Chapter – I
CHAPTER – I

INTRODUCTION, RATIONALE AND METHODOLOGY OF THE STUDY

Introduction:

The general impressions of the west about the identity of this sub continent and their people are of four fundamentals. They are -

a) A country of beggars
b) A country of sages
c) A country of untouchables and,
d) A country of natives

We do often feel ashamed of it to the foreigners when we introduce ourselves as an Indian. Contrary to this if we are able to interpret it in our own way we will obviously be proud of being an Indian for it being our strength in our planning process.

A “SWOT” (Strength, Weakness, Opportunity and Threat) Analysis:

Most of our people remain below the poverty line being half of the world for thousands of years hereditarily and yet beg to have twice a meal for a day, a home for nights and a piece of cloth to wear. (Roti, Kapra aur Makan), notwithstanding the necessity for education, health care and social status. Such weakness has got two dimensions of strength as follows.

1) There is wide opportunity to develop our primary sector with an unexplored domestic market for basic needs.

2) We can concentrate our efforts to provide the minimum basic needs, while planning our economics.

The second threat to our economy is that our country is the land of sages who are indifferent to the secular thought (material belongingness). And do not participate in the economic activity of the society. Moreover the aged persons and women who generally spend their life in following religious rituals, are after all burden to the society.
(1) We can easily assert it to be potential and a trait. A huge portion of our human resource has the potentiality to be involved in economic activities. The aged persons, women aged even the children above 10 years, may be productive being engaged with allied activities, and earn for the family without any opportunity cost, to improve the standard of livings.

(2) Since we are worried about the credit worthiness of the poor people having no asset base for security coverage, sacredly we can easily afford them access to credit on their worthy ethical moral values. This has successfully been evident in ‘Bangladesh Grameen Bank’, in one part of this sub continent.

The third threat to our economy is that, our country is the land of untouchables. It is a curse to the universal access or mobility in economic and activities. The caste system of our society restricts the mobility of labour from one sector to another. Moreover, with obsolete technological knowledge and tools the product of hereditary artisans fail to compete with modern technological advancement. As a result there is further burden on the society to feed them with the help of over crowded agricultural sectors.

It’s a matter of regret that we have not the knowledge as well as the resource base to assess the social education system. Every community is fragmented by whatever means it may be, the caste, creed, race, religion or sex. Europeans have racial, apartheid, Protestant, catholic even sexual injustice in their society. Arabians have the Sia, Sunni, Ansari, Mujahids and Kafirs in their society. These classes ascertain the accessibility to social amenities. The Capitalist and Communists have also social classes of feudals, capitalists, bourgeoisie and proletariats. All those have created social tensions not contributing any thing to individual traits for belonging to the societies. But Indian social classes based on caste system offer a specific knowledge of economics and technology for belonging to his caste. And without going through any formal educational system, they acquire hereditarily. a vocational knowledge base to enter into an economic activity reserved for them. Notwithstanding
the need for social mobility and eradication of age-old superstitious curse of untouchability we can easily,

1. Assert a social education system within the caste system with transformation
2. Assess their knowledge base which may be capitalized with credit, for replacing the obsolete tools with apparatus of advance technology.

So that they can compete in the market with their products as well as the informal sectors can be developed. The burden on agricultural sector could be reduced. The wages/mandays of agriculture labourers be increased on supply being reduced.

The fourth dimension is of its nativeness, which prevents from having adaptability to changes that leads to motivation and entrepreneurship.

1. It’s a sense of spiritual belongingness to our fellow people and the nature, contrary to the sense of belongingness to material properties of the west. It is the logic behind the absolute individualism of west that induces utter consumerism. And true socialism exists in our nativeness with an in-built social insurance for the incapacitated persons, leads to a harmonic spiritual life.

2. The people of this country behaves in a group. As such the individual approaches did not yield the desired results. Our individual behaviour is considerably influenced by the outlook of the groups we belong. May it be social, political, economic, caste, creed, race, religion or sex. The existing bureaucratic organisational set up for administrative, economic or political of colonial utility is not accessible to the mass particularly to the weaker sections of the society. It exhibits a squire peg in the round whole which never matches.

If we had the organisational set up to have the access to the natural groups, it would be much easier to tackle the situation having a unity of command through the groups. Any beneficial development programme would be much more participatory leading to success. The Panchayati-Raj system could have played a pivotal role as a change agent. To make the Panchayat more accessible and adaptable to the rural
mass particularly to the weaker sections. The feudal, colonial and bureaucratic shortcomings are to be identified and removed with true exhibition of Panchayati Raj.

Now to bring such a large portion of unproductive human resource into the production process, a capital formation process is to be introduced. Capital formation depends upon a process or cycle of “Income – Consumption – Savings – Investment – production – income” and so on. Since we are in a trap of vicious circle of poverty a thrust is to be given at any point of the process to boost up. Any thrust to any other points other than on investment would have adverse effect on demand, supply and inflation. So the only way out left is the well versant policy of “Development – via – Credit.”

Now the questions are –

(a) who will ascertain the credit need of the society with a knowledge base to assess it considering the potentials.

(b) who will provide such bulk and varied requirement of money to capitalise the potentials.

(c) who will monitor and control to guide and direct the utilization of credit to reach the Goal.

The requirements for these are -

a) qualified personnel with knowledge base of economics and technical for assessment

b) Commercial approach collect the marketable surplus of productive sectors as savings and channelise the same as investment to the virgin one.

c) professional attitude and a organisational framework to monitor and control.

As such an institutional framework is to be developed with above components that can by no means be individualised. None but the Banking Industry has got the above institutional framework in directing resource increasingly to rural sector through a strenuous pursuit of multipronged strategies. The institutional credit has certain special features as an instrument of rural development.
1) It is not subject to budgetary uncertainties as the resources are directly drawn from the savings of the community as deposits.

