CHAPTER II

REVIEW OF LITERATURE
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I. Rural Development

Whether, the development is in a rural or in an urban area, the main concern is the human factor. A majority of people (approximately 80%) in rural areas in the developing world are living in hunger, misery and poverty. Many of them, if not all, belong to the weaker section who have been by-passed by whatever the economic progress attained in these countries. Thus, the reaction to these rural problems enable these countries to give special importance for rural development.

The community development programme (CLP) was the beginning of rural development in a comprehensive sense. The development programmes emphasised the optimum utilization of human resources for the development of the country. The main objective of the programmes was to raise the production and productivity of agriculture, because most of the people in the developing countries have been engaging in agriculture.


The aim of community development programme was to change the living conditions of the rural population. The rural people were motivated, not only as individuals to raise their own standard of living, but also as citizens of a community. The CDPs included the expansion of education, better water supplied, improvement in health conditions, development of co-operatives in rural areas, etc. In addition to these, special emphasis was laid upon the small farmers' supply of necessary means of production and services to improve their living conditions.

The CDP was intended to achieve an all round development of the rural economy. The Governments in these countries desired to provide some social overhead facilities and services to the rural poor. It is difficult to make these facilities and services self-sustaining, because they contribute only marginally to the rural development.

The programmes failed to make any impact at the gross-root level. The benefits of the programmes have not reached the really deserving category of people in the rural areas, i.e., the weaker sections. Particularly, the benefits of irrigation facilities, improved seeds, fertilizers, improved agricultural practices, etc., have reached the big rural elites and the vested

3. Ibid.
interests. Therefore, the CDP failed to realise its given objectives in these countries.\(^5\)

As a result of the failure of the CDP, the development strategy changed towards the economic aspects. The main aim of the strategies was to eliminate obstacles in raising agricultural production and productivity as well as improvement in marketing situation. Modern technologies have been employed to realise the objectives. Due to various reasons\(^6\).

The dynamic aspects of technological progress have not been found useful for the developing countries\(^7\).

The "unimodal" and "bimodal" strategies are the decisive transition from an agricultural to a rural development strategy meaning the inclusion of social aspects. Johnston describes the "bimodal" form as a strategy in which the resources are concentrated in a small sub-sector with large, capital intensive production units alongside traditional sub-sector in existence.

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6. Unemployment, underemployment and the defective pricing policy etc. may be the reason for the failure of the agricultural strategy in the developing countries.

The "unimodal" strategy, on the other hand, is largely neutral as regards the size of production, and passes on factor proportions to the whole agricultural sector that has improved as a result of technological progress. This strategy (unimodal) can be regarded as what is generally called "rural development" today. It emphasizes a broad participation of the rural population in economic progress, so as, amongst other things, to reduce the unemployment problem; it also takes social aspects into consideration, even though it is still basically an economic development strategy.\(^8\)

The previous development strategies continuously increased unemployment and underemployment in rural areas and the inequality of income between the rich and the poor widened. The income of small peasants, rural landless labourers, artisans and petty traders increased insignificantly. Therefore, the Governments in these countries thought of re-orienting development strategy by changing its importance from purely economic orientation approach to the sociological aspects.\(^9\)

At the same time the United Nations General Assembly has advocated a "unified" or "integrated" approach to the

\(^{8}\) Ibid., p. 67.

\(^{9}\) Ibid., p. 69.
rural development. Accordingly, the development is not conceived only as an economic process, but it should affect the whole society. The aim of such an approach is both in the economic field as also in the social sphere. The aims are different according to the desired objectives of the country. But, the concept has not contained any operational proposals for the solution of the problems.\textsuperscript{10}

However, integrated rural development is a currently popular strategy of rural development in most of the poor countries. The Governments have formulated and carry out programmes effectively by incorporating target groups as beneficiaries. The programmes have assisted them to derive economic benefits from the development assets (in agriculture and allied, industry services and business sectors) in rural areas. The main aim of the programme is to provide financial assistance (credit plus subsidy) to the families below the poverty line (income of less than Rs. 3,500/- per annum per family), to enable them to improve their income level and eventually cross the poverty line.\textsuperscript{11}

10. Ibid.

The IRDP has been initiated with great impetus in most of the developing countries. But the experience gained in India of the programme suggests that "the poor who are at the bottom rung of the economic ladder do not get proportionately a larger loan and subsidy compared to those above them. Lack of social infrastructures are the obstacles to proper implementation of the programmes"\(^{12}\).

