CHAPTER-II

PROFILE OF THE RESEARCH AREA

District Meerut, the study area, is characterized with developed rural economy besides being located in the proximity of national capital Delhi, one of the mega cities of the country. The total area of the district Meerut is 275973 hectares. Of the total area about 72.7 percent is net sown. District Meerut recorded food grain productivity of worth Rs.3.2 billion, of pulses Rs.48.87 million and of oil seeds Rs.58.64 million. The total agricultural production in money terms was worth Rs.10.21 billion according to 2005-06 estimates of District statistical office Meerut. The patterns and practice of agriculture in this District reflect an advanced level of commercialization. Demand for milk, vegetables fruit, local building material (especially sand, bricks and soft wood) has promoted a continuum like situation along Meerut Delhi axis. Establishment of cold storages, bricks kilns, sugar mills, textile units and repair workshops have come up in response to the demands from urban areas and its effect on the commercialization of agriculture in this region. Because of increasing urban pressure on rural lands small and marginal farmers are forced to sell out their lands due to urban land acquisition and relatively better prices of their land offered by developers. Urban based capitalist farmers
usually purchase such lands and develop large agriculture farms on commercial lines. Since capitalist farmers are equipped with most modern technology, know - how and capital, they manage to improve both labours as well as land productivity.

Contract farming which is becoming popular in district Meerut is also an important dimension in the process of commercialisation in agriculture. This type of farming is practiced in potato belt. (Blocks of Kharkhauda, Rajpura and Daurala) the potato belt is also known as vegetable belt where, in addition, to potato other vegetable are also grown intensively. It is based on the contract system between land owners and investors on land for specific crops having higher urban demand. Owners of cold storages offer financial back up to the farmers for raising potato crops in favour of the financiers. Potatoes kept in cold storages get higher prices in inter regional markets after a gap of about three months. Similar to that of potato belt, district Meerut also has a sugar cane belt. It is served by Mohiddinpur, Malayan, Daurala, Kinoni, Naglamal, Mawana and sakoti Sugar Mills. The fruit belt of Meerut is spread over Jani, Machhra and Parikshitgarh blocks. Besides above production of rice, mustard and cotton is increasing in the district. Some of the private companies like Bajaj Hindustan Ltd., Sri Ram Group, and DCM Group etc. have also
entered into specialized farming based on urban demand market. District Meerut has also experienced massive rural immigration from parts of Eastern U.P., Bihar, M.P. and Rajasthan due to increased employment potentials in rural areas.

It is therefore; important to note that commercialisation in agriculture is an important process of development that leads to rural affluence achieved through income as well as job generations. It also seems to be the viable alternative to growing urban congestion and male selective rural- urban immigration. Commercialisation in agriculture has, in its turn, attracted massive rural immigration in the form of seasonal as well as permanent labour. It checks urban migration and contributes towards balanced regional development. For the development of commercialization in Meerut district, bank credit is more essential.

For the analysis of the entire development of Meerut District its improvement to study its geographical positioning, population & its basic structure. This district is an agriculture based region and therefore the wholesome development of the district is actually not possible without rural development.
(A) **PROFILE OF THE DISTRICT**

**Geographical Situation of the district**

Meerut district is situated in Western U.P. between the two rivers Ganga & Yamuna. The western part of this district is separated by the river Hindon and the river Yamuna separates it from Haryana State.

In the north of this district is Muzaffarnagar and the south consists of Ghaziabad, in the west Baghpat and in the east J.P.Nagar district. The net geographical area of this district is 3911sq.kms which 1.33% of the U.P. State.

(B) **NATURAL RESOURCES**

1. **LAND**

As the Meerut District is situated between Ganga & Yamuna Rivers, it has very fertile soil. Generally, here the soil contains a mixture of sand & clay which is comparatively more fertile.
2. **MAIN CROPS**

The main crops of the district are sugarcane, wheat, rice, pulses & potatoes.

3. **POPULATION**

According to the census, the total population of Meerut district was 24,18,000. Out of which 54.96% population lives in urban areas while 45.04% lives in villages.

According to the census, only 31% population was residing in urban areas. Now the urban areas shows increasing tendency of population.

In the recent years the literacy ratio is increasing. In 1971 it was just 28% while in 2001 it was 51.3%. The important fact here is that, although the literacy ratio is more in urban areas, but in the past years it has increased, considerably in the villages also.

(C) **TRANSPORTATION & COMMUNICATION**

Meerut district has good facilities for transportation. The length of roads is 2526 km.
There are 900 villages in the district which are situated along the side of the roads.

*Rajkiya transportation facilities are available to reach all these centres.*

For the industrial development of any area, not only the transportation facilities, but the development of the communication facilities is also essential.

There has been a rapid development of postal services, telegram services and telephone services.

*Telephone exchange offices are situated in District Meerut through which national & international connections can be made easily.*

In the past years, there have been revolutionary changes in the communication system and telephone facilities are available even in each Gram Panchayat Head Office.