2) As noted by CAFICARD institutional credit brings with it the experience of expertise of commercial knowledge.

3) Institutional credit is in a better position to propagate the main principles underlying with the concept of credit.

Thus institutional credit has come to be recognised as an instrument of rural development and banker as an agent of rural change.

All the monuments of development will not mean much if everybody in this country does not have enough food to eat, safe water to drink, a minimum clothing to wear, adequate shelter to live in and opportunities to enrich his mind and broaden his outlook.

Indeed some kind of chart might be drawn up to indicate the close connection between length of British or other Aggressors’ rule and progressive growth of poverty. Substandard human resource with hunger and poverty, insanitation and illiteracy, superstition and deadening customs or traditions allow vast resources running to waste in a rich country inhabited with starving people. We want to solve the problem quickly and passionately. The question of finding proper way to reach a certain goal becomes important.

The fact that the vast areas and sectors in the country remained backward over the ages, are both challenges and an opportunities as well. What we have to care is not a crisis but chronic melody, and remedies for it are of a routine rather than spectacular one. The great bulk of Indian poor consists of the landless Marginal and Small Farmers, agricultural labourer and rural artisans. Any programme which aims at benefiting them and improving the country’s economy must therefore has to have a rural focus. The fruits of development should be equitably spread over to weaker sections. The natural resources determine the course of development and constitute the challenge, which may not be accepted by the human mind. The sad truth is that crucial factors of effective political support, direction and control have been lacking so far.
Ordinary business of life means for improving the living conditions of the human society. Human beings are both creature and creators of the environment. By their individual and organised efforts, they develop themselves. Development is a process of raising themselves to a higher or better status to the present. Thus economic development is a means to generate resource and leisure enough to uplift the life style of human beings. It is a process of optimal use of resources for generating an ever increasing flow of goods and services for consumption and investment, as well as suitable distribution also of the benefits of development so that it can reach to the reach of the weaker sections of our society.

Since food stuff occupies the first place on the hierarchical needs of man we can neglect agriculture only at the risk of instability. What an effective strategy can be expected to achieve is not so much a sharp accession in the overall rates of growth of agriculture. Growth should be such as to provide meaningful employment opportunities, a reasonable minimum standard of living and essential social amenities to every one as speedily as possible. It is one of the primary objects to ensure fuller opportunity to work and better living to all sections of rural community and in particular to assist agricultural labourer and backward classes to come up to the level of the well off rest. Growth is not merely for the sake of growth, a vigorous thrust for social justice is to be an integral element of our strategy. The benefit of economic development must access more and more to the relatively less privileged classes of society and there should be a progressive reduction of concentration of incomes, wealth and economic-power. Simultaneously a proper wage policy must provide incentive for increased production. The raising of the wages level is to be on the basis of higher productivity. Jobs rather than man should wait in a rational stage of development.

What is wrong with our planning is not conceptual, logical or technical contents so much as its implementation. Its lack of cohesion with social factors, and the impediments imposed by the political, social, administrative and cultural factors are the hurdles rather than strict to economic factors. Capital is a necessary but not the
only sufficient factor of progress and it is not possible to buy development so cheaply on having opportunity of going a begging to the International agencies.

The secret of rapid agricultural progress in the under-development countries is to be found much more in agricultural extension, fertilizer utilization, high yielding seeds, use of pesticides and water supplies. If one is late in doing one thing in agriculture one will be to trap. To come forward to progressive economy there should have a steady shift of employment and investment from the essential primary activity to secondary one, and still to a greater extent into tertiary services. In view of scarce of capital there is no possibilities in the short run for creating much employment through industrial factories. On the other hand the village and cottage industries require very little capital to get an artisan family started for production.

Any development planning cannot proceed without considerable extension of credit facilities. And in the village itself no credit system may sustain except Co-operation of society. Co-operatives have failed but Co-operation must succeed. Any efficient control apparatus has to rely primarily on the accelerator and the steering wheel and only minimally on brakes. Brakes have no doubt to be applied to avoid collisions, but to impart speed to the economy, and to steer in the right direction, other levers of control like have to be developed competition, incentives and penalties. Such planning is not a once for all exercise. It requires a continual watch on crunch or incipient trends and systematic observation of technical, economic and social data and adjustments of programmes in the light of new requirements.

The very objective of our research work is to review the prospect of institutional credit absorption in rural area in context of its nature, impact and constraints with reference to Burdwan district for the period 1982 to 1992-93.

**Methodology**

The concept developed in the introduction chapter need to be analysed through a research study. Therefore a research methodology in performing the research work is to be evolved. We have identified our research work to be empirical one. Before
entering into empirical dimension of the study we have to analyse and interpret the objective of the study. Why the problem, how the problem, where the problem and what method for analysing the problem is the research process. In other words, we have to establish the rationale behind the selection of this study. A research study is generally designed to solve a research problem. Research methodology focuses on the ways and means to systematically solve the research problem.

**Participating Rapid Rural Appraisal (PRRA), Participatory Learning Method (PALM)**

“The plight of a poor starving and sick in a remote village may never in any way impinge on consciousness of anyone not belonging” – Robert Chambers.

Three sets of ideas contribute to a development paradigm in changing world,

1) Evolution and development is an adaptive change rather than progress.
2) Any system depends on the flow of information about the deviation of actual form ideal.
3) People have different perception of reality.

A technology is to be followed to engender constant feedback from the existing rural situation. To be involved in development process, constant flow of information consisting relevant, timely, accurate and usable is required. Most often information collected out of ‘Rural development – Tourism’ are biased on place, Project, Person, Protocol and Proximity that suffer following defects.

1) Misleading reply by respondant
2) Failure to listen by outsider
3) Overlooking invisibles and
4) Seeing only snap shots.