The development specialists have not been able to link economic and non-economic variables in the process of development. The non-economic variables are mostly social factors (infrastructures), which are essential to increase income and re-investment capacity of the rural poor to serve as an incentive for the expansion of production\(^{13}\).

In this context, the "rural development is a comprehensive programme of activities which included agricultural growth, development of economic and social infrastructure, fair wages as well as housing for the houseless, village planning, public


health, education and communication etc. in order to achieve socio-economic progress of the rural people.\textsuperscript{14}

Further, rural development is a total development of the village economy. It is not depending mainly upon the farm or non-farm sectors; but it should aim at improving the quality of life of the rural people in general and weaker sections in particular.\textsuperscript{15}

The, "rural development is a multi-sectoral activity, which includes, besides agricultural development, rural industry, improvement of social overheads etc. It is not only the economic progress but also the social progress of the poor in rural areas. Rural development is the enrichment of material and social welfare of the rural population including the poor farmers, agricultural labourers, artisans, petty traders and other weaker sections."\textsuperscript{16}

The IND concept can be modified in such a way, that, on the one hand the economic and social aspects are taken into consideration and operational (management and administrative) on the

\begin{thebibliography}{16}
\bibitem{16} Manjundappa, D.M., Area Planning and Rural Development, Associate Publishing House, New Delhi, 1981, p. 3.
\end{thebibliography}
other. Solutions at lower level can also be offered which attempt to achieve operational applicability at all levels of the socio-economic system.\(^{17}\)

The IRDP concept can be broken down into macro-economic and micro-economic areas, which leads to the related distinction between a national outline plan and a programme beneath the macro-economic level, i.e. local and operational. The regional oriented programmes are placing the emphasis on regional objectives rather than the sectoral-oriented strategy of development. The regional-orientation of programme aims at involving a greater degree of target groups (the rural poor) in the process of development by means of socially motivated measures, that were not taken into consideration in sectoral-oriented economic strategy.\(^{18}\)

II. Structure of a Rural Economy

The rural society is composed of two sectors, i.e. farm and non-farm. The structure of the two sectors is described in the following chart.


\(^{18}\) Ibid., p. 75.
Composition of rural society and their resource endowment

<table>
<thead>
<tr>
<th>No.</th>
<th>Particulars</th>
<th>Land Family labour equation</th>
<th>Relationship with employment of human labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Farm sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>Large farmer</td>
<td>Land Labour &gt;</td>
<td>Largely employer</td>
</tr>
<tr>
<td>ii.</td>
<td>Medium farmer</td>
<td>Land Labour ≧</td>
<td>Casual employer</td>
</tr>
<tr>
<td>iii.</td>
<td>Small farmer</td>
<td>Land Labour ≦</td>
<td>Casual employee</td>
</tr>
<tr>
<td>iv.</td>
<td>Marginal farmer</td>
<td>Land Labour &lt;</td>
<td>Largely employee</td>
</tr>
<tr>
<td>v.</td>
<td>Landless labourer</td>
<td>Only Labour</td>
<td>exclusively employee</td>
</tr>
</tbody>
</table>

2. Non-farm sector

a. Trading class
   i. trading of general goods
   ii. trading in farm inputs (functionally related to the operations of the farm sector)

b. Artisans
   i. providing general service (service artisans)
   ii. providing services/inputs to the farm sector (production artisans)

The big farmers own sufficient landed property. They are highly resourceful. The control the village. The small and marginal farmers however, are, generally casual labourers and they are employed by the big farmers at a discriminatory wage rate from season to season.¹⁹

As a result, they receive low income from the piece of land as well as the wage sources (or from both). The income so derived is insufficient even to meet the basic needs of the life (food, shelter, cloth and health). On the other hand, the non-farm sector is a typical sector. It is very difficult to trace out the actual occupations pursued by the households in rural area. Because they are engaged partly in farm sector (cultivator) and partly in non-farm activities like trading or small scale industries or rural services. Thus, the rural development in such a context, can be recognised by making the rural households belonging to the weaker sections, i.e. small, marginal farmers, agricultural labourers, artisans, petty traders and landless labourers, economically self-sufficient through increasing income and employment, and improving their living conditions.

