CHAPTER VIII

DETERMINATION OF RURAL DEVELOPMENT

The development of our country is very slow and inaccurate. So many factors are responsible for this phenomenon viz. lack of capital, wrong distribution system of assets, population pressure, lack of full and proper utilization of land and labour and their low productivity etc. causing a greater poverty. Therefore our country needs a planned and approach process of development based on the rural development. Lack of capital is the main factor that requires the finance from Banks. Syndicate Bank is very important bank which is playing a vital role for development in rural areas.

For determining the role of Syndicate Bank in rural development, the researcher will calculate per capita income, standard of living, employment, infrastructure facilities, per capita deposits, miscellaneous parameters, per capita education loan, per-capita housing loan, per capita tractor loan, animal husbandry etc, these determinants will be discussed as follows-

1. **Impact of Syndicate Bank Per Capita Income** – Syndicate Bank has financed in rural sector of Meerut district for different development programmes. Rural artisans, small scale and cottage industries, small
business & retail traders face certain problems at the time of getting the finance from this bank. Due to impact of finance from this bank the family income of beneficiary families in agriculture has been increased. Under the present study, the impact of banking finance on the sampled families has been examined category-wise for which they have financed; it observed by Syndicate Bank to rural sector, the per capita income of farmers has been increased.

2. **Impact of Syndicate Bank finance on standard of living** – After the financing by Syndicate Banks the standard of living of farmers has been improved. The researcher feels that with the help of finance by Syndicate Bank to rural sector, the standard of living of farmers has been increased.

3. **Impact of Syndicate Bank finance on the employment** – The category-wise impact of banking finance on the employment of samples beneficiary families is favorable. Due to Syndicate Bank finance to rural sector the employment has been increased in agriculture sector, allied sector, industrial sector, non-agriculture sector and other than industrial sector.

The government of India has started so many schemes for rural employment generation through banks to be financed there from so that the poor persons
may get their upliftment from the poverty line by generation their own business/activities. Self employment to education unemployed youth scheme is one of them.

(I) **Self employment to Education Unemployment Youth & Syndicate Bank:**

On 15th August 1983, out late Prime Minister Smt Indira Gandhi launched a scheme named as Self Employment to Educated Unemployed youth (SEEUY).

**Objective:** To create employment opportunities to educated unemployed youth of the country.

**Eligibility:**

i. All educated unemployed youth who are matriculates and are within the age group of 18-35 years.

ii. ITI passed youth in the above age group for setting up industrial and service ventures.
**Target group:** The income ceiling of Rs. 10,000 per family per annum is the criteria for selection the beneficiaries which should be supported by an affidavit to be given by the beneficiary.

**Special safeguards for certain sections of target group:**

(I) Women and technically trained persons will be given due consideration.

(II) A minimum of 30 percent of the sections will be reserved for SC/ST Beneficiaries. This need not be each route separately but the overall percentage of 30 must be maintained.

**Assistance:** The limit of industrial ventures is increased from Rs. 25,000 to Rs. 35,000. In case of service ventures the limit would remain at Rs. 25,000. In case of business ventures the limit will be reduced to Rs. 15,000.

**Subsidy:** the level of subsidy in all ventures will remain at 25 percent of the total cost of project.
1. **Impact of Syndicate Bank finance on Infrastructure facilities** –

The Syndicate Bank has financed more amount as loan to rural sector. Due to this financing the infrastructure facilities in villages has increased.

In the industrial sector only cottage industries have been examined to know the impact of commercial banking finance in rural areas in district Meerut. In the industrial sector impact of income and employment has been examined.

2. **Impact of Syndicate Bank finance on Per Capita Deposits** – The Syndicate Bank is financing more and more to rural sector. Due to this financing the incomes and savings will increase the deposits in bank will also increase. The researcher finds conclusion that the deposits of rural sector is increasing day by day.

3. **Impact of Syndicate Bank finance on per capita Education** - For the improvement of education facility the banks are granting loan more and more, the role of Syndicate Bank in education loan is very meaningful. This bank has granted loan for education to children of farmers. The researcher finds that the per capita Syndicate Banks education loan is increasing in rural sector in district Meerut. Most of the students of rural sector have got
the degree of engineering, medical and management due to education loan granted by Syndicate Bank. In the absence of this loan the education facility in rural sector is not possible.

At present the Syndicate Bank is steering through the turbulent waters where they are expected to attain the social objectives on the one hand and earn reasonable profits on the other which is necessary for their survival and growth. With a view to attaining the twin objectives, the syndicate bank will have to raise the level of their revenues and control their cost. Accordingly the strategy relating to this bank should be formulated in the light of the following suggestions.

1. Profit planning and cost control techniques should be introduced in the syndicate bank with inbuilt advantage of perpetual performance evaluation. For this purpose computers may be used which, besides improving management informations system will also lead to substantial reduction in overhead and establishment cost.

2. New branches should be opened only after thorough investigation about the potentialities of the area and viability of the branch. While issuing licenses for opening new branches, priority should be given to those banks
whose branch level performance was found above the average but which could not show excellence at the bank level due to weaker branch network.

3. The cash reserve Ratio and Statutory Liquidity Ratio should be lowered down to increase the loanable funds of the syndicate bank so that they are able to improve their profitability.

4. The refinancing facilities should be made available to the syndicate bank at lower rate of interest.

5. Upward revision should be made in the ceiling fixed for the rate of interest chargeable by the syndicate bank on the loans granted to medium and large industries and wholesale trade sectors. This will improve the profitability of syndicate bank without disturbing the social objectives.

6. The tax benefits available on other investments like those in UTI, NSC etc. should also be given on bank deposits so that bank deposits may become equally attractive to the investors.

7. The illiterate people should be educated about the services available with the banks and the safety of funds deposited with the bank.

8. More emphasis should be placed on merchant banking and banking syndication so as to improve their profitability.
9. Marketing concept should be followed by the syndicate bank in providing services to their customers and new schemes should be introduced in the light of customer needs. Further, awareness should be created about the existing schemes so as to make them more popular.

10. Syndicate bank should diversify their operations and assume non-fund revenue generating activities such as corporate counseling.

The above suggestions, if accepted, will go a long way in improving the performance of syndicate bank and making them more capable of attaining the social objectives.
Miscellaneous Parameters

Three types of beneficiaries’ viz. small farmers, Marginal farmers and Landless labourers have been examined to know the impact of Syndicate bank finance in the agriculture sector in rural areas in the district. The impact of income and employment has been examined.

**Per-capita education loan:** Due to finance, the per capita education loan has increased the education. Under the present study, the impact of syndicate bank on per capita education loan has been seen and analysed. The researcher has observed that after sanction of education loan to rural areas the standard of education has gone up.

**Per-capita Housing loan** - At present the objective of Government is to develop more housing facilities in rural and urban areas. The entire banks are engaged in financing for houses more and more but the Syndicate Bank is granting maximum loan for construction of houses. The per capita housing loan by Syndicate Bank is increasing day by day.
**Per capita Tractor loan** - Tractor is very important machinery for the improvement of rural sector. With the help of tractor the agriculture sector is increasing regularly. Syndicate Bank has important role in granting tractor loan to farmers by which the farming position of Meerut District is increasing more and more. The researcher has observed that the per capita tractor loan by Syndicate Bank is more than other banks.

**Animal Husbandry** - Bank finance in rural sector has improved the animal husbandry and the finance by Syndicate Bank to it is very significant. The researcher has observed that the loan for the development of animal husbandry in rural areas for the purchase of animals and for maintaining their good health more finance is required and Syndicate Bank is granting heavy loan for this purpose.