CHAPTER-II
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2.1 Introduction

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In this chapter an attempt is made to review the recent and relevant literature on the agricultural finance in India. The literature relevant to the problem has been reviewed various sources viz, relevant books, journals, dissertations, reports, research projects or government of India, NABARD and RBI have appointed some committees regarding to study the role played by RRBs and Commercial, banks are reviewed. The literature on overdues of agricultural loans, recovery of loans has been reviewed in this chapter.

2.2 Literature

Prasad and Chandwani (1970)\(^1\): Have studied, Impact of modern technology on pattern of capital formation in agriculture in India. This showed that the per hectare average value of gross capital formation on the cultivator's holding brings HYV come to ₹ 116.67 which is about 48 percent more than of traditional. The irrigation structure contributed the largest share of 48.49 percent of gross capital formation on the cultivators holding bring HYV, while livestock (67.47 percent) contributed the highest share to gross capital formation on cultivator's brings traditional varieties. Further he studied a similar trend was found in the net capital formation, the study shows that there is a progressive increase in capital formation.
The gross capital formation rose from 28.26 percent in 1966-67 to about 40 percent in 1968-69 while the net capital formation rose from 24.53 percent in 1966-67 to 36.08 percent in 1968-69 and the trend is towards. Further rise in capital formation with the adoption of improved technology.

D. S. Chauhan (1971): Have attempted to study, Farm financing by commercial bank, all this showed that classify some relevant situations relating to farm credit based on two field enquires conducted in the same area (Bichapuri block of Agra District) during late sixties and at the beginning of the seventies. He found that the extent of institutionalized credit has increased from about 41 percent to 63 percent this was observed for population covered for the whole population the extent of institutionalized credit was hardly 25 percent, small farmers were neglected. Their problems remained unattended. It was found that the proportion of non-productive credit went down significantly.

Banking Commission (1972): While reviewing the progress of banking in India had observed in its report that despite large expansion of network of commercial banks. There would still be the need of possibility of having specialized network of bank branch to cater the needs of rural poor. Thus, originated the concept of 'Rural Bank' the debate on the need for the rural bank continued till 1975
when government of India vide its notification dated 1st July 1975 constituted a working group on rural bank’s under chairmanship of M. Narasimham to suggest the modalities and structure of the proposed rural bank this commission bank of two objective i) Provide employment to the rural educated youth were oriented to care for their rural folk (ii) Bring down the cost of rural banking by recruiting staff for these banks on the same scale of pay.

**R.D. Sharma (1973)**: Has attempted to evaluate the comparative role of co-operatives and commercial bank in farm financing in India for the period upto 1969. He thrown light on overdues or primary co-operative society’s trends in bank credit, etc. It was found that commercial bank made commendable progress in the states of west Bengal, Mysore, Andhara Pradesh, Rajasthan and Kerala. Even the backward states like Bihar, Assam and Madhya Pradesh have received substantial credit facilities for agricultural. The large share of financial assistance from commercial bank in relation to others states have been received by Maharashtra, Gujarat, Andhara Pradesh and Tamil Nadu and these are the states where co-operative are equally active.

**Benudhar Bhuyan (1974)**: Has attempted to find out the trend of loan advanced, loan outstanding loan overdue and bad and doubtful debts in Orissa. The secondary data about these aspects of co-
operative credit in Orissa were collected from the co-operative department of Orissa Government for the period from 1960-61 to 1971-72. It was found that the percentage of short term loan to total loan is increasing and that of in medium term loan to total loan is decreasing further, it was also found that the overdue loan has increased rapidly over the period under study.

**P.D. Deshpande (1975)**: Under their research they have studied, A study of agricultural credit by nationalized bank in Parbhani district. The study was based on primary and secondary data, primary data sources of data for present study is the data obtained from sample branch by survey method, the data regarding loan information relating to income position recovery are obtained with the help of questionnaires and interview method.