¹⁹. In rural area, the big farmers are advancing hand-loans as wage advances to the weaker sections in slack season and employ them at busy season for low wages. This kind of system is prevailing in remote rural area because of absence of financial institutions to meet the credit needs of the poor people.
(a) **Farm Sector and Rural Development**

Whereas the objective of agricultural development is to increase agricultural output, the objective of rural development is to enrich the material and social welfare of the rural population. Thus, agricultural development is an essential part of rural development.

**Subsistence agriculture** is the way of life of the rural people. Low agricultural production per hectare is the problem facing the farm households. Low productivity leads to low income, low savings, low investment and again low productivity. Due to low productivity, the farmers are receiving low income. Factors involved in farm sector are sharing low reward. The vicious circle of poverty is tied up in farm sector. The poor combination of resources, lack of capital, technological backwardness, poor human skill and poor natural as well as social environment, etc. are contributing a greater share to the low agricultural productivity.\(^{20}\).

If agriculture is to be made a self-supporting sector for rural development, it is necessary to increase agricultural production per hectare and improve the productivity of the farm

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labourers. The intermediate technology and operational training is to be given to the farmers through extension services, which may involve some kind of financial problems in their application. The rural farm households are unable to incur additional expenses, because their annual income from the land is limited. Similarly, the adaptation of technology in small holding will mean additional financial commitment on machines and similar inputs, which the small farmers find it difficult to bear. Even, some governments have tried to provide inputs and farm services through agricultural programmes, but the available evidence indicates that the benefits of such programmes have not reached the small peasants.

For instance, in India, high yielding variety programme (HYVP) was introduced in 1966 to increase agricultural production. The seeds, fertilizers, equipments and other farm inputs as well as services were provided. The benefits of such programme have however, been shared by the big farmers belonging to the irrigated area. Thus, the big farmers may always succeed in acquiring and benefitting from the use of new techniques.

In order to make agriculture a self-sufficient sector, the state should offer better price for agricultural products

and its services. The prices offered by the government should cover the cost of production and reasonable return on their investment.\textsuperscript{22}

Retention of supporting price is necessary to provide incentives for small farmers even though they will have a little marketable surplus (because most of the crop produced may be used for self-consumption) and therefore least likely to benefit from the supporting price. The supporting price and subsidies are generally an inefficient way of assisting small farmers. Since the payments will be proportional to the volume of production, the benefits go to the well-off farmers.\textsuperscript{23}

The ultimate goal of rural development is to increase income and employment of the rural people, which enables the to improve socio-economic conditions of the poor. As long as the small peasants and farm labourers' income level is not increased, the realisation of rural development is impossible. Thus, the non-farm sector is the last resort to absorb and realise the goal of rural development.


(b) Non-farm Sector and Rural Development:

The non-farm activities are based on agricultural marketing, processing and manufacturing of goods and services. The landless labourers, agricultural labourers, artisans, traders, etc. (even farm households may be engaging partly in farm and non-farm activities) are usually involved. They produce generally consumer's goods and services for local markets.

The rural development is mainly concerned with increasing the income of the low income groups in rural society. The developing countries are usually surplus in labour force. Uneconomic holdings provide insufficient income. The survival of the households would depend upon the non-farm activities. The non-farm sector absorbs the unemployed and underemployed rural labour forces and augments the income and employment of the rural households. Further, if the labour intensive farm strategy is designed to increase employment opportunities, the rural low income groups are not in a position to get sufficient employment opportunities particularly in slack season. Therefore, the non-farm sector becomes an important employment potential sector in these countries.

The non-farm sector is contributing various benefits to rural development. Firstly, rural development is a multi-sectoral concept. Agriculture would often be the starting
point for rural development and the agricultural sector has already constrained in some of the developing countries by lack of additional acreage for cultivation. Raising production and income from agricultural sector is to increase the yield per acre and also to increase labour productivity. Thus, the labour absorptive capacity of agriculture is limited in developing countries. In such circumstances the rural industries consisting of manufacturing, repair and maintenance, and construction would generate substantial opportunities for productive employment and augment the income of the rural people. All these activities are contributing much for further development of the rural area and strengthening the agricultural sector.24.