To avoid defects Rapid rural appraisal (RRA) and Participatory rural appraisal (PRA) method is suitable for collection of data. RRA and PRA are to understand and appreciate the knowledge, concerns and priorities of rural inhabitants for improvement of quality of rural development related research.
RRA is a way of organizing people for obtaining and analyzing extractive information.

**Objectives of RRA:**
1) Appraising Agricultural and other needs of the rural community
2) Prioritising areas of research tailored to such needs.
3) Implementing action plans for monitoring and evaluating them.

PRA is a process of participation with the villagers with a view to understanding and learning from them involving them in development process.

**Objectives of PRA:**
1) For greater and better involvement of villagers by learning about their perceptions, experiences and capabilities.
2) For collection of data on various aspect.
3) For upgrading knowledge base of people.

**Principles and RRA/PRA:**
1) Reversal of learning – From people.
2) Adaptable approach
3) Off setting biases of R/D Tourism.
4) Seeking diversity rather than average.

Persuantly RRA/PRA is ‘Using ones own best judgement of all time’.

**Applications of RRA/PRA are,**
1) To explore, identify and diagnose rural situations, problems and issues.
2) To design, implement, monitor and evaluate programmes and problems.
3) To evoke participation of respondents in development process.
4) To help, develop, extend and transfer Technology.
5) To improve, supplement or complement research work.

**Techniques/Methods of RRA/PRA:**
1) Using Primary and Secondary information
2) Learn from rural people
3) Identifying and using key indicators.
4) Exchange information with villagers.
5) Direct observation
6) Formal interviews
7) Case study of historical profiles

**Stages of RRA/PRA:**

1) **Preparatory work:** Collection and examination of available information. Selection of methods, tools and Techniques.
2) Field visit and household survey.
3) Completing RRA with updated information
4) Adapting with local situations.

In our research study we have adopted such RRA and PRA method while interacting the villagers in obtaining and analysis information or data.

**Limitations of the study:**

One or more hypothesis is always developed on the basis of research problem. These hypotheses are verified and tested in terms of validity and reliability. Field study is conducted for this purpose. Necessary information is collected from research survey. These are transformed into some data for testing and to verify the hypothesis. Research problems are always analysed with the help of data. The data are collected on Census or on sample basis either from primary or from secondary source through ground survey, questionnaire, working results, operational findings and reports. Variables are being set up with analysis of those data collected to test the hypothesis and to come to a conclusion of the study. Researchers very often face certain constraints and hurdles in the process of collecting data, analysing interpretation of subjective data or may face any other problem. Hence necessarily some limitations remain in the study that are stated hereunder.

**1** Though the problems are of national character, our sample area covers only few villages of two blocks of Burdwan district in West Bengal. Since the socio-geographic condition varies widely in different states as well as in different place within a state, we can not repudiate such limitations in analysing the aspects of our study. Yet the common aspects are taken into consideration without referring to dissimilarities.
(2) Since we have considered some social changes and variables in analysing our research problem, it is very difficult to have any quantitative measurement of the quality change of those aspects. Yet some reflection on the variables of those social aspects have been considered very selectively.

(3) Since the development approaches differ according to the political outlook of the Government in power in the Centre and the states, we have not considered such outlook while studying the different Rural Development Programmes and Credit Approaches. We have deliberately kept this aspect outside the scope of this study.

(4) While collecting the primary data from field survey by administering a set of questionnaire we have to forebear the sample population regarding their limitation of knowledge and perception about the objective of the study. Yet an effort has been made to collect their views with selected objective questionnaire.

(5) The secondary data collected only express a quantitative measure of the development with the exposure of fund disposed of to the number of population. The qualitative impacts of those do not reflect in the data collected. Several qualitative surveys made by reputed organisations have been referred in discussing these outcomes.

Although the study confines itself to a particular region, still it is expected that it would replicate a clear concept about the process of credit absorption in rural India for engagement of unemployed in rural families all over the country.
Design of the Study

Phase – 1

i) Selection of the subject for research
ii) Setting up objective of the study
iii) Methods to be followed

Setting a research Methodology

Phase – 2

Review of workings

Designing the study

Setting up Questionnaires

Research Process

Developing the Questionnaires

Desk analysis

Phase 3

Primary Data; Field visit and Questionnaire

Field Survey

Secondary Data; visit of Offices.

Phase - 4

Scrutiny of data

Desk Studies

Tabulation of data

Phase – 5

Demand side; Beneficiaries and Extension services

Analysis and interpretation of Data and setting up variables

Supply Side; Credit Institution

Phase – 6

Inputs; Credit absorption Method

Deliberation of the Report

Out put; Degree of its sustenance to Objectives.
**Research Model:** The basic goal of the study to search out an ideal credit absorption design. The study therefore contemplates to integrate the conflicting interests of Govt. Departments, extension services, credit institutions and the ultimate beneficiaries. The very object of our economic development is to sustain growth with social justice in the process of rural development. Therefore we have to find out a research design to react the conclusion. While designing the study we have taken into account the existed, existing and exiled system in Rural Credit. Therefore we have phased the study in the above manner.

We have identified the problem at national level. Therefore analysed the subject with the help of workings and literature regarding constraints and potentials of Rural Credit at the national perspective.

Aiming at our research work while formulating the research process we have selected Burdwan district for survey. We have collected secondary data from various sources of Govt. Departments, extension services and credit institutions for the purpose. For primary survey we have purposively selected Aushgram I & II Development Block being 100% geographical rural comprise, ideal demographic composition, and underdeveloped with immense potentiality. We have filled up 200 comprehensive Questionnaires on field visits at 8 villages of 4 Panchayets of Aushgram I & II Blocks from various beneficiary comprising Caste, Creed, race, religion and sex on sample size. Before that we have conducted a Census survey of 4 Gram Panchyets about demographic, geographic and economic feasibilities.

