CHAPTER - I

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The rural development as a philosophy has attracted the attention of the Government of India, the intellectuals and the developed economies only very recently. But the Village and the rural Communities in India have been the focus of attention of the social anthropologist, the economists and the Government much earlier. The year 1955 could be termed as a watershed in the studies of rural communities in India. The co-ordinated approach in studying rural problems got an impetus with the introduction of land reforms and community development programme. In 1957, a new programme called as Panchayat Raj, was recommended for listing with community development - the Synergistic approach to the study of rural communities thus, got further strengthened. By now, the strategy for dealing with rural problems had acquired a new dimension. Instead of being 'preventive' in its approach it had acquired a developmental 'orientation'. The 'developmental' approach to rural communities is a recent innovation as it was found that rural programme of action and studies, covered only that aspect of "total life" which came under the programme of directed change.1

Philosophy of Rural Development:

The idea of village self-sufficiency has recently received a great deal of attention from the social scientists, and policy-makers. The reasons for this may be political, academic or even human considerations. In fact, the problem of improving the lot of 70% of our population that lives in rural area has assumed greater significance and because of its explosive nature which is threatening our very existence. More than 80% of the rural population live below the poverty line. They include landless labourers, small farmers, artisans and other weaker sections of society. They have been subjected to economic deprivation, exploitation, discrimination and oppression of the worst kind and of all types. Their abject poverty and sub-human living conditions were standing monuments and living expressions that demanded a new policy framework which gave priority to the amelioration of the lot of our village population. Improving the quality of Life of these people became the subject of national and international debates. The Government was committed to the philosophy of social justice and socio-economic development of the rural areas. The Government of India started its planned growth soon after

independence. These plans had very clear and specific objectives to achieve, viz., eradication of poverty and reducing disparities between the urban and rural sector and also within each sector. Thus the villagers were to be provided with modern amenities and their standard of living was to be raised so as to reduce the disparities between urban and rural sectors. At the same time a programme of action was to be launched coupled with massive propaganda and economic incentives to reduce the disparities between the 'haves' and 'have-nots' in the rural sector and for the elimination of privileges of the chosen few.3

Concept of Rural Development:

Rural Development as a concept is not a new one. It had received the attention of people like Gandhiji, Tagore and many others prior to independence. Tagore's Shantiniketan was perhaps the first systematic attempt in this direction. The problem of rural reconstruction, however, was concretised by Gandhiji. He experienced the toil, drudgery and sub-human living conditions in villages of India.4 Having lived it Gandhiji knew for certain that

4. Ibid., p.7-8.
unless and until the village economy of India was boosted, 'Swarajya' would become meaningless. The soil of India, he said with agony and anguish lives in villages and India's salvation lay in rural reconstruction. It is not surprising, thus, to note that the new government decided to give highest priority to agriculture and rural development. The driving force behind such a philosophy were a firm belief in the humanistic ideology of Gandhiji and a very rational approach of increasing agricultural productivity. Rural Development earlier was taken to be synonymous with agricultural development. The significance of agricultural development cannot be underscored. It is not only basic for the development of rural areas but also of the industrial sector as the former supplies the major and necessary raw material for many industries. Rural Development was not only agricultural development, and was much broader in scope. It meant developing the necessary infrastructural cottage and small industries as well as secondary and tertiary sector such as marketing which are vital for the process of economic development.

Approaches to Rural Development:

The basic framework of rural progress provided the basis for many schemes of rural development. The problem of providing more and more opportunities to all for
not only a better standard of living but a more aesthetic life, expanding facilities for education, health and nutrition, housing, welfare, an equitable distribution of wealth and safeguarding the Rural habitat and environment become the touchstones of planning.

The two broad strategies adopted to achieve the objectives were:

(a) The segmented approach, which aimed at improving the totality by attacking each segment of the totality as if it was an independent variable.

