CHAPTER V

THE DRDS - SYSTEM OF LINKAGES
(DHARWAD AND KOLAR DISTRICTS)
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Every organisation has to maintain certain links with other organisations and the environment in its functioning. This is essential for its effective working. Links are necessary for integrating the organisation with its work units. Links among work units are the main streams of organisation: channels of information, authority, work-flow and personnel mobility. Linkages provide support to organisations in many ways. In essence, linkage systems are crucial to stability. Linkages are coordinating factors in an organisation which has to deal with multifarious functional agencies. In this sense, the new organisation like the DRDS has to maintain various types of linkages for its successful implementation of its goals.

The study of linkages in the DRDS assumes critical significance in view of its aims and nature of exercises it undertakes to ameliorate the critical problems of the rural poor. The aim of DRDS is to see that rural development takes place seeking co-operation of various governmental agencies, local bodies and also numerous financial institutions. Financial institutions like nationalised banks, regional rural banks, co-operative banks and societies, land banks, and unscheduled banks are taken into confidence for furthering the cause of the rural poor. The institution of DRDS is entrusted with the responsibility of dealing with various agencies mentioned above in the
implementing process which is basically aimed at providing various kinds of assistance and services to the most vulnerable sections of the rural society. In this context the DRDS has to establish and maintain an effective and viable linkage for realising its enshrined objectives.

Institutions operating in the field of rural development must function as an 'open system' to establish effective linkages for obtaining needed input support and structure meant for output usage. In the study of linkages the focus should be on three aspects. Firstly, whether all important units of work operating are linked or not. The Sixth Five Year Plan emphasised that an unambiguous organisational arrangement for making available the needed support from various concerned departments was essential and hence must be clearly spelt out.

Secondly, the nature of control established through linkages should be focussed. Thirdly, the coordinating mechanism for linking all the units should be analysed. How inter-departmental co-operation is ensured and what is the coordination mechanism adopted must be studied and analysed. It also should touch upon such aspects as the improvement of linkage system to ensure control in intra and inter-organisations. The analysis of the linkage mechanism should commence with the identification of crucial structures, the units in an organisational setting. In the DRDS organisational structure, the following are the crucial work units

1. The DRDS-Executive wing at the district level
2. The B D.O.
3. The V.L.W.
4. The Village Accountant.
5. The Block Level Developmental Functionary for each development sector
6. Field level financing institutions.
7. The beneficiary.

The above identified work units are vital for the successful implementation of DRDS objectives. The DRDS has to establish effective linkages with other units. The linkages of DRDS with the vital work units is diagrammatically represented as follows in Fig.1.

**FIG.1: LINKAGES OF DRDS WITH WORK UNITS**

**FI** = Financing Institutions  
**B** = Beneficiary  
**VLW** = Village Level Worker  
**IDL** = Indirect Linkage  
**DL** = Direct Linkage  
**NL** = No Linkage  
**BDO** = Block Development Officer
Block Development Officer (BDO):

The block level development officer is an important functionary in the DRDS organisational structure. He is the man responsible for getting the work done by the village level worker. He has to identify target groups and coordinate all the functionaries at block level. The B.D.O. is the link functionary in utilising block level functional agents of various government departments; thus he performs an integrative role in rural development process. In a way the success of DRDS depends upon this crucial functionary. A direct link has been established between the DRDS and the BDO, since the BDO's work directly under the Deputy Commissioner who is also the Chairman of the DRDS. However, the BDO is not solely concerned with the DRDS work. The DRDS work is just a part of his normal work. However, it is found that the existing block organisation is very weak and lacks any effective linkages with other functional units. The block organisation, occupying a strategic position at the block level for implementation of numerous rural development schemes, has become a weak link in the administrative structure owing to its transformation in its set up.

Village Level Worker (V.L.W):

The village level worker is a basic field-level worker whose main duty is to identify the target groups and appraise the target group about the facilities available. He should assist the beneficiary in availing
benefits and thereafter supervise the beneficiary on how he utilises the benefits. Hence, the V L W is linked with the beneficiary from identifying till the follow up of the benefits are availed of. He is a link between the beneficiary and the B D O. He is an immediate officer to the target group. But the link between the V.L.W. and the DRDS is weak i.e., indirect. He works under the B.D.O. He is also a multifarious worker engaged in all development activity at village level. He is not solely meant for the DRDS work.