In analysing the data, we have purposively set up various derivatives to interpret it from the two angles of credit 1) Demand side and (2) Supply side, to search for the conflict between them, various simple statistical tools like Mean, Median, Mode and Correlation, Regression-equations have been followed. And while concluding our research work in deliberation of report we have evolved a system for credit absorption and observed the degree of its sustenance in fulfilling our objective of growth with social justice. A field projection of the study has also been elaborated.
Survey of Literature

Besides discussion with the resource persons and keeping in view the environment, to understand the origin and the nature of the problem we had gone through some of the works done by reputed persons in the field of credit management and related areas with special emphasis on those studies which are concerned with our research problem. To be conversant with the concept, relevant reports, records and findings have been studied. As suggested by Robert Ferber and P.J. Verdoom in their Research Methods in Economics and Business “Knowing what data are available often serves to narrow the problem itself as well as the technique that might be used”, we may have a practical realisation of the basis of our study. The survey of literature in the field of our study helps us to find out the research area, to develop the research problem, to identify hypothesis and to organise the research work. Accordingly a sincere effort has been made to go through some of the available literature in the field.

We made an endeavour to present a brief reference to the key findings of the predecessors on the different aspects of Credit, Management, Development and Society. In order to have a consequential analysis of the study, we have replicated the sum and substances in the following approaches.

1. Credit approach  
2. Development approach  
3. Management approach  
and  
4. Social approach.

Credit Approaches

1.1 Financing Poverty alleviation programmes – Published by NFSBO, Madras: 1994 contains not only poverty alleviation programmes and schemes, but also certain other schemes in the thrust areas identified by the planners for providing employment and wage earnings.
1.2 Guide line for financing Small Scale Industries – by T.N. Krishna lyar, Himalayan Publishing House 1993. The author in connection with SSI Department of a Nationalised Bank conducted the study, the author pointed out the general weakness of SSI units and suggested possible remedies and need for the bankers to be more than conventional to soulder more and deeper responsibilities, as ‘creative Banker’ to play the role of a professional educator as well as a vigilance officer.

1.3 Risk Policies and standard – Peter Lan, JOCL, December 1993. The article provides detailed information on how to organise a programme to support sound risk policies and standards. After defining commitment and behaviour, the crucial elements of risk policy structure is further elaborated.

1.4 Hand book of Project appraisal and working capital finance by D.P. Sarda, Gobind Prokasan, Jaipur 1993. It is a practical guide in the fullest sense of the term and has given a good and lucid analysis of the various feasibility studies involved in any project appraisal work. The new one caries additional lessons on supervision and follow-up, rehabilitation of sick SSI units and covers all important aspects of working capital finance and its follow-up.

1.5 The Prudent Investors by James P. Owen, Pub. Probus Publishing Company – Chicago 1993. The book indicates the guideline a investor should follow in order to succeed with a professional approach to the management of money and resources by identifying investment goals and objectives. What is needed is to have a scientific approach based on the study and technical factors of fundamental and evolve a formula for investment.

1.6 Bank lending principles, theory and practice by Hrisikesh Bhattacharyay, published by Naya Prokash, Calcutta 1991. It is a guide to assess the borrower and to understand financial variables. It also deals with break-even analysis, technology of credit appraisal, assessment of credit needs of small borrowers.

1.7 Agricultural Project Management for Banks by S.D. Barde and K.G. Karmakar – Published by Popular Prokashan, Mumbai 1999. It is a chronological analysis
with all aspects of a project, technical, financial and managerial requirements. A good number of projects which can benefit a large number of rural households in the sphere of animal husbandry, forestry, floriculture, mushroom, irrigation, rainfed farming and the like have been dealt with.

1.8 Priority sector lending by (B.O.I.) R. Srinivasan, (CM. & MD.) published by Himalayan Publishing house 1995. The priority sector lending has been in existence for quite some time and necessitates to examine the impact of it on economy. The thesis paper deals with evolution of social banking and impact of priority sector lending on performances of Banks.

1.9 Non Performing advances in Banks – Concept, Practice and Management by N.S. Toor, Senior faculty at Punjab National Bank Staff training college – Published by Sky lark, New Delhi 1994. It incorporates the entire relevant information on the subject in a compact form beginning with the concept and evolutionary process of NPA. He goes on to discuss the guidelines for assessing as well as recovery process of NPA.

1.10 Small Scale Industry – Concept, Status and Policy by Veena Bhatnagar, Published by Kaveri Books, New Delhi. Since village and small industries contribute a major share of output, export and employment, it require a survey and research and on reviewing research studies conclusion of the study have been concluded on conflicting which confirms the news for more accurate studies.

1.11 Co-operatives and IRDP (A Case Study of Aligarh District) by Rais Ahmad, published by Mittal Publisher – New Delhi. It is a case study of eight villages of Aligarh district with a view to find out whether the process of end use and recovery of IRDP can be streamlined by a better integration of IRDP with some financial institutions in Rural areas like PACS. The study noted that the uniform financial allocation and phisical targets do not consider the incidence of poverty, size of population and a need for decentralization in planning process.
1.12 New people, policies and places – How to manage a credit, by Edward K. Schatz – Journal of Commercial Lending, Feb./94. Nowhere the monitoring activity is more important than in credit. The changing role of Credit department in Banks with the change of environment and policies has led to the need for a distinct modification in management philosophy. New problems must be dealt with a creative way.

1.13 The Bank economists papers and proceedings : Published by Bombay Merchantile Co-operative Bank Ltd 1989. It is emphasised in the papers that Bank credit though important as an input was not the only input required for development and therefore several agencies including state Government and the district authorities would have to co-operate with the Banks and provide necessary support through the provision of other inputs necessary for promoting rural development.

1.14 Bankers Services and lending handbook – by Geoffrey Sales – Petter Ibbeston, Publisher – The Charter Inst. of Bankers’, London 1990. The book provides a broad understanding of the theory and principles of lending to personal and corporate customers in providing the banking services including financial services, accounting services, trustee services, advisory services and insurance services.