**Pre-dominance of rural sector in the Meerut District**

As the total economy of the district is based on the agriculture and about 75 percent of the population stays in the rural sector. Since the very beginning the agriculture remained the main activity of the rural society but this sector has not been given so importance as required for the rural
development. When we study the role of syndicate banks in the rural sector of the district in various years, we note that the share of finance through the syndicate banks remained the highest in all the years. Among the agriculture sector the sugarcane attracted the highest share of loan provided by the syndicate banks.

In the year 2000, of the total outlay of Rs. 11967.90 lacs is allocated to the agriculture sector and achievement upto September 2000 was Rs.11644.70 lac which was about 84.08 percent of the target and might be turned as satisfactory but that target was to be achieved 100 percent. After a gap of about five years in the year 2005-06, against the target of Rs. 1449.39 lac the achievement remained as Rs. 32301.13 lac that is 78 percent. 2005-06 this percentage has been reduced to 53.00 percent that was not satisfactory and was an alarming position for the syndicate banks as if the advance is not given to the agriculture sector, the development of the rural society is not possible.

After that when we studied the targets and achievements in the year 2003-04, 2004-05 and 2005-06, we found marvelous achievements in the targets e.g. in 2003-04 the targets was 51361.61 lac and achievement was 58461.40 lac i.e. 114 percent. In 2004-05 the target was 58831.59 lac and
the achievement was 66791.53 lac i.e. 114 percent. In the year 2005-06, the target was 66121.60 lac and the achievement was 75121.53 lac.

In this way we have noted that in the latest years of the decade, the achievements of the syndicate banks remained almost above the 100 percent. This shows that the agriculture sector attracted the major portion of the finance from syndicate banks for the development. Now this is very clear after the study of the syndicate banks advances provided to the rural society that the rural sector always has a very important or we may lay the most important place in the development of rural sector of the district. In almost all the years this sector has been given the maximum share of rural advances for its development and it shows the predominance of rural sector in the district.

**Bank offices in Meerut District**

The entire development of Meerut district is not possible without the development of villages. Capital is an important component for the economic development and if it’s not in adequate quantity, economic development is not possible.

On March 2006, there are 215 branches of Syndicate banks in Meerut district.
TABLE 2.1

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Area</th>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rural Area</td>
<td>82</td>
</tr>
<tr>
<td>2.</td>
<td>Semi Urban Area</td>
<td>39</td>
</tr>
<tr>
<td>3.</td>
<td>Urban Area</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>215</td>
</tr>
</tbody>
</table>

Source: Annual Credit Plan, Meerut.

The table 2.1 shows that there were total 215 branches of Syndicate banks in Meerut district but it’s important to note here that most branches are situated in urban area only.

As on 31.3.2006, there were 215 branches of Syndicate banks in Meerut district.

**Priority Sector Advances in the Meerut District**

All the priority sector advances provided to the rural sector in the district and the activities under priority sector may be enlisted below:

1. Agriculture
   (A) Direct finance to farmers
(B) Allied activities:

i. Dairy Development

ii. Fishery

iii. Poultry, Piggery, Bee-keeping]

iv. Bio-Gas

(C) Indirect finance to farmers.

2. Small Scale Industries

   ▶ Ancillary units
   ▶ Tiny sector
   ▶ Village & Cottage Industries and artisans
   ▶ Services Oriented Enterprises
   ▶ Indirect Finance to small scale industries

3. Industrial Estates

4. Small Road and Water Transport Operators

5. Retail Trade

6. Small Business

7. Professional & Self Employed purpose

8. State sponsored organisation for SC/ST

9. Education

10. Housing
11. Consumption Loans

12. Weaker sections in priority sector

The Syndicate Banks advanced to the priority sector mainly in the district that is more than 100 percent of the targets allotted to them and the major portion has been advanced for the agriculture sector for the rural development.

**Economic Reforms and Banking Policy**

The advent of nationalisation of banks helped increase the number of branches, increase the volume of deposits and ensured wider dispersal of the advances. The developments taking place abroad and in India as well, which made the position of Indian banks vulnerable include:

a. Increased competition and constestability within the financial services sector.

b. Technology leading to lower transactions and information costs.

c. Lower entry barriers leading to new suppliers of banking services

d. Unsustainable cost structure

e. Symptoms of excess capacity

f. Less protective regulation
g. Technology eroding the traditional bank monopoly of money transmission services.

**Conclusion**

Realising these ill-effects, efforts were made to bring reforms in financial system of the country. The financial system reforms initiated during 1991-92 are based on twin principles of operational flexibility and functional autonomy so as to continuously enhance efficiency, productivity and profitability of the financial sector with ultimate objective of improving the allocative efficiency of available resources, increasing the return on investments in promoting an accelerated growth of real sector of the economy.

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