Secondary data from the Published annual report and statement of distribution of agricultural finance by nationalized bank this showed that the loan utilization pattern in order to see the share of cash and very category i. e. Production, digging of wells, fertilizers etc, more expenditure is made on the agriculture purposes.

**S.D. Mishra (1976)**: Has attempted to study the utilisation of co-operative loan on marginal, small and big farms and their relationship with total co-operative loans, in Kashi Vidyapith development block of Varanasi district (1974-75). Data were collected by using stratified
sampling technique from 90 member cultivators. The study revealed that about 64 percent of the cultivators had borrowers from co-operative credit agencies. Nearly 47 percent of the total loans obtained from co-operative were diverted for purposes other than the stipulated one. There was quite strong relation between the co-operative total credit and co-operative production credit for small, medium and big cultivators. This showed that the quantum of total co-operative credit per family significantly affected the quantum of co-operative production credit per family.

M.L. Dantwala Committee (1977)\(^8\): The reserve bank of India has appointed the review committee on RRB under the chairmanship of Prof. M.L. Dantwala, who has submitted it's report in 1978 and made certain recommendations broadly falling under two categories, viz structural and functional aspect of working of RRBs. It was committee's view that this is intuitional was well conceived and was necessary to make good some of the inadequacies of the existing system, Hence committee recommended that RRBs should from an integral part of the rural credit structure and short period of two year RRBs have demonstrated their capability to serve the purpose for which they were established and their image as a new type of institution catering to the credit needs of a class of borrowers to whom institutional credit was hither to not available.
**Galgalikar and Gadre (1978)**: Have attempted to examine the structure of the rural credit in Akola district of Maharashtra State covering a period of 1965 to 1977, and changes in the quantum of borrowings and the pattern of rural credit. The data was collected from different agencies related to rural credit. It was found that the flow of credit increased over the period and the major increase was in short-term credit. It was noticed that the co-operative sector made a major contribution of about eighty percent in the credit supply and continuous to contribute in it. It was found that the supply of short-term credit displayed a slow increasing trend in the initial years. On the contrary, the medium-term loan showed a phenomenal increase. The long-term loan advances showed a declining trend and a borrowed amount has shown a decreasing tendency with an increase in the size of holdings.

**Rajendra Singh and H.P. Singh (1979)**: Have made efforts to study the problem of overdues in co-operative credit and the factors responsible for the overdues and to suggest the measures to reduce the volume of overdues. This study was based on the samples of two co-operative credit societies Midhakur and Sikandra. Nearabout 34 villages of C.D. Block Bichuri (Agra), Uttar Pradesh were covered for the study. There was of secondary data as well as primary data for the period 1976-77 and 1977-78. It was found that the major factors
which influence the overdues were natural climates, misuse of loans, inadequacy of loans, forms of loans, unsound leading policies, inadequate supervision, unsatisfactory management and the political factors. It was also found that the co-operative credit was more useful to develop the condition of the farmers, timely supply of credit, proper supervision and timely recovery of loans must be made. They suggested that, these necessities should be fulfilled.

Charan D. Wadhav (1980)\textsuperscript{11}: In his book "Rural Banks for Rural Development" he has stated the findings of his research study on the working of regional rural banks in India. It also presents a failed report on the working of two selected RRBs as case studies, namely the Haryana Ksheriya Gramin Bank, Bhivani (Haryana) and the Nagpur Anchalik gramin Bank, Jaipur (Rajasthan). Based on the findings of this study a set of recommendations is presented to the policy makers for achieving more effectively the objectives for which the RRBs were set up. This innovation in the field of rural credit has been seen to be potentially powerful policy instrument for achieving the objective of rural development mainly through the development of the rural poor.

Agricultural Finance corporation Ltd, Bombay (1981)\textsuperscript{12}: Has published a report "Regional rural Banks- A study of two regional rural banks sponsored by syndicate bank". These two RRBS are
Malprabha Gramin Bank at Dhawad (Karnataka) and Rayalseema Gramin Bank at Cuddapati (A.P.). The study team has made complete study of these two RRBS covering all aspects. It is put forth that RRBS have been considered as important instruments of serving weaker sections of the society by providing institutional credit support especially to the weaker sections.