1.15 Service Area Approach – by N.K. Juneja, Publisher – Manas Publishing – Delhi 1995. It is a topical hand book and practical guide to Service Area Approach (SAA) and Lead Bank scheme, realising systematic planning and peoples involvement for success. Planning for development of villages. A research project by NIBM has also been explained.

1.16 Loan-Size limits, A simple model. By Philip Bromiley and William E. Stansifer. The Journal of Commercial lending, December, 1994 : The study describes that most banks limit the maximum size of a loan they will make to any given customer. This limit constitutes an important constraint on commercial lending
activity and deserves careful consideration. In the article a simple way of thinking about loan size-limits, risks and profitability is presented.

1.17 New Horizons for the basic business of Banking – JOCL/ December 1994: In this article the federal Reserve Board Chairman Alan Greenspan surveyed the current scene and discussed improved lending practices developed over part few years, such as credit risk ratings, loan grading and credit scoring, and encourages the banking industry to begin pricing loans according to risk.

1.18 Bankers lending techniques: by C.N. Rouse. Publisher – Bankers Book Ltd. London 1989: In this study report pointed out that successful lending requires a philosophy for lending, a methodical and scientific approach to appraisal, proper and adequate documentation to ensure security and safety of funds and a mechanism for monitoring and controlling the funds disbursed. Analysed the issues in details.

1.19 Innovations in Rural Refinancing. The Indian experiences. By Mrs. B.H. Elavia, Published at Vadodora 1988. According to author Rural Schematic refinance system has succeeded in strengthening the flow of credit for agriculture and rural development in India. It has not been however able to reduce the inter regional or inter district variations in rural development.

1.20 Management of Non performing Advances by - C.R. Shivpuji and Dr. V.S. Kaveri, Published by Sultan Chand, New Delhi 1997: takes a look at the review of interaction on the concept of classification of assets since 1975 to 1991 ending with famous Narashimham Committee recommendation. Underlines the process of recovery of NPA advances.

Development Approaches

2.1 Selected economic writings by Prof. Sukhomoy Chakraborty - Published by Oxford University Press, Oxford, New York, 1993. It reflects clear thinking of the author on the issues involved in the process of economic growth and development in India. The process of economic planning as practised in India
has been subjected to critical examination with a conclusion that development role of the state has to be recast, but cannot be abandoned.

2.2 Towards Global Banking: An East-West Partnership - Ed. By George Winckler. Published by Austrian Banker’s Association, Vienna 1993. In the context of collapse of socialist countries is 90’s planning as an instrument of economic growth and development put to an end. Price mechanism: determining the allocation of resources for growth. The financial institutions, Commercial Banks and other supervisory authorities are forced to redefine their identity and search for new global strategies. Opening of the East and as well as its integration with the west will lead to a strong East-West partnership which could have positive effects around the world.

2.3 Towards a new frontiers, History of Bank of Baroda by D. Tripati and P. Mushra. Published by Manohar – 1985. The author analysed in details how the Bank Passed through a turmoil and turbulence and Bank has readjusted its structure and policies in keeping with the objectives laid down.

2.4 From plan to market : World development report 1996. Published by Allied Publisher, Chennai 1997. It deals with precisely the aspects viz, legacy, approaches to banking reforms, Russia’s radical banking reforms, Poland’s rehabilitation approach to Banking reforms, Privatizing Banks, China’s new policy Banks where Government should lead that are relevant to Indian Banking system in order to make it strong, viable and responsive to the country’s need. The report attempts to unlash the enormous talents and energies of population to achieve their vision for future.

2.5 Naya Panchayats as instruments of justice by S.N. Mathur, Published by Concept Publishing Co., New Delhi. It highlights the drawbacks of the 73rd Constitutional amendment Act to make Panchayati Raj a self-Government. There is lack of provision for justice system (Naya Parchayat) for justice to the very doorstep of the villagers.
2.6 Rural Marketing Administration in India by Dr. Rajagopal, published by Kaveri Books, New Delhi. It is an attempt to describe the theory and practice of marketing in Indian rural areas. Identified that major weakness of development programmes are the absence of infrastructural support, backward and forward linkage and marketing arrangement for input and outputs. The functioning left much to be desired.

2.7 Adjusting to Reality: Beyond State versus market in economic development, by Prof. Robert Klitgaard, Published by Tata McGrowhill Publishing Co., New Delhi. Prof. Klitgaard takes an exciting new turn that poverty is and should be the principal concern of development strategies. He takes a very logical view on the debate over market versus Govt. intervention that, the problem to ignore the reality of the conditions of developing countries. How can poverty be eradicated when markets, the Govt., the press and the legal system overlook or misunderstand the dimensions of poverty and other socio-economic constraints? He proposes proper choice of strategies with proper MIS which cannot be determined in abstract terms but depend on particular circumstances which differ from place to place and time to time. That is why the structural adjustment recommended by world Bank and other U.N. organisations without consideration to the realities existing in the society did not yield the desired result. Prof. Klitgaard argues to adjust to these realities which are non-economic and modify the development strategies for the poor.

2.8 Capital Market in India – papers and proceedings - Ed. by T C. Nair, Published by Bankers’ Training College, RBI Bombay. The papers indicate that the Govt. policy no doubt, played an important role in fostering this multi-dimensional growth in the Capital market. Yet it is active only at urban and metropolitan areas and the vast rural hinterland still remains to be tapped.

2.9 Studies in Indian Banking and finance – Ed. by V.S. Mahajan. Published by Deep and Deep Publishers, New Delhi. This is a collection of various articles published by researchers covering various aspects of developments in Banking and financial
sectors including changes taking place in the capital market and the monetary reforms introduced by RBI from time to time.