Secondly, the non-farm activities like craft, processing, service activities and manufacturing industries are linked to other industrial markets and help to mobilise rural labour force through the provision of additional employment opportunities. The manufacturing of goods will meet the basic needs of the markets and makes an important contribution to raise the income and living standards of the rural people.

The increased income of the rural poor may bring in more equal distribution of income.

Thirdly, the rural industrialization can make a significant social contribution by improving the human resource base in rural areas. The opportunities like initiation of rural entrepreneurship, skill, knowledge and awareness, and better farsight quality have enlarged the productive activities in rural society. The rural people will participate in the related non-farm activities with more interest. This will widen their outlook, and develop various kinds of resources.

Finally, the rural poor are the main beneficiaries of non-farm activities which will create an opportunity for all those with an entrepreneurial inclination to put their abilities to the test and to provide continuing support for those who are successful in their initiation.\(^\text{25}\).

III. Role of Banks in the Development

Banks are the agencies engaged in promoting economic development of the country. Development is a process in which the structure of the economy should change. Banks are financial institutions, providing financial infrastructure, which is an

\(^{25}\) Ibid., Op. 9.
essential factor in the process of development. Finance is a part and parcel of the economic structure, and the banks provide finance to the various segments of the economy. However, the banks are not merely money distributing agencies, but they also help to bring about total transformation of the economic system.

Since the thirteenth and fourteenth century, banks and bankers have played a crucial role not only in the development of their own countries, but also in far off countries. Bankers are not considered simply as dealers of money but more realistically they are the leaders in the development process. Similarly, banks are not just store-houses of the country's wealth, but are reservoirs of resources necessary for economic development. The importance of banks within the economy was recognised long back, but their potential for transferring resource internationally from surplus countries to deficit countries is being realised only now. As a result the banking business is internationalised and the international communication is widened.26

Banks are more efficient on mobilising and allocating resources than other institutions, because they are specialised institutions and possess the merit of economies of scale in its management. The development function is spread throughout the country with the network of business. The necessary resources for development will be collected in the form of deposits. The credit worthiness of the borrowers will be decided efficiently and the end use of finance will be pursued properly. With these functions, banks are satisfying the growth oriented needs of the developing countries.

However, the percentage of farmers receiving institutional credit is different in different parts of the developing world. In some of the African countries nearly 1 per cent of the total number of farmers use institutional credit. In Latin America and Asia (excluding Taiwan), 15 per cent of farmers possess institutional credit. In the distribution of credit, the big farmers are the main beneficiaries. Nearly 30 per cent of the small farmers in these countries have not possessed institutional credit.

The farmers in greater extent desire short-term loans for a season or for one to two years. This type of credit is utilised in purchasing current input (seed, fertilizers and pesticides). The credit supply is therefore heavily showed in favour of short-term credit and this skewness is more common in the distribution of whatever the credit is available for small farmers.

Credit system is less conducive to the farm peasants in particular and the target groups in general. The potential resources like human as well as natural are idle in the rural part of these countries.

In such a rural context, credit is an essential input to increase agricultural productivity and improve the level of income of the poor. Especially, the small farmers do not have savings or ready access to institutional sources. There appears to be considerable scope for the use of institutional credit to replace the traditional sources in order to alleviate monopoly situations, such force interest rates to excessively high levels to overcome inelasticities in the supply of credit, which become apparent when new opportunities emerge:

the seasonal financial problems of rural households, and most
importantly, to encourage small subsistence farmers to raise
their output and enter the commercial sector.29

The role of banks in the process of development is
absolute, because of the fact that they provide one of the
most essential inputs, namely credit. In a developing country
like ours, scarcity of financial resources is admittedly one
of the constraints for accelerating the pace of economic growth.
An efficient and responsive banking system is of utmost impor-
tance. "Further, our country has adopted a system of planning,
which seeks to attain social justice and equitable distribution
of wealth along with economic development. Judicious allocation
of the scarce financial resources between the various segments
of the economy is one of the means, by which social justice can
be attained, and hence the banking system in our country is
required to subordinate the 'commercial approaches' in its
lending policies particularly to sub-serve the national prior-
rities set by the government.30"