The committee to review the arrangements for institutional credit for agriculture and rural development (CRAFICARD) appointed by reserve bank of India which in its report submitted in 1981 examined the role of RRBS in rural credit system and made some observation like RRBS were more suitable for rural development work, preference should be given to them with regard to licensing of branches in rural area.

An article brought out to more the inauguration of The National Bank (NABARD) by them Prime Minister Smt. Indira Gandhi in economic times and financial express on 5 November 1982. The NABARD and RRBs have attracted considerable public attention and aroused high expectations, RRBS focus is wholly on weaker sections. In relation to such sections, this scope of RRBS activities is almost as a wide that of NABARD.

**H.K. Bedback (1982)**: Has studied the Institutional Financing for Agricultures in Orissa-An Empirical Study of Primary Land
Development Bank. The aspect of analysis of this research paper is to examine the potential role of the agricultural credit and the economic feasibility of accepting the modernization for paddy cultivation by a sample survey. The sample survey of twenty farmers reveals that the average output of ‘Kharif’ and ‘Rabbi’ in modern farming was ₹3320 and to traditional farming was ₹895. The average input of both in modern farming and traditional farming was ₹2200 and ₹702 respectively. The data was interpolated in a mathematical approach and the suggestion was that the farmer should accept the modern farming to maximize profit. There was increasing trend in the loans advanced and loans collection during 1968-69 to 1979-80 of PLDB. But, similarly during the same period the outstanding loans and loans overdues also increased. It was found that the problems faced by PLDB are an inadequate capital, lack of supervision, increased overdues, concentration on the minor irrigation, proper utilisation of loans. It has been suggested that the removal of these problems could contribute for the prosperity of the bank.

distribution and recovery etc. The main purpose of this bank is to provide long term finance for agricultural development. The date has been collected and compiled from the annual reports of the bank, Govt. offices. They calculated the growth rates of linear regression model of different indicators of banks performance since its inception. It has been concluded that the bank has achieved significant progress and its loan operations have shown commendable performance. But the recent increase in overdues is the major problem being faced by the bank. Further, the purpose-wise classification as well as distribution of loans points out the biasedness of the bank towards large farmers in order to play a major role in the achievement of integrated rural development objectives, the bank should diversify its loaning policy towards subsidiary activities which are helpful for small and marginal farmers. It has been searched that it is necessary to adopt the financial management techniques like budget control and standardization of cost for cost minimization to get more profit in the future.

Working group (1984): In 1984 was constituted by the Government of India under the chairmanship of shri S.M. Kelkar. This group made wide ranging recommendations for the consolidation of existing RRBS enhancing paid-up share capital management structure and appointment, improving viability through
enhancing financial margin and management efficiency, support from and relationship with sponsor bank and other concerned authorities and improving business level of regional rural banks.

**A. B. Deogirikiar (1985)**: Under their research they have studied, "Role of Marathwada Regional Rural Bank in Backward Region" Nanded (M.S.) through his published thesis, he has stated that the major objectives of the RRbs is to extend the less laboures, small businessman, traders and other weaker sections of the rural society in this study was based on primary and secondary data. The primary source of data for present study is the data obtained from sample bank branches by survey method secondary data from the published annual report, statement of the bank, statistical data etc.

This showed that establishment of Marathwada gramin bank in this region, considering the backwardness of the Marathwada region. The backwardness of the region, we have used different indicators and finally we found that there were regional disparities in banking development in Maharashtra. This research observed that the region have a large number of people belonging to the weaker section of the society (66 percent). The performance of the bank in Marathwada region was below the state average.