2.10 How and Why Rural Banking by C.L. Khemani and Dr. B. Yaran Raju – Sagar Publication, Delhi 1987. It is a useful reference to rural scenario, rural poverty, target groups development and operational approaches for rural Banking. It comments that as a result of lack of proper perception, although bank advances at rural area increased quantitatively, the targeted goal of rural development could not be achieved to the desired extent in qualitative terms.

2.11 50 years of Central Banking : RBI Governors’ address – Publishing Department of Economical analysis and policy RBI, Mumbai 1997. The addresses by the distinguished Governors covering a period of 50 years in which the country has made rapid strides and progressed in various fields and it may have failed in some other sectors of the society. They discussed the changes of far ranging significance in the fields of Banking, finance and development. It also covers the areas of Central Banking, Agriculture and rural development as also the financial sector in the country.


2.13 The International Monetary System – by C.D. Fred Bergsten, Sir Kit McMahon and Tommaso Padoa-Schioppa. Published by Bank of international settlement and Per Jacobson foundation, Switzerland. Express views that the international monetary system evolved at Brettonwood in 40’s undergone to many changes on decades experiencing high inflation in sixties and seventies, unemployment and stagflation in eighties and yet to have some bumpy periods ahead. A serious recession perhaps and the political climate may conceivably move away from the liberalization of years towards restriction and protection in future.
2.14 Economic Reforms in India and abroad. By Francis Cherian. Published by Himalaya Publishing House 1992. It gives a birds eye view about the changes witnessed in USSR and elsewhere, that are the eye opener to all the countries looking for speedy reforms. Economic reforms are sweeping through the world, by whether the present reform would be adequate to bring about the developments and changes envisaged.

2.15 Indian Economic Crisis, the way ahead: by Dr. Bimal Jalan. Published by Oxford University Press, Delhi 1991. Dr. Jalan examined the case for choice of Indian development strategies since independence in the context of experiences abroad. Identified the Principal factors of high savings, sustained balance of payments viability and high literacy rate. The role of the state on those aspects from a high profile command state to low profile friendly state. Evaluated the performances of PSUs to promote respectable rate of growth and acceptable level of equity.

2.16 Financial System for Economic development by R.S. Bhatt. Published by Tripathi Publication 1991. It is an attempt to trace the history and evolution of the financial system in our country and how it has come to be used as an instrument for promoting economic growth and development. Suggested for appropriate policy framework for it.

2.17 Money, Savings and Economic development. By Dr. N A. Majumdar. Published by Himalaya Publishers, Bombay 1989. Dr. Majumdar pointed out with statistics and data the structural transformation in the development of Credit and mobilization of the resources. The techniques of credit planning as followed in India have been discussed and analysed with their relevancy in realising the objectives of economic growth and stability.

with a profile of sectoral financing. Savings and credit flow by the NBFCs assumed a significant proportion and remained totally outside the purview of control of RBI and GOI with least impact of monetary policies over it.

Management Approaches

3.1 Managerial Economic Analysis by P.L. Mehta, Published by M/S. Sultan Chand, New Delhi. The central theme is integration of economic theory with the business practice for the purpose of facilitating decision making and forward planning by management.

3.2 Managing People in branch banking - D. Ghosh Roy by B D P Publishers 1992. It covers a wide spectrum of topics from the concept of management of people to management of branch level productivity, efficiency and effectiveness. The approach should shift from conflict to collaboration, from independence to interdependence and power through unilateral control to power through influence on decision making.

3.3 Towards sustainable growth by Raja J. Chelliah, Published by Oxford University, Bombay. It covers evaluation of management and thereafter covering basic management concept theories, planning, performance, budgeting, marketing, manpower planning, people management, MIS and decision making. Management of people covers team building, sensitivity analysis, leadership, conflict management, motivation and quality circle of behavioural management.

3.4 Performance budgeting in Banks by Dr. T.S. Roy, Published by Pioneer Publisher, Calcutta 1996. Emphasised on the fact that the performance budgeting exercise is not a mere ritual of form-filling, arithmetical exercise, but is internalization of it as a culture rather than as a work method, with ongoing behavioural back up.

3.5 Work Ethics and work culture by K.D. Kamath, Publisher - Saijyoti Publishing Mangalore 1995. It deserves close attention to expand the concept of management by values, its relevance and application in the light of the insight.
and ethos, that our country has with its rich cultural and philosophical heritage containing innumerable management lessons. That can be utilised in solving the managerial problems existing in Indian Banking industry.

3.6 Working it out at work, by Jalic Hay, Publisher - Sherwood Publishing, U.K. 1993. It deals with the subject of Transactional analysis that deals with human relationship originated by Eric Berne. 'I am O.K. - You are O.K.' by Thomas Haris occupies a prominent position. It tries to present the essentials of transactional analysis and its relevance in various training and managerial field.

3.7 Reflections for managers – by Brace Hyland and Merle Yost, Publisher – McGrow Hill 1994. It is an attempt to condense different facts of managerial functions in depth, idea in action and reflection. Suggests to examine perceptions as to see things in own way that is natural. The problem comes when perception does not reflect reality. To plan not just what will happen but how to make it happen. Management is truly the art of dealing with people, who are by nature imperfect.

3.8 Thick face Black heart – by Chia – Wing – Chu – by Rupa and Co. 1995. The book describes the Asian path to thriving, winning and succeeding and it aims to inspire business psyche. Opens the management education devoid of reference to religion and philosophy. The managers are reluctant to admit and acknowledge the importance of religions and philosophical thoughts in the business of management. The author addresses the most modern minds about the relevance of ancient thoughts for tackling the current day managerial problems to enable to integrate the wisdom of the old and technology of the new while formulating strategies for achieving excellence in to-days setup.

3.9 Designing a Pre screening score card for small business customers : by Vangu C. Rearson, - The Journal of Commercial Lending December 1994. States that how can branch personnel be used more effectively to solicit small business customers. The article discusses a simple Pre screening Score card based on Banks goals and underwriting standards that can be developed to assist branch
personnel in evaluating the potential credit worthiness of small business customers.