Village Accountant (V.A):

The village accountant (VA) is a basic functionary in the identification of beneficiaries. The VA maintains the village records. Village records are of three types, Pani or Pahani, Patta and Khata. The 'Pani or Pahani' is a title in respect of land under cultivation of any person, may be a farmer, and owner or mortgagee. This record also gives a picture of the crops grown in a particular area. The second record is Patta, deals with the extent of land held by a particular villager and the land revenue paid. The third record Khata is a record of transfer of land from one person to another. These three records are of utmost necessity for identifying the beneficiary. Because on the basis of land held by a particular person, he will be categorised into small, marginal farmer and if a man has no land, he is categorised as an agricultural labour. Without the help of this functionary, the identification of genuine beneficiaries is not at all possible. That is
why the V.As are asked to attend the Gram Sabha meetings in the identification process. Sometimes they attend sometimes they don't. In his absence the Gram Sabha meetings will be conducted and later the record of rights of identified beneficiaries are verified from the village accountant before sanctioning the lan.

Secondly, the VA has to issue a certificate to the proposed beneficiaries on the basis of above records. Without these certificates the applications are incomplete. Everyone from the V/LW to the financing institutions insists on these certificates. If the VA delay in issuing these certificates the processing of applications will be delayed, ultimately the farmer may lose the benefits. Hence, it may be said here that the whole programme is under the grip of this official.

Unfortunately the link between the DRDS and this vital functionary is not there. Even with the block staff and the VA, the links are not established properly. Since he is a revenue official, he is fully involved in revenue matters. The development matters are not given due attention. Moreover, he is under the administrative control of Tahsildar who is not involved in the IRDP implementation directly.

Block Level Development Functionary For Each Development Sector:

All the development departments have block level development officers. Their main duty with regard to the DRDS is to render technical guidance and advise. The B D.O. is supposed to coordinate these
functionaries. Unfortunately, there is no link between the DRDS and these functionaries. Whatever orders have to come they have to come from their functional head in the district. Absolutely there is no link between them and the DRDS. For instance, the Assistant Director of Agriculture is the field level functionary for implementing agriculture schemes at the block level. The DRDS has neither direct nor indirect link with these development functionaries. All instructions and orders are channelled through their functional head at the district level i.e., Principal Agriculture Officer.

**Financing Institutions:**

The financing institutions at field-level play an important role. It is because these are the institutions which supply credit to the beneficiaries. The main component of assistance comes from these institutions. But the DRDS has no link with these institutions. Whatever the link has to be established, it is only through their divisional/regional/controlling offices located at district headquarters. For instance, a few financing institutions like banks failed to cooperate in implementing DRDS schemes. In the coordination committee such matters were initiated and decided to discuss the issue with the higher controlling officers.

**The Beneficiary:**

The agencies of Government providing extension information, marketing, credit and such other services can be effective only by
linking with rural people and inducing to use them. Linkages with the beneficiary are vital because these determine the success or failure of development schemes meant for them. The links with individual beneficiaries are established and maintained in three stages:

(a) Potential clients;
(b) Participating clients; and
(c) Alumni clients.

In case of DRDS all the three types of clients are at village level. The potential clients are known only after the household survey in the villages. Since, the household survey is done on an ad hoc basis, there is no direct link between the DRDS and the potential beneficiary. The household survey is conducted under the supervision of B.D.O. The household survey is made either by VLW and a few assistants or in some case by some research institutions.

The participating clients are the real or actual beneficiaries who have taken assistance from the DRDS. Here also the DRDS is not directly linked since the immediate functionary to participating clients is VLW. The VLW is not under the direct control of DRDS.

The alumni clients are the one who have taken the assistance of DRDS in the preceding years. The alumni clients are mostly in touch with the financing institutions, this is because of recovery of credit
advanced. The DRDS role in the recovery process is marginal and hence the links with the alumni clients is also not established effectively. In view of lack of follow-up and monitoring the links with DRDS and alumni clients are not created.

The link with all the three kinds of beneficiary group is established through B.D.O. and financing institutions. It is a chain link.