**Balishter and Roshan Singh (1986)**: Carried out a research on the role of lead bank in implementing the integrated rural development
programme in Bichpuri Block of Agra district, Uttar Pradesh. The study aimed at analyzing the i) an extent of coverage of the families financed by the bank under the IRDP, ii) to study the disbursement of loans by the bank to different categories of identified families in terms of adequacy and purpose, to examine the impact of bank finance on family income of the beneficiary families under the IRDP iii) to find out the extent and nature of beneficiary families crossing the poverty line and iv) to examine the position of repayment of bank loans by the beneficiary families. The study reviewed coverage, identification of poor families, distribution of identified poor families, loan advances by the bank under the IRDP purpose wise loan advances, impact of bank finance under IRDP number of families crossing the poverty line and repayment performance. Authors held that the growing pressure of population on limited land and absence of any non-agricultural employment to absorb the pressure of landless workers were the main problems in repayment of the loans. Special efforts of the banks were needed to finance scheduled case (SC) families in proportion to their numbers in the total identified families. The coverage of SC families under the programme was adequate. Advancing of loans to weaker sections by the banks leads to accumulation of bad debts.
Vandana Dongare, Thakare and Borude (1987): Have attempted to study the regional inequality in providing long-term credit to the agriculture in Maharashtra State by State by the Maharashtra State co-operative land development bank. The study was based on secondary data obtained from the Maharashtra State co-operative. LDB for the period 1970-71 to 1984-85. The linear trend of long-term advances was estimated in absolute terms and also in the terms of percentage for each region independently to measure the rate of growth of the long-term credit in each region over the period of this study. Since there are wide variations in the four regions of Maharashtra, on the basis of population, geographical and agricultural conditions, there are also wide variations among the regions in the share of advances by the Stage LDB. But their shares in the long-term advance are not in proportion to the agricultural conditions of each region, and there is not uniformity in the growth of advances. The Western Maharashtra region enjoys the greatest advantage of the advances (54.81 percent). Whereas the Vidarbha (23.70), Marathwada (18.39 percent) and Konkan (3.10 percent) are deprived of these advantages. The Western Maharashtra has a distinct advantage due to a large proportion of area under irrigation and a large area under cash crops.

K.P.C. Rao (1988): Has attempted to examine the structure of demand for credit, the pattern of supply, the overdues problem and
the relative performance of different institutional sources of credit in a backward and drought prone district of Andhara Pradesh, Mahaboobnagar, Primary data were collected from a sample of 110 farmers belonging to 15 villages in Gadwall block as well as from financial institutions in September 1987. It was found that hearty 43 percent of the sample farmers did not borrow from any institutional source of credit. Even in the case of those who borrowed credit from institutional sources at high rates of interest. It was also found that due to successive crop failures, the repayment were very less and most of the credit from both institutional and non-institutional sources was overdue for payment. The overdues amounted to only 4 to 13 percent of the assets in different categories of farms. The regional Rural Bank did better than other institutions in follow-up and recovery of loans.

Baushter, Roshin Singh and Om Prakash (1989)\textsuperscript{20} Examined the study on crop loan over-dues in banks A study of state bank of India in Agra district of Uttar Pradesh was conducted which aimed at assessing the extent of current and old over-dues on defaulters in different farm size groups. The study was conducted in Bichpuri block of Agra district. Author concluded that the problem of over dues of bank advances is quite serious. Even a better class of farmers was responsible for a large proportion of over dues that were a matter
of serious concern to the banks. The cases of old over dues were higher in case of medium and large farmers as compared to marginal and small farmers. Bank officials could neither pressurize the farmer to repay the loan over-dues nor take any legal action against them many times they do not bother for any such action. Study suggested measures to deal with willful default liberal measures for non-willful defaulters and recovery camps to develop the atmosphere of repayments in farmers to cut down the over-dues.