(b) The integrated approach, which is concerned with the total development of the village by providing 'all' the necessary 'inputs'. These inputs are concerned with not only the provision of a package of service in the economic field viz., development of agro-industries etc., but also with bringing about attitudinal changes in establishing the required infrastructure and services in such diverse areas as health, nutrition, education, literacy, family planning, housing, basic

civic amenities etc., with the ultimate objective of improving the 'life style' of the rural inhabitants qualitatively.

The philosophy was an integration of the social, scientific and 'technological' elements of rural life. The thrust of various approaches to rural development follow certain pattern and could be classified as:

i) Multi-purpose Approach
ii) Target Sector Approach
iii) Area Development Approach
iv) Multi-level District Planning Approach
v) Spatial Planning Approach
vi) Integrated Development Approach

The salient features of the each one of the schemes are considered in the following paragraphs.

Multi-Purpose Approach:

It viewed the rural habitat as an organic whole and conceived of improving it by attacking all elements of the rural life simultaneously. The institution chosen for this purpose was the Community Development Programme in 1951. Community Development plans' basic was not only to bring about a qualitative change in the lifestyle of the
'common man' but his utmost development as well. Such an ambitious programme demanded huge resources with no priorities. It failed to click because of these factors--resources were limited and priority to the food and poverty front had to be given immediately at the cost of everything else. This became the starting point of the target sector approach.

**Target Sector Approach:**

This approach could be said to be the 'segmental approach' for rural development. One segment of the totality say agricultural productivity was to be tackled on war-footing. Coupled with the target sector approach was the target group approach which identified particular groups for the purpose of development and satisfying the minimum needs of such groups by laying down minimum standards of health, nutrition, housing and standards of living. In such an approach the index of developments is measured by the benefits that accrue to the weaker sections of the population in a region rather than by its gross product or per capita income. The relationship was that of a client and a consultant with the objective of transferring in the end all responsibility of development to the client himself. The necessity of providing a basic minimum standard to every
one was recognised at the international level as well with the launching of the 'Project on predicament mankind' by the club of Rome in 1971. Mahatma Gandhi's philosophy of 'Antyodaya' in which he emphasised that the last man should be the first to benefit in very close to the target group approach of development.

Area Development Approach:

The first step in such an approach is the systematic identification of under-developed regions. The economic trends and rates of growth in different regions are also studied, with the assumption that growth centres have an even effect and benefits of development filter down to lower levels over a period of time. The strategy of development in such an approach is to tackle completely the problems confined to one or two segments of the universe, instead of diffusing development over a wide spectrum. Thus in the strategy of integrated area Development, Plans are drawn for specific area and groups of people such as tribal areas, border areas, hilly areas, drought-prone areas etc., On the basis of assessment of the resources the infrastructural facilities available and institutional support existing are likely to be made available. Such a programme depends heavily not only on credit and service organisation
in several fields such as irrigation agriculture extension etc., but, is also concerted with the building of the basic infrastructural facilities like roads, transport, banking and marketing. It is an advancement over the concept of extension and welfare as it shifts the emphasis to investment and development.

**Multi-level District Planning Approach:**

Such an approach advocates that district should be the 'king pin' around which all planning activities should revolve especially for those problems which have a peculiar local basis. It emphasises micro-level planning and implementations of decisions in a systematic manner by dovetailing its own plans with all the plans that are generated elsewhere. It is contended that for an effective implementation of the rural development programmes, each district should not only have independant decision-making authority but control over the whole range of rural development programmes that come, of course within the delegated and decentralised authority of the district and are within the national and state planning frame work.

**Spatial Planning Approach:**

This is concerned with the interrelationship between space and particular locations so that areas beyond
the periphery are not neglected. Leading economists have been pleading for such an approach and have advocated the concept of 'Growth Centres' and the provision of necessary infrastructure in these centres. To put the concept into practice a pilot Research Project in growth was launched with a view to identify the potential growth centres. However, this scheme with the basic objective of accelerating the pace of integrated area development around potential growth centres was hardly pursued beyond the pilot stage.