1. DRDS ——— BDO ————VLW ————Beneficiary
2. DRDS ——— Financing Institution ————Beneficiary

Both the B.D.O and the financing institutions are input units in the DRDS organisational setting. The analysis of linkage should focus on the linkage system of these two also

FIG.2: LINKAGES OF BDO WITH OTHER CRUCIAL WORK UNITS
These two figures (Figs. 2 and 3) show that the block level development functionary has no link with either B.D.O. or financing institutions. These functionaries implement schemes in their respective sectors. For instance, the horticulture, fisheries, sericulture schemes are implemented by these block level functionaries in their respective sectors. Hence, this will have its influence on the working of the DRDS.

Secondly, the financing institutions have indirect linkage with the VLW, the vital functionary. The VLW is the link between the beneficiaries and others.
The above description linkages of DRDS with its key components reveal that it has failed to establish meaningful and effective linkages with key functionaries and institutions. First of all, it has no direct link with the target group. Under such circumstances its boundary control function is diluted in a considerable manner. Organisations like DRDS have to sell its outputs in terms of various schemes meant for the rurally downtrodden. In order to establish its institutional legitimacy with the outside world, it must have such meaningful linkages. But unfortunately it does not have. In the second instance, the DRDS has no direct link with field level executive staff, financing institutions and the crucial functionary, the village accountant. These are the core elements in the DRDS input structure. But the DRDS has no linkage with these components which supply the much-needed inputs. The lack of effective linkages is the result of bureaucratic patterns of organisation and behaviour on the part of incumbents. A failure to recognise the relations with other requisite segments will necessarily impede effective development administration.

**Controls:**

The other aspect of linkages is the controls. The control can be viewed at two levels. Firstly, control can be viewed as making of decisions and taking of actions required by the responsibilities of each position i.e., the proper performance of each executive according to the requirements of his position. Secondly control means action - action to
correct a condition of error, or action to prevent such a condition from arising -- and is never achieved without having action as an essential step.

In the DRDS organisational setting all the implementing staff is under their respective functional heads. All the block level development functional heads. All the block level development functionaries are the implementing officers. Their field-level staff is the real implementor. Since the DRDS does not have its own field level functionary to implement its schemes through the various field level functionaries, the field level functionaries of agriculture, animal husbandry, sericulture, industries, fisheries and like are the implementors of DRDS scheme. Along with these the BDO, his Extension Team and VLW are the chief executors and coordinators. The field level development functionaries work under the direct control of their functional head at block/taluk level who in turn is controlled by their functional head at district level. Whatever control is initiated, it is mostly through the functional head in the district.

The DRDS has failed to evolve horizontal linkages at field level and there are too many parallel and vertical lines of control. Hence, the block level development officers for various sectors like agriculture, sericulture etc. are to be controlled through their functional head who is a member of the Governing body of the DRDS and implementing officer for their respective sector schemes.
The block agency which has principal responsibility of implementing numerous DRDS schemes is not directly under the control of DRDS. This has at times created problems in effective execution of development schemes.\(^\text{18}\) Hence it is felt that the BDO and his staff should be brought under the direct control of the DRDS.\(^\text{19}\)

Partially the DRDS controls the Extension Officers of BDO and VLW through BDO who is directly under the Deputy Commissioner who is the Chairman of DRDS. The BDOs are controlled by the Project Director through writing of confidential reports.

The financing institutions like banks are outside the State government structure. They are not under the direct control of DRDS. But DRDS controls at two level. Firstly, the regional/divisional heads at district level are representatives in the governing body of the DRDS. The control with regard to operational issues are tasked here. Along with this, various coordinating committees at district and block level provide an opportunity for control. Secondly, the heads of various banks are represented in the State level coordination committee (SLCC). The DRDS can initiate controls through this too. But this control operates only on policy matters.

As regards the cooperative society, the DRDS exercises its control through the functional head at district i.e., Deputy Registrar of Co-operative Societies. At block level it is through the Assistant Registrar of Co-operative Societies that the control is exercised. Some
times the help of the Joint Registrar of Co-operative Societies is sought for exercising control.