J.V. Joshi (1990)²¹: Have studied, “Integrated Rural Development programme and role of Regional Rural banks: case study of Marathwada gramin bank in Nanded district-1990 with specific objectives viz, 1) To outline the socio-economic profile and characteristics of selected beneficiaries. 2) To evaluate the performance relating to Integrated Rural Development programme to uplift the weaker sections of society 3) To study the impact of the programme on the economic conditions and performance of repayment the study was based on primary and secondary data primary data were collected with the help of questionnaire, interview schedule etc. and secondary source, annual report, statistical data etc, this research showed that the Introduction of Integrated Rural Development Programme (IRDP) has a positive Impact on the beneficiaries. It has helped them to cross the poverty line. The study
was concluded the successful implementation of Integrategal Rural Development Programme depends upon the infrastructural development of the rural areas.

Tiwary (1991)\textsuperscript{22}: Has calculated and analysed the cost of recovery of the bank advances made by the LDB district branch in Solapur. The district branch was selected on account of its bad performance of the recovery in the year 1987-88. The relevant data was collected from the bank records. The beneficiaries, leaders and office bearers of the bank were interviewed. The study revealed that the overdues were more concentrated towards the minor irrigation schemes and big farmers. The information provided by some of the farmers revealed that the over-estimation of the capacity and anticipated income of the minor-irrigation projects was the main cause of maximum overdues. It was also found that about 2.5 percent cost of recovery seems to be very high as compared to the 3 percent margin of the bank. The composition of cost of recovery revealed that more than 50 percent of recovery cost is accounted to salary and daily allowance. The another largest item of expenditure is vehicle expense, which accounted 26 to 37 percent of the total cost of recovery.

S.D. Varma (1992)\textsuperscript{23}: Former chairman and managing director, Allahabad Bank, New Delhi, has also contributed the subject in his article Regional Rural Banks A Case for Their Revivar in IBA
Bulletin. December 1992 in this article he stated that regional rural banks are in the intelligent once again with the government thinking to merge all of them under one institution styled national rural bank of India (NRBI) the author argues that there is a case for revival of RRBS in their present from itself.

The author has summarized the weaknesses of the banking system some of these are, steep decline in service standards, poor house. Keeping declining profitability, willful defaulting borrowers defrauding the banks by playing one bank against another, sick units sticky and said failed accounts as also overdues are increasing at a fact rate he also added that RRBS as constituted now, are ideally suited by rendering specialized services to rural poor, for those benefit these were brought into existence.

P.C. Mathew (1993)24: Has attempted to study the evaluation of the level of motivation, moral and job satisfaction existing in the co-operative organizations in the Kerala State during the year 1989-90. The study was confined to the level of apex federations in the co-operative sector in Kerala State. The fifteen apex co-operative federations were classified into five classes, based on their nature and type of activity. The five apex co-operative federations were selected at random at the rate of one in each class. It was found that the 97 percent of the respondents did not have any fear of termination.
Similarly the 91 percent had no fear about the future. These factors indicated the absence of job anxiety and the presence of high moral of the employees. Regarding opportunities to utilize, skills in the organization, the opinions of the respondents differed considerably; this must be taken as the awareness of the managements concerned, in order to create better opportunities to utilize the available abilities and skills of the employees. The 72 percent of the respondents agreed that they had job security. Similarly the 71 percent of them were moderately satisfied with the existing total work house. The major sample respondents were happy with the existing work environment. It was interesting to note that the 90 ninety percent of the respondents liked the jobs in which they were employed, particularly from the point of view of job satisfaction.