Integrated Rural Development Approach:

This is very recent approach and has special connotation for the developing countries and the so-called "third-world". It is a strategy which focuses attention on the rural poor and attempts to improve the Quality of life of the weaker sections of the society in the overall spectrum of development and growth. The strategy is just not an attempt of increasing agricultural productivity, but ensuing that the poor and the Weaker Sections share the benefits of economic and social progress. It emphasises the necessity of providing more opportunities of growth and development to those who have been living below the poverty line i.e., it emphasises more egalitarian society, Community
Orientation, Self-reliance, pooling of local resources, more participation and service to people with minimum state intervention. Special objectives of such a programme have been,

Drawing the entire rural labour forces into main stream of economic poverty;
Realising the creative energies of the rural people; Bringing the town into countryside and thereby checking the process of migration to urban areas from the villages; Improving the living conditions of rural population and their quality of life, particularly through integration of development with environment; and, all round development of the human resources their social and economic productivity and work satisfaction.

Scope of Rural Development:

The need for rural development in India is apparent. The critical areas of development and the interlinkages amongst the different elements or dimension of
development have to be carefully identified and an appropriate strategy has to be evolved. 6

Developing Social Consciousness:

The first step in rural development is, development of social consciousness of people about the different hindrances to their development, the ways and means of overcoming them, their rights and duties in the Community in which they live, progressive aspects of their traditions, their own strengths and potentialities to develop themselves. The rural people must be educated to think for themselves, the ways and means of their own development, thus pave the way for collective decision-making and collective action.

Dedicated Village Leadership:

Rural development cannot be achieved by allocation of funds and role of government officials alone. It is a process that should come from within and it cannot be imposed from above. It is only through the honest and dedicated leaders of the village that villagers can be motivated and proper direction can be given.

Use of Science:

Use of science and scientific knowledge is essential for rural development in several ways. Through science and scientific reasoning, the illiterate and ignorant rural poor can be convinced of the casual relationship between events and their knowledge and awareness helps better understanding of social relationships, reduces the hold of prejudices and superstitious beliefs. Science helps to devise appropriate technology for rural development and higher levels of productivity from all sectors.

Development of Agriculture and Allied Sectors:

Even though rural development is not synonymous with agricultural development, yet agricultural development is critical for meeting the growing demand for food and raw material and for creating more employment opportunities in the rural sector. Therefore, agriculture and allied activities should be developed as more rewarding pursuits with focus on higher productivity.

Provision of Subsidiary Occupation and Income:

The small marginal farmers, and the landless poor without any asset must be helped to secure gainful
employment through dairy farming and other subsidiary occupations. Through adequate institutional credit, weaker sections must be helped to earn through dairying, poultry, sericulture etc.

Reasons for the Selection of the Study:

Since India lives in its Villages, rural development is the backbone of prosperity of the country. As one interested in the development of rural poor, this topic has been selected.

Objectives of the Study:

In general the main objective of the study is to gain a clear insight into the functioning of "Village Adoption Scheme" introduced by nationalised banks for an allround development of the economy and to critically evaluate its performance.

In specific the objectives are,

(a) To make an indepth study of the working and progress of Village Adoption Scheme as implemented by nationalised Banks with special reference to Periyar District.
(b) To examine the effectiveness of the schemes inter-se in the uplift of the rural poor living in such villages in the select district.

(c) To study the end-use of loans granted to rural poor viz., small and marginal farmers for development of village and cottage industries.

(d) To study the problems faced and difficulties experienced by nationalised banks in implementing the Village Adoption Scheme and to make suggestions for the improving the scheme.

**Hypothesis:**

The present study is based on the formulation of the following hypothesis. "The validity of the scheme has been tested with the available data through appropriate analysis",

(a) The scheme has made a marginal progress and the growth has been meagre.

(b) Banks have been confronted with a number of socio-economic, political and legal hindrances which have prevented the scheme from becoming a popular one.
Review of Literature:

The Literature available on this particular topic in rather meagre. Apparently, no major research in this area has ever been undertaken by any research scholar either from this university or from other universities in Tamil Nadu, as a whole.