The Lead Bank schemes envisaged that all the commercial and regional rural banks are brought under its directions and guidance. This is essential since the implementation of District Credit Plan (IRDP is one of the components of DCP) mainly vests with these financial institutions and such operation is directed by the lead bank. In this operation, the lead bank shall have proper control over the financial institutions, which are spread over the entire district. However, it is found that the lead bank could not effectively exercise its direction in view of inadequate controls. Such trends are visible in other areas too and thus it is a general phenomenon. It is obvious that lead bank offices had no direct linkages with individual branches and hence they could not exercise control to ensure financial discipline at the branch level. This is because District Credit Plans, most of the time were prepared without sincere consultation with the individual banks and targets were imposed on them.  

The process of control involves -

a) Establishing standards,
b) Checking or measuring performance against the established standards,
c) Taking corrective action when and where deviations from the standards occur, and
d) Making sure recommended corrective actions are followed through.

In the DRDS as regards the first item, the targets are fixed for various functionaries well in advance. This is nothing but establishing standards. The achievements with regard to target are measured and checked at the governing body meetings where the review of progress of implementation is discussed thoroughly. In the same meeting corrective actions are recommended or set wherever deviations are noticed. In subsequent meetings it is followed up so that recommended corrective actions are incorporated.

Many tools are employed as control devices. One such device is the budget. Control is assured through the power of allocation of money. The control involves ascertaining expenditures over time as measured against planned estimate. In DRDS too in monthly reviews and other coordination committees meetings the expenditure in particular sector and area are ascertained and if there is any lag, proper measures are suggested.

**Inter-Departmental Co-operation:**

The rural development administration is characterised by the fragmentation of field administration, ineffective and spurious decentralisation and proliferation of special agencies. At the field level multiplicity of functional departments are in operation for the common
cause of rural development. The whole bureaucratic organisation is designed into a departmental pattern. For instance, the governmental bureaucracy split into various departments like home, education, revenue, agriculture, animal husbandry, fisheries, co-operation, forest, industries and so on. The net result is that functional insularity is reinforced by departmental verticalism. The situation necessarily throws up problems leading to conflict and tension thereby hampering the effective implementation of schemes meant for rural populace. In this process the problem of coordination assumes greater significance. In case of DRDS, it has to rely on various development departments for executing its schemes. This is because it has no executive staff of its own. Thus the strategic organisation like the DRDS must be competent at net working vis-a-vis other organisations on which it is dependent for mission accomplishment but over which it has often no formal control. Under such conditions ensuring co-operation of various departments and other agencies is of utmost importance. For instance, fisheries schemes involve the Department of Fisheries, P.W.D. and of course, financing institutions. Without co-operation of P.W.D. and other departments, Fisheries department cannot implement its schemes. To know to what extent other departments co-operate, a query was asked.

**Question:** Do you get the necessary co-operation from other departments?

Responses are presented in Table-5.1 as follows:
### TABLE - 5.1

Co-operation From The Departments

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>II DE</th>
<th>III BE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>13</td>
<td>36</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>NA</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27</td>
<td>19</td>
<td>46</td>
</tr>
</tbody>
</table>

The above table shows that majority (78.2%) feel that they get the necessary co-operation from other departments. This is indeed a good augury given the lack of coordination in the bureaucratic type.

Apart from Government departments, the DRDS has to deal with voluntary organisations in implementing its schemes. For instance, it has to deal with the Mahila Mandals, Youth Clubs and other agencies. Here the DRDS and other departments require co-operation from voluntary organisations. A question was asked to elicit the extent of co-operation of voluntary organisations.
**Question:** Do you get necessary co-operation from voluntary organisations?

Answer are presented in the following table - 5.2 below:

**TABLE - 5.2**

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>II DE</th>
<th>III BE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nos.</td>
<td>%</td>
<td>Nos.</td>
</tr>
<tr>
<td>Yes</td>
<td>22</td>
<td>81.5</td>
<td>18</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>18.5</td>
<td>-</td>
</tr>
<tr>
<td>NA</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td></td>
<td>19</td>
</tr>
</tbody>
</table>

A significant majority (87.5%) of respondents opined that they get necessary co-operation from the voluntary organisations. In an informal interview, officials gave the same opinion.