**Bhandari Committee (1994)**: Reserve Bank of India has appointed the committee on restructuring of RRBS under chairmanship of Dr. M.C. Bhandari. This committee has made wide regaining recommendations on the aspects of functioning of the RRBS with a view to enhance their viability. A review of the studies carried but in the different parts of the country shows that RRBS were the major sources of finance in rural area. It was also found that these banks could play an important role by mobilizing rural resources and issuing loans in the rural area.
H.R. Bhelonde (Researchers Research Guide) (1995): Under their research they have studied “The role of primary agricultural credit society in agricultural development: A case study of Nanded District” with specific objective viz 1) To know the socio-economic profile of members of primary agricultural society 2) to study the borrowing behaviours and tendency of members regarding of loan 3) To study procedural working of primary agricultural credit societies in villages. The study was based on primary and secondary data secondary data in collected from different offices vis a) Nanded District Central co-operative Bank Nanded b) Commercial bank Annual Plans. C) NABARD office records this showed that Nanded district consists of eight taluka places. All block are undertaken for study. Primary agricultural credit societies are spread over in the district in all blocks having separate characteristics in different blocks. The villages from each block were selected, one developed and another under developed by the random sampling method the study details of loan borrowed repayment of loan, loan outstanding and its impact on the members of primary agricultural credit societies in different villages in Nanded district and study period three year July-1987 to June-1990. The study was concluded that there is domination of forward cast over other castes in primary agricultural credit societies. It is also concluded that standing next to the forward castes there are schedule castes in
sequence and per head average land holding in the district is 8.22 acre which is quite considerable 38 percent of the members are below average level and nearly 37.5 percent of them are above average level.

The irrigation in the district is 38.14. It is concluded that irrigation is only nearly 40 percent and other land was rainfed which is more as compared to the land under irrigation and all members of PACS do not avail credit facilities which is the basic function of primary agricultural credit society. Only 93.05 percent of members are found availing this facility of the society and last concluded the repayment of loan depends on income borrowing and previous outstanding loan more than 75 percent of the member have repaid loan to society and rest remain defaulters. A reason for non-repayment has been low income and poor economic condition of members.

M.S. Talwar (1996): Has examined the problems of overdues in the Agricultural Development Banks. The ADBs play a significant role in providing investment credit support to the agricultural sector. To increase production, to improve rural economy, to provide gainful employment and to raise the living standard of the rural population are the main objectives of the ADBs. Today, the major portion of lending by the ADBs goes to the development of minor irrigation like
construction of wells, installation of tubewells and underground water pipe system and non-farm activities also. It was found that the loaning activities of these banks have increased year by year, there by making a corresponding increase in the amount disbursed. Till at the end of 1995, the ADBs provided investment credit aggregating to ₹ 4200 crores. By the end of the eighth plan, the amount is expected to be raised to the level of about ₹ 7400 crores. It was found that, there are a number of problems being faced by the co-operative credit institutions; one of them is overdues. The causes of overdues in the ADBs differ from State to State an even from bank to bank. The internal and external factors are also responsible for the overdues. Some of the internal factors are complexities, inadequate efforts for recover, lack of proper planning and vested interest, and the external factors are the natural calamities, unfavorable attitude of certain agencies, ineffective coercive measures, low agricultural prices, intentional defaults and lack of motivation etc.

R.K. Markande and R.K. Kulshrestra (1997)²⁸: In their book, “Agricultural Economics” have taken the review of RRBs. They have stated that the principal function of these banks is to extend credit facilities to the neglected weaker sections small and marginal farmers landless artisans and small extrepseneques to enable them to purchase new farm inpats and start subsidiary occupations so that they may
also reap the gains of economic development. The authors have also added that these banks have been playing an important role in mobilization of resources as well as in entrancing the flow of credit to the rural sector.

Report of the committee on credit to SSI (1998)\textsuperscript{29}: States that the RRBS have the second largest spread with 196 banks having more than 14000 branches unfortunately their past performance has not been very good they could advance to the college and village industries Rs 607.28 cores only which formed 7.7 percent of their total advances as at the end of September 1996. The committee understands that these advances have also generally been given to largest groups under government sponsored special programmes such as IRDP with reserve bank of India having permitted RRBs to lend non target groups also and placing them at per with commercial banks as far as their obligations for lending to the priority sector are concerned, these banks are today poised to provide competitive services to very large number of SSI units in rural area.

K.P. Agrawal Committee (1999)\textsuperscript{30}: The Government of India has appointed a committee under chairmanship of Dr. K.P. Agrawal to study the manpower norm and make recommendations for creating a standard method of manpower assessment and planning in RRBS.
The committee has recently submitted its report to the government of India.

