Purchase Committee. Instead, they advocated for the adoption of the system of direct cash payment of loan amounts, which would greatly reduce the dominance of the middlemen and check official corruption.

A majority of the sample respondents argued for the establishment of a local public Vigilance Committee, which along with the co-ordination committee (as indicated earlier) would work effectively in ensuring proper utilisation of the credit. Further, most of them demanded rigid government actions against the beneficiaries indulging in misutilisation of the loan amounts. However, a vast number of official respondents advocated for the abolition of the system
of advancing 'Capital subsidy' to the beneficiaries. Instead, they suggested for the introduction of 'Interest subsidy' which would help in reducing the misutilisation of the credit.

In course of our analysis, we discovered that the banks had failed in recovery of the credit advanced to beneficiaries under various schemes. About 90% of the official respondents and 53% of the beneficiary respondents suggested for holding adequate number of recovery camps by the banking authorities to whom the Government should extend full support. The Block Development Officer of the area should be made responsible in achieving the recovery of credit. Many also advocated to strengthen the communication media in order to educate people regarding the necessity of repayment of loans, so that, they would not be misguided by the politicians for non-repayment of such loans.

The study, on the other hand, also revealed low degree of people's participation in the process of development programmes. Most of our sample respondents suggested for the adequate use of mass-media system, organisation of training camps before and after advancing the credit, creating a public relation
department in each block and involving the voluntary organisations in greater degree in the process of rural development programmes for achieving better participation of the rural people in such process.

To-day, after 40 years of independence, more than 75% of the population are still living in the rural areas of our country. Although urbanisation and industrialisation have resulted in constant influx of rural dwellers to the town areas, the scarcity of land and lack of other infrastructures would not permit the migrants to settle in the urban sector. Under the above circumstances, people would be forced to continue to live in their villages. However, the development of the rural sector in providing better standard of living through proper planning would help, in a big form, the rural poor in this direction. The facilities available in the urban sectors, if could be made available in the rural areas, the rural people would not like to migrate, rather would settle in their own areas because of their socio-cultural and emotional attachments. The greater involvement of the nationalised banks for the purpose of adequate deployment of credit would serve a long way in achieving betterment of the rural mass. But, in case the present trend of non-recovery of credit (as revealed in course of the study) continues, the resources position of the nationalised banks would not only be adversely
affected, the depositors would also lose their confidence on the banking system. Ultimately, the nationalised banks would fail in deploying further credit under the rural development programmes.

Therefore, it is not only necessary to probe into the structure of banks, the nature of credit deployment and the pattern of rural development schemes in operation for achieving rural development, it is equally necessary to recognise the impediments and inadequacies which hamper their efficiency. Since in course of this micro-study we have probed into the factors which are responsible for this state of affairs and explored the suggestions for improving the capability as well as performance of the nationalised banks and development schemes, we ventured to place the results of our study for the considerations of all those who are concerned with the successful experiments of development programmes through the help of the nationalised banks at the national, State and local levels. We hope, the suggestions offered by the respondents, if implemented, might make an important contribution to the success of bank sponsored rural development programmes in Orissa as well as in our country.