29. Ibid., p. 3.

30. Shah, R.C. "Restructuring the Banking System", Prajnan,
Banking scene in India has undergone a sea-change especially after independence. The gradual change started from the conversion of the imperial Bank of India into the State Bank of India in 1955. Introduction of social control over the commercial banks in 1967, nationalization of major commercial banks in 1969, and the establishment of rural oriented regional rural banks in 1975, had one important aim, namely, to ensure that the banks play a dynamic role in the development process of rural and backward areas and for the upliftment of the poorer sections of the society.\(^ {31}\)

The banking of the 'classes' has now been transformed into the banking of the 'masses' by advancing loans to the weaker sections of the community. The objective of the public sector banks is not only maximise profits, but a shift from the principle of 'profit' to the principle of 'growth with profit'.\(^ {32}\)

The banks have also changed their attitude from 'security oriented' to 'production-oriented' loans. The contribution of banks to economic development is remarkable in terms of mobilisation of deposits, expansion of branches and advancement of credit, etc. in rural as well as urban areas.


Banks are using credit as a lever of development and create development opportunities through the strategic input of credit. The credit is tied up with development programmes and supported by appropriate backward and forward non-credit linkages.33

The financial and non-financial service institutions move together to deliver credit and services respectively to the farm and non-farm sectors to realise the development goal.

The role of banks in the process of development is mainly savings promotion and savings collection. In the developing countries there is a large and rising gap between the planned investment and realised savings. The banks fill up this gap through mobilising savings in rural and urban areas. The banks introduce attractive categories of deposit through interest incentives and provide quick credit provision.

The adaptation of technology in farm and non-farm sectors of the developing countries is predominantly biased towards the machinery and other similar inventories per unit of output. In such circumstances, the role of banks becomes more important, because substantial funds are needed to deploy credit to the

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various sectors of the economy. An attractive banking system is essential to spread technology and to increase production and productivity of both the sectors.

The rural agrarian society is plagued with mass poverty, illiteracy, conservative and fatalistic outlook. Deposit mobilization is the main problem in agrarian society in this prevailing condition. A small percentage of rural population will have surplus liquid funds. They are not in a position to part with cash easily until they have been thoroughly convinced about the banking safety and facility of withdrawal as and when they are in need of money. The rural economy is thus a potential market for deposits. Therefore, they are to be carefully and diligently developed. The bankers in rural area can spread the banking habit widely and encourage thrifty habits to the rural people. The investment and re-investment opportunities are widened in farm and non-farm sectors of the rural economy.

In the process of economic development, the banks are to play an innovative role by introducing newness in delivery and recovery system. It is impossible for the farmers and other target groups in rural areas to save first a certain amount of deposits and then undertake investment in land or allied activities or service sector. It would be more realistic first to
help them with a loan to invest in their familiar sector, so as to enable them to raise their productivity and income. The banks should then recover loans from the increased income. The banks mostly credit for productive purposes and it will further increase income beyond subsistence level and contribute something more to the savings. This scheme of savings mobilisation will have a fruitful result. Because increased income from the increased investment will increase the saving capacity of the rural people and consequently increase the deposit potentiality of the banks.\(^{34}\)

Development does not just mean investing financial resources through the banks, but the totality of life and day-to-day living condition of the rural people which should be changed and quality of life of the people improved. Each village is a growth centre. The banks should therefore, encourage and extend all kinds of services to exploit local resources and to achieve overall development of the rural area.

Economic development is important to all countries of the world. But it is vital to the developing countries.

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In the development process, it is necessary that financial institutions serve the objectives of development and bring about greater mobility of resources to meet the emerging needs of the rural economy. Each country is having its own answers to its problems: the experience of other developing countries would provide useful guidance for the total development.

Rural institutional credit and rural development the review presents the observation and conclusion of the committee to review arrangement for institutional credit for agriculture and rural development. The committee examined the rural credit system in India in the context of the major issues of the late 1970, namely how to use credit as instruments for bringing about sustained improvement in the standard of living at poorer section of rural committees. The two major grouped level financial institutions the cooperative and commercial banks were examined. There were considerable gap between reality and craica's expectations in term of effective coverage of the poorer sections and their administrative organizational and technical capabilities to undertake development functions. Similar problem Plagne block level administration. There was also little evidence of coordination either inter-institutional or between the institutions and administrative agencies at the block and district level. Efforts are being made to correct these deficiencies

The repayment capacity of small farmer's reviewed that the paper is based on a study of problem of low repayment capacity among the small farmers in India who have obtained crop loan from the nationalised banks. The specific problem confronting the bank in regard to their lending activities of farm borrowers are highlighted to show the prevailing investment climate in the farm sectors 36.