Only two articles viz., 'Village Adoption Scheme by Commercial Banks by Shri D.P. Khankhole and 'Village Adoption by Banks' by Shri B.M. Wali and Shri D.G. Shetty were published in the Journal of Indian Institute of Bankers in Jan-Feb. 1979 and April-June 1985 issues respectively were available. Since the articles were published in 1979 and 1985, Only a beginning in this area was made with the available data then Shri D.P. Khankhole in his article giving the data relating to the progress of the scheme from 1970-71 to 1977, which has not conferred the expected results and more particularly on the borrower beneficiaries. And in the second article, certain suggestions were given for the improvement of the scheme viz., time bound programmes of rural development should be strictly adhered to by the banks; Banks should take care to avoid the duplication of work or over-financing; Choice of the Villages should be on the basis of locational advantages; Recruitment of Staff for carrying out the project in adopted
villages should be made carefully; and proper infrastructure should be created through co-ordination between the bank and the concerned departments.

Statement of the Problem:

The present study has been undertaken with a view to examine the effectiveness of the scheme inter-se in the uplift of the rural poor living in adopted villages and to study the problems faced and difficulties experienced by the nationalised banks in implementing the scheme.

Methodology:

The study of Village Adoption Scheme by the nationalised banks in Periyar District is based on primary as well as secondary data. For ascertaining the feasibility of the study, a pilot survey was undertaken by the researcher. At the time of pilot survey informal discussions with bank officials and a cross section of beneficiaries were effected. Ten nationalised banks were chosen for the coverage of Village Adoption Scheme. In respect of beneficiaries, it was decided to restrict the sample survey to those living in such adopted villages.
For a clear conceptual understanding of the subject matter, extensive use of secondary data viz., Reserve Bank of India Bulletin, Journal of Indian Institute of Bankers, Canara Bank Rural Development News, Finance and Agriculture, and dailies like Times of India, Financial Express, The Hindu was made. To elicit necessary information/data from bank officials and the beneficiaries, structured Questionnaires and schedules were prepared.

For analysis and interpretation of data, appropriate statistical and economical tools have been employed.

**Period of Study:**

The period of study is confined to a period of 5 years viz., 1984-89 in view of the non-availability of figures beyond five years.

**Limitations:**

1. As only 25 villages in Periyar District out of 488 villages of Periyar District covered, accounting for 5% to the total, the findings obtained from the study cannot be made universally applicable.
2. A comparative study of the scheme, with other Districts of the states has not been made due to lack of time and necessary data.

3. It becomes rather difficult if not impossible, to assess the effectiveness and end-use of the lending by the nationalised banks under this scheme.

4. As major percentage of the beneficiaries was not educated and hence, they were unable to give accurate figures or details regarding loans availed by them from their banks. It is true that either they were unwilling or not in possession of complete details. This adverse factor made the field work a bit difficult and forced the researcher to restrict the number of beneficiaries covered to the minimum of 20 per village, in the present study.

**Chapterisation:**

The study is divided into six chapters. The first chapter is introductory and starts with a brief review of rural development in the country as a whole. It also deals with the Concept, Philosophy and scope of Rural development subsequently the objectives of the study has been presented. The methodology adopted for it and the principal hypothesis tested in the study are also explained. The chapter closes
with the limitations of the study which is preceded by a short review of the literature on the subject of the study.

The second chapter discusses the ongoing programmes of rural development and the working pattern of the schemes and the third chapter focuses the schemes implemented for the development of rural poor, sponsored through nationalised banks.

Chapter four highlights the progress and working of the Village Adoption Scheme in its entity, the district profile and the implementation of the VAS in Periyar District.

Chapter five has been devoted for an analysis of sample survey of beneficiaries of the VAS drawn from selected 25 villages in Periyar District.

The sixth and concluding chapter contains a very brief summary of the findings and suggestions. The justifications and suggestions for the effective and efficient implementation of the scheme are listed in the concluding part of this chapter.