3.11 Management with Dharma all the way. By – S.L.N. Singh. Published by Institute for Financial Management and Research, Madras 1992. He is a distinguished economist worked for RBI and IMF, UN and World Bank, views that working and publishing research taking into account the environments and situations operating in the sphere of business, industry and trade is of little use in India. Management is viewed as a process of integration and emphasised the need for a solid foundation of ethical values based on Indian Concept of Dharma in all endeavours.

3.12 New Financial Instruments. By – Dr. Ian Cooper, Dr. Andrew Basin, John Donaldson and Lionel price. Published by Chartered Institute of Bankers, London 1987. Dr. Lan Coper expressed views that new financial instruments have increased competition in the supply of Banking services. Dr. Andrew examined the issues relating to balance sheet Management, Capital, Pricing, Securitization, Treasury products and relationship Banking. Mr. J. Donaldson dealt with the role of Commercial Bank as intermediate and stated that Banks must educate their customers in value of long term relationship. Lionel price deals with the basic question as to who is to regulate and who will regulate the regulators, when there is a conflict of national interest and international obligations.

3.13 Human Relations in Banking. By K.T. Verkey and V. James. Publisher – Santha Publishing House, Cochin 1989. They observed that employees of Commercial Banks have to understand the dynamics of human relations and human nature.
to respond adequately and effectively to the behaviour of a large segment of customers with whom they come into contact on day to day basis.

3.14 Customer and market driven Quality management - by Johnson A. Edosomwan. Published by Tata McGraw hill Publisher Company Ltd. 1997. The book provides practical tools, techniques, principles and guidelines to illustrate how to successfully create and manage Customer-Market driven organisations. How to integrate market driven concepts, marketing aspects of quality, statistics, productivity, human resources, change management and customer need. It also explains the what, why and hows of implementing and sustaining quality improvement of the customer needs.

3.15 Excellence Through People – The Can bank way – by N D. Prabhu C.M. and M D. Published – Konark Publisher 1991. Shree Pravu viewed that an organisation ultimately consists of people and all the objective and goals have to be achieved only through people. Therefore Management in the ultimate analysis is concerned with the management of people and as such it has been aptly said that management is the development of people. Excellence in an organisation therefore be achieved only through people who are dedicated, devoted, highly motivated and more than anything else deeply sensitized to the goals and objectives of an organization. What is needed is not expertise, Just need to want and then so do it. Enthusiasm not expertise is the requisite.

Social approaches

4.1. The complete works of Swami Vivekananda – By Swami Swarupananda, Pub. Advaita Ashrama, Calcutta – 1989 : In the light of the realisation of the Vedanta and to regenerate the mother land in time with her ancient tradition and inherent genius, Swami Vivekenanda has left behind a rich legacy for future generation. His immortal message of Vedanta : capture even a small degree his intense love for the motherland and her depressed sons. It is blows that bring out our inner fire more than praise.
4.2. Rural India in Transition, Rural sociology in India, State and Society in India – Social Background of Indian nationalism – by A.R. Desai, Popular Prokashan, Bombay – 1982. The four books are acclaimed by scholars to provide a synthetic, multisided account of the structural transformation that took place in India. These are the attempts to use the method of historical materialism for locating and assessing the specific weight of different social forces which evolved and formed the social background for present socio-economic structure of India.

4.3. Ramrajya (Hindi) – Akhil Bharatiya Bikram Parishad, Kashi, Pub. Mahabir Prokashan – Patna – 1991. Its an explanatory writing on the quoting of Tilak – “Swaraj is my birthright”. The replication of “Ramrajya” as per Balmiki to Tulshidas or Socrates to Marx which can provide plenty of product, pleasure and prosperity for the people of the country.

4.4. Economics and politics of Garibi Hatao by Ajit Roy, Pub. Naya Prokasan, Calcutta – 1973. Replicated that Government of India has been striving to achieve a reduction in poverty, but an implementation gap is frustrating their fruition. A way out is to bridge gap between the professed goal and the current practice. It has pointed out the necessity of the study of

1) The social conditions giving birth to the mass poverty.
2) The social conditions necessary for eradicating such, and
3) The prerequisite for a successful social effort for creating the conditions necessary.

The strengthening of the poverty inducing forces is inevitable and necessary product of the policies themselves. Unless the basic concepts of socio-economic structure are radically changed, neither the policies nor the implementing agencies can be adequately reformed for achieving the goal. Social justice is not an abstract but evolved out of material condition and a major reform in institutional set-up is required for equating social forces. Rural development programmes cannot be correctly formulated and implemented without a major shift in the correlation of social forces and its responsiveness to institutional set-up. The presentation over existing social
milieu leads only to social reaction. Popular mobilization behind an abstract ideal cannot sustain unless live experiences of people constantly confirms and strengthen their faith on it.

4.5. Sadhana of Service – Eknath Ranade, Publisher – Vivekenanda Kendra, Kanyakumari – 1982. The book is an excellent treatises on the art and sciences of organisation. It analyses the essentials and ideals of an organisation, and outlines the characteristics and qualities of an ideal worker. As the matter unfolds, we are taken from mere technicalities to the more rewarding and fulfilling results of discipline, dedication and surrender through which service becomes a vehicle for self unfoldment and gather to it the beauty and effectiveness of ‘Karmayoga’.

4.6. Bardhaman : Itihas ‘O’ Sanskriti (Bengali) by Joggeswar Choudhury – Pustak Bipani, Calcutta. With the help of district and Bengal Gazette and other research publications by eminent historians and scholars it is a chronological history of geography, polity, economics and culture of the Burdwan district. In order to understand the parts, we must first focus our attention upon the whole, because this whole is the field of studies which intelligible in it-self.

