

CHAPTER – III

RESEARCH DESIGN

The chapter deals with research design of the present study. This chapter includes the statement of the problem, need for the present study, objectives of the study, hypotheses framed in the study, research methodology and chapter scheme of the present study.

3.1 Statement of the Problem

Generally India continues to be primarily a rural India with nearly 70 per cent of its population seeking employment and living in the rural sector. Since the rural people were unable to meet their credit requirements from their own sources there was a need for providing timely and adequate institutional credit to small, marginal farmers. Hence the Grameen Banks came into existence. The small and marginal farmers and rural artisans find it difficult to make investment on modern inputs like high yielding varieties of seeds, chemical fertilizers, purchase of raw materials and improved machinery as they do not have sufficient funds of their own for investment purpose. Hence Grameen Banks have to extend credit for investment purpose also.

The rural fold especially weaker sections of the society including small farmers are not able to meet their day-to-day requirements from their own sources of income not to speak of investigating in other productive enterprises for improving their economic conditions. Therefore, they have to depend on various financial agencies for getting funds for making investment. To bring about the overall development in the rural areas, financial assistance (especially regional rural banks assistance) to the rural poor needs emphasis. Hence, it is high time to make an empirical evaluation of the various Grameen Banks schemes, aimed at generation of additional employment and income, and thus alleviation of the rural poverty, so that the various lacunae could be made more meaningful and be strengthened in the light of experience in the globalization regime.

3.2 Need for the Present Study

The basic aim of Grameen Banks is to provide credit and other facilities especially to the small and marginal formers, agricultural labourers and other under privileged people in the rural areas through the generation of income and employment opportunities, Cauvery Grameena Bank was setup in October 2nd 1976 under Grameen Banks Act 1976. The primary objective of the Bank is to provide financial assistance to the priority sector such as small and marginal formers, landless labourers, tenant formers, share croppers, scheduled caste, scheduled tribes, rural artisans, petty shop keepers, and self employed persons. This study is an attempt at evaluating the performance of Cauvery Grameena Bank (CGB) in terms of branch expansion, deposit mobilization, recovery performance and utilization of credit provided to the agriculture sector. The Grameen Banks has completed 30 years of purposeful existence; it is the right time to evaluate in depth the working and performance of Bank, in meeting the credit needs of the agricultural sector development.

3.3 Objectives of the Study

The study is mainly based on the following objectives:

1. To study the progress of Regional Rural Banks in India.
2. To examine the origin and growth of Grameen Banks in the state of Karnataka.
3. To study the role of Grameen Banks in agricultural development.
4. To assess the effectiveness of various schemes adopted by the Cauvery Grameena Bank for the development of farming community in Mysore district.

3.4 Hypotheses of the Study

The following hypotheses have been framed in the study

1. Cauvery Grameena Bank credit has made positive impact on agricultural income of farmers
2. Cauvery Bank loan has made positive impact on household expenditure of credit respondents.
3. The repayment performance of non-farm borrowers is better than farm borrowers.

3.5 Research Methodology and Sources of Data

The present study was based on both secondary and primary data. The primary data was collected from the 350 respondents from the Mysore District-study area. The secondary data was collected from various publications of NABARD and RBI, Government of India, Department of Economics and Statistics, Karnataka, State Level Bankers Committee, Bangalore, Cauvery Grameena Bank, District Statistical Office, Mysore District. Some unpublished data were also collected from the above institutions at the district level. Data was also collected from different source which includes books, periodicals, journals and internet browsing.

The different sources of information for the study are following:

1. Interviews with Respondents: The major source of information for the study was the personal interviews of the borrowers with a pre-tested comprehensive schedule. The schedule was structured to cover information pertaining to family particulars, bank loans, economics of activities financed and levels of living of the borrowers. Information relating to the periods before and after the loans was collected from the 350 borrowers selected for the study.
2. Bank Records: Bank's records pertaining to the selected activities and

the selected borrowers at the branches were also persuading to collect the necessary information on sanction, disbursal, repayment etc., of the loans.

3.6 Reference Period for the Study

The primary data for the study have been collected from the respondents for two time periods viz., pre-loan period, referring to the period of 2011-12 immediately preceding the sanction of loans and post-loan period referring to the year which ended on the March 2012. The secondary data for the study was collected from the year 2001-02 to 2012-13.

3.7 Limitations of the Study

The present study pertains to only a particular district that is Mysore district. As such the study is region specific and generalizations are too limited to other districts of the state. Further, it should be pointed out that non-institutional finance still owns up an important share in the credit advanced to agriculture sector by the Grameen Banks. The present study limits itself only to the analysis of Grameen Banks credit which itself forms a limitation.

3.8 Chapter Scheme of the Study

The study is presented in seven chapters; following is the chapter scheme of the study:

Chapter – I Introduction: The first chapter deals with introduction of the study, history of rural banking in World and evolution of regional rural banks in India.

Chapter – II Theoretical Framework and Review of Literature: The second chapter deals with review of the previous studies concerned to subject matter. In this chapter a brief review of research studies conducted by individual researchers and research institutions on agriculture sector and institutional credit in India and also in Karnataka State, finally research gaps are also

identified.

Chapter – III Research Design: The third chapter deals with research design of the present study. This chapter includes the statement of the problem, need for the present study, objectives of the study, hypotheses framed in the study, research methodology and chapter scheme of the present study.

Chapter – IV Growth of Regional Rural Banks in India – An Overview: Fourth chapter is on the growth and performance of Regional Rural Banks in India, it gives an overview of the branch expansion, deposit mobilization and agricultural credit performance of the Grameen Banks.

Chapter – V Performance of Regional Rural Banks in Karnataka – An Analysis: This chapter covers, performance evaluation of the Grameen Banks in Karnataka, in terms of branch expansion, deposit mobilization, agricultural credit etc.

Chapter – VI Socio Economic Development of Farming Community – A Case Study of Mysore District: Chapter sixth deals with socio-economic profile of the study area – Mysore district, covering geographical conditions, occupational structure, banking activities and performance of Cauvery Grameena Bank in Mysore district and its financial assistance to various sectors in the district economy. The case study analysis has been presented in this chapter. Hence this chapter is considered as core chapter of the study.

Chapter – VII Summary of Major Findings of the Study and Suggestions: The last chapter sets out a summary and presents the conclusions of the study. It also attempts the suggestions about the better performance of Grameen Banks in general and Cauvery Grameena Bank in particular.