**Mrs. Singare S.V. (2000)**: Has attempted to study working of Marathwada gramin Bank, Nanded and Its, Impact on weaker sections in Osmanabad district. It was found that the MGB has played prime role in assisting weaker sections of Osmanabad district. Similarly the proportion of advances in weaker sections to its total advances was very high. The share of MGB in total advances to SC/ST in Osmanabad district accounted to more than 31 percent. The main objective of this research study is to examine the impact of loans supplied by Marathwada gramin bank on beneficiaries (mainly weaker sections of the society in Osmanabad district).

A review of the studies carried out in the different part of the country shows that RRBS were the major sources of finance on progressive and less progressive farms. It was also found that these banks could play an important role by mobilizing rural resources and by advancing the loans in rural area. The review also shows that the RRBS are only institutions, which can break the long and solid chain of monopolists and agriculture moneylenders.

**Vilas Ahere (2001)**: Has taken the review of Aurangabad, Jalna Gramin Bank Through the article Dakhalpatra Bank- Aurangabad Jalna Gramin Bank (Marathi). He has stated that the bank has fultitted
credit needs of the multipurpose customers (Including Rural Poor). It is notable that the bank has made the cotton payment in Jalna district during 1996-97 when Government of Maharashtra has requested the bank to do so to provide better service, the bank has established women development cell (WDC) formed many farmers clubs through which the bank educate farmers regarding transfer of the technology in agriculture by calling scientists in various fields. Bank has also provided marketing training to the self help groups to marked their product in better way, bank has started Kisan Credit Card (KCC) scheme to provide timely and adequate agricultural Inputs the farmers where by the farmers can withdraw the limit from any branch of the bank.

With a view to examining various aspects of functioning of RRBS and making recommendations so as to enable these banks to take care of all the financial needs of the rural society in the wake of changes but have taken place in the financial sector in the country as also the emerging trend sector in the rural economy, the Government of India has set up the working group 37 under chairmanship of Shri M.V.S. Chalapathi Rao, Managing Director, NABARD, to suggest the amendments in the regional rural bank Act 1976 this working group has submitted its report in June 2002 with wide
recommendations to amend the RRB Act 1976 which includes amendments in

- Preamble of the Act.
- License to the RRBS.
- Business of the RBBS.

Varies aspects of Rural Development Related to the bank, taking from the measures adopted by the bank to bring awareness and educate the people in rural and remote area to the computerization of the bank. The committee has satisfied with working of the bank.

**Deshpande R.S. (2002)**: Studied the problem of committing suicide of the farmers in Karnataka state. Agrarian distress caused in some districts of Karnataka is a fact and the situation that has led to such distress needs to be squarely tackled unfortunately, the climatic weather pattern and resources endowments do not support agricultural growth and weather induced instability continues to inflict miserably on agriculturists. The loss of crops due to inferior quality of inputs and inadequate knowledge of technology has been quite common. It is essential to take steps in order to discourage the interlocking of inputs and credit market. It is mainly due to such interlocking that the farmers tend to buy spurious pesticides from the vendors as well as fall into a debt trap. It is necessary for the crop insurance scheme to be rationalized and some of the present insurance programmes could
be suitably dovetailed to overcome the distress situation faced by farmers. Market inadequacy and crash in prices were reported as major reasons for farmer's distress. However, a sudden crash in prices and consistently lower prices disproportionate to the price level of inputs cause's severe agony and economic stress in the farm family. Revamp of the market discipline, providing proper infrastructure price monitoring and providing quick information could go a long way in removing market imperfections. The author identified the agro-economic situations faced by the farming community as well as other factors as reflected by the case studies of the suicide victims and to suggest remedial measures to avert such tragedies in future. The committee recommended a welfare sub system for the farmers through the creation of farmer's welfare find a nodal department for the farms and a wide social security system with facilities for pension for aged farmers. The committee emphasized on support sub system through facilities for healthcare crop insurance and rationalization of the credit system.
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