Economic effect of Gramin Bank loaning an agriculture development in Baliga district (U.P.) with objectives (i) impact of bank finance on the levels of income of farmers (ii) to suggest the suitable measures for improving the efficiency of rural banks. The two stages stratified random sampling used to select the sample farmers. They studied the progress made by bank regarding opening of branches, supply of loans and advanced of bank and concluded that cropping pattern shifted towards adoption of more cash crops and cereals crops like sugarcane, wheat and paddy, respectively in post-borrowing situation. The average cropping intensity increased 141.93 per cent to 169.63 per cent in post-borrowing situations. The percentage of irrigated area to cultivated increased from 79.99 to 85.77 per cent. The crop production also increased in post-borrowing condition. When crop and milk

production were combined the perform additional gross income and net income to Rs. 3612.13 and Rs. 1429.12, respectively by making additional expenditure of Rs. 2183.01 per cent input cost.

Credit policy of Regional Rural Bank, with the objectives, (i) impact of credit on cropping pattern, (ii) to examine loan obtaining through bank by sample beneficiaries, (iii) to examine the extent of utilization of loan and (iv) to examine the difference in between actual interest rate paid by borrowers and charge interest rate by bank. The simple random sampling adopted with respect to select the 36 beneficiaries in this way 8 landless labourers, 6 marginal farmers, 16 small farmers, 4 medium farmers, 8 rural artisans and retailer. They concluded that borrower farmers changed the traditional cropping pattern to benefitted cropping pattern. Borrowing fund out of total needed borrowing fund obtained by bank in of percentage 93.95 to 73.86, rest of credit obtained from other sources. Extent of utilization of borrowed money 93.9 per cent in case of marginal farmers, and 94.5 per cent in case of small farmers.

and 100.0 per cent in case of landless labourers. They observed difference of rate of interest in between actual interest rate paid by farmers and charged by bank was 2 to 3 per cent.\textsuperscript{38}

"Credit for alleviation of rural poverty the Gramin Bank in Bangladesh" carried out the Gramin Bank is specialized financial institution in Bangladesh that was established by Government order in 1983 to provide credit to the rural poor for purpose of improving their economic condition. The bank has progressed at a fast pace. By February 1987, it had opened 298 branches and mobilized nearly 250,000 households from 6 per cent of the village in the country. In the same period, it covered more than 26 per cent of its target group households in Tangail and Putuakhali districts and 8 per cent to 12 per cent of target group in the order 3 districts under its operation. An indepth household survey in 5 project villages and 2 control villages found that Gramin Bank members had income about 43 per cent higher than the non-participant in the project villages. This positive income effect is mainly due to large increase in income from processing and manufacturing trading and transport services financed by the bank loans. Thus the Gramin

\textsuperscript{38} Satyanarayan, I. and Rushyend Rao, C. A study credit policy of Regional Rural Banks, Khadi Gramodyog, Vol. XXXIII, No. 9, 1987, p. 388.
Bank has made a positive contribution to the alleviation of poverty in its area of operation. The bank has covered only about 4 per cent of its target group households throughout Bangladesh. The issue are whether it can be expanded to a wide enough scale to have significant effect on the alleviation of rural poverty in Bangladesh and weather can be replicated in other countries. The main factors that could affect successful expansion of the bank are the market of non-farm goods and services institutional development stability and cost of operation 39.

The viability of Regional Rural Bank with reference to demand and supply of lending locational advantages and disadvantages, and their functional superiority. In fact, the concept of viability was not very much built in very structure of Regional Rural Banks. Regional Rural Banks were not viable as they came up mostly in unbanked areas and lending in confined to target group with lower interest rate. Therefore, financial viability can not be the sole critaria for evaluating the performance of Regional Rural Banks, but the single offices of Regional Rural Banks have done the fairly well in terms of deposit in comparison to other commercial banks. The deposit

in Regional Rural Banks are fresh deposit and not diverted from the other institutions. He also found that RRBs have cultivated the habit of saving among the different sections of rural populations. Regional Rural Banks can be made viable by allowing them to operate according to their capacity and lending to non-target group as well.\(^40\)

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