4.7. India by Al-Biruni. Edited by Qeyamuddin Ahmad, Pub. NBT, New Delhi – 1983. It states in eight chapters about the society, religion, philosophy, institutions, Art, Science and culture of mediaval India. It also stresses the role of the State in preserving the established social order and adds that harmony between state and religion has a statutory effect on the society. The ‘Antajas’ were reckoned of a certain craft or profession. The references to principles of taxation and the ideas regarding the division of income also deserve notice.

21st century. Sri N.P. Choubey narrated the process of impoverishment of man and environment of few during foreign particularly in British imperialism and traced the weed for searching class correlation. Prof. V.K. R.V. Rao expressed the fact that economic development has not been accompanied by structural and institutional change from imperialism that could have moved it in an egalitarian direction and secured for all its citizens a minimum tolerable level of living and opportunities and far from the aspirations. Dr. C.T. Kurien criticises the hollowness of managerial approach and attitude because the physical system is not what policymakers and official documents assume it to be. Prof. Yogendra Singh identified the most process of change in rural areas resulted from investment which has set into motion process of social restructurisation and social mobility.

4.10. Panchayati Raj from legislation to movement, by George Mathew – Pub. Concept publishing company, New Delhi. It's a study on Panchayat system in India with its enactment in different time. It analyses the role of Panchayati Raj as a catalyst for rural development and its impact over the society as change agent.


Authors emphasise that social infrastructure must take precedence over physical infrastructure and any other structural adjustment or reform programmes for rapid development to take place. It is in the rural areas that we can most effectively tackle the problems of urban poverty as well as dealing with the mass of misery. We have to go back to the villages to level off the existing dichotomy.
   b. Ancient India as described by Megasthines and Arrian – J W. MacGindle.
   c. The history and culture of Indian people – R.C. Majumdar
   d. Pilgrimage of Fahian and Yran Chwangs Travel in India – Thomas Waters.
   e. Melitery history of India – Sir Jadunath Sarkar.

   All those references are for in search of a historical study of the socio-economic evolution of the caste system and its impact over the polity and economics. In studying the cultural development of a country the importance of its historical factors can hardly be minimised. It determined to a great extent the lives and activities of the people as well as their thought and literature.

4.13. A brief introduction to Psychology by Clifford. T. Morgan, Tat McGrowhills Publication, New Delhi – 1978. The book can provide a room for study of psychological factors in human behaviour without going through in details. The perception, expectation, attitude, prejudice influence greatly over individual and group behaviour. The effect of evolution and genetics on sensory mechanism and perception as well as on personality are analysed. The social influence on behaviour for being member of a social group, and the behavioural disorder in any social context, its reaction and the process of identifying, classification and solving process of disorder are being analysed.

4.14. Organisational Behaviour : Stephen P. Robbins, Prentice Hall of India, New Delhi – 1989. It is a text book for concepts, controversies and application of organisational behaviour focusing on three levels. The individual, the group and the organisation system and defines the objectives of it as explaining and predicting form outcomes – Productivity, change, progress and satisfaction

4.15. Bunch of Thoughts – M.S. Golwalkar, Jagaran Prakasan, Bangalore. The very insertion of the book is to give an idea of creating capability of thinking over all the facts of our national life and leading the nation towards progress with their own strength. Such work is self-dependent evolving through their toils and
sacrifice. All the miseries will pass over so long as we hold on to this grandest of our inheritances, spirituality.

4.16. Management of Organizational behaviour utilizing human resources by Paul Hersey and Keneeth H. Blanchard Hall New Delhi- 1977. The authors believe that an organisation is a living organism whose basic component is the individual. The book concentrates its study on the interaction of people, motivation and leadership.

Summary of Literature Survey:

Numerous research works and articles on different aspects of rural development and rural credit regarding constraints and potentials had been made at individual efforts. All those findings have been referred while discussing the studies later on in various chapters. Several studies have been made by large numbers of working groups, committees and commissions set up at administrative outset by Govt. of India and RBI from time to time for critical analysis of the problem of rural credit.

Survey of literature on the inter-relationship on the various aspects of the study like Management, society, credit and development have been covered. For a transparent idea about constraints, potentials and complexity of our society, the literature of/on Swami Vivekenanda enlightens much. It has rightly been observed that without learning Vivekenanda one can not know India. Writings of/on great social prophet Marx and Angles had deeply sensed in having an apathy to the distressed and inspired much to conduct the research work from the demand side of credit. The paper, Social background of Indian Nationalism by A R Desai helped to find fundamentals of Indian Society and its potentials. A chronological history of socio-geographic transformation and its relevancy on economy has been drawn with reference to the studies made in India by Albiruni, India by Megasthenes, Economic History of Bengal by N. Chakroaborty, Economics and Politics of Garibi Hatao by Ajit Roy and in History of Burdwan by Sri Jogweswar Choudhury.

The second aspect of our study, the credit has been conceived with the helpful journals published by IIB, IBA, Kurukshetra and Yojona covering a period of last
twenty years To mention specifically the studies conducted by the Agro Economic Research Centre, Visva-Bharati on the problems of SF/MF of Burdwan, state the socio-economic character of the region. A thorough study of two textbooks on Indian Economy by Dwett/Verma and Datta/Sundaram enabled a knowledge base on the subject. The research paper by K.G. Karmakar, Chief General Manager NABARD about macro and micro analysis of rural credit guides much DCPs and PLPs published by LBO and DDM, NABARD, Burdwan is very much informative for credit operations by banks.

A general study of Management development strategies, models and approaches by eminent classical, new-classical and modern economists and Management Personals lead to the conclusion. Administration of Rural Development by Hoshier Singh gives us an idea on the administrative aspect of our subject. Finally the ‘Swadeshi’ viewpoint of some nationalist leaders like D.P. Tengdi, Anna Hazare, H.V.Shesadri and Eknath Ranade enlightens us toanalyse the problem with a national perspective.