In spite of these positive opinions there were problems of non-co-operation of officials. This was noted in various meetings. One of the proceedings of DLRM States that "... desired co-operation is not forthcoming from the Block Development Officer in the matter of identification of beneficiaries and purchases..." This was the complaint of bankers, while government officials too complained about the non
co-operation of banks. It is stated that ".. State Bank of India, Navalgund branch is not co-operating to advance loan under IRDP and it was reported that biogas applications were pending from last 11 months and 54 SC applications are pending from last one month.." 24 Such complaints regarding non-co-operation of banks were even made by other officials like the Assistant Commissioner and B.D Os. 25 This is because of departmentalism in Indian administration, which is more pronounced in rural development. The notion of 'departmentalism' stands for separatist and disintegrating tendency which arise out of an excessive and misplaced allegiance to a department. 26 Members of a department consider departments as an end in themselves, forgetting that they are intrinsic units in an overall development administration shouldering the responsibility of realising the goals of rural upliftment and social transformation. In order to overcome this type of departmental insularity and ensuring effective control, coordination as a device should be meaningfully employed. Co-ordination ensures some degree of control and it does mean a certain amount of subordination of the agencies whose work is being coordinated. 27

Co-ordination Mechanism:

Every organisation must have a coordination mechanism through which operational bottlenecks in administration can be resolved. Coordination of various developmental activities is imperative for bureaucracy, otherwise there would be no linkages between various
developmental activities. In rural development administration, coordination mechanism assumes vital importance because administration of rural development involves a number of development agencies and functionaries. Hence, co-ordination mechanism in rural development administration plays a crucial role in determining the success of any programme, project or scheme.

Coordination in administration is effected through various mechanisms and instruments. One such mechanism is the committee. In essence, a committee is composed of a number of individuals to discuss and recommend on certain specific issues assigned to it. It will be assisting and helping the larger group or body in taking decisions.

The system of committees offers the best way to achieve coordination in administration, particularly in rural development administration. This is because the system of committees has a number of advantages. Group deliberations and judgement is far better and rational over one man's judgement. The maxim 'two heads are better than one' fully holds good with regard to committees. In order to avoid delegation of too much authority to a single individual which may become disastrous, the committee provides a safer instrument for such a kind of delegation. The committee also facilitates representation of interest group, thus, widening the base. Since a committee involves all the concerned, it provides a forum for effective transmission of information. Committees ensure participation by the actual executors of decisions and thus
motivate towards greater efficiency and output. In spite of these advantages, a committee suffers from maladies such as high cost in time and money, compromised judgement, minority tyranny and indecision, etc.

The committees are classified into line or staff and formal or informal. The line committee is used in affecting the subordinates' tasks, whereas staff committees are mainly advisory in nature. Likewise, if a committee is a part of organizational structure, it is formal, while a committee organized without proper delegation of power is informal. In the DRDS work mechanism, committees mostly are of line in nature. In the DRDS, too, various committees are constituted for coordinating activities of different departments and schemes. The committees facilitate controlling of the implementation of rural development schemes. Committees in DRDS offer an effective forum for monitoring the implementation of schemes.

At the district level, the governing body of DRDS acts as a coordinating machinery. Because it consists of district level functionaries, all the heads of development department who are in an ex-officio capacity, implementing officers of the DRDS programme. Moreover, the Deputy Commissioner acting in an ex-officio capacity as the Chairman of DRDS acts as a Chief Co-ordinator. In this way, the DRDS itself plays a catalytic role, thereby performing the work of a coordinating machinery.
Apart from the governing body of the DRDS, there are other coordinating committees in which the problems of coordination are identified and diagnosed. At the district level there are three such committees: Firstly, District Level Review Meeting/committee (DLRM), Secondly, District Consultative Committee (DCC), and thirdly, standing committee of the DCC are the three committee meant for coordination of various schemes implemented by the DRDS and other agencies. Mary P. Follett is of the opinion that effective coordination demands direct personal contact of the responsible people concerned. This is what the above three committees ensure through the direct contact of concerned executive officers.

Another way is to link together the concerned organisations by making them participate in decision-making, planning and implementation. This too is facilitated by these three committees of the DRDS and the Lead Banks.

The DLRM consists of all district level development officers and officers of all banks and other financing institutions. It has the Deputy Commissioner as the Chairman and Lead Bank Manager as the convenor. It meets twice a year, usually in June and December. The DLRM has the following functions to perform:

1. Review of the Performance of Banks during previous year Annual Action Plan; and
2. Formulation of Annual Action Plan for Next Year
The performance is reviewed on bankwise and sectorwise for the district as a whole. For instance, the proceedings of Kolar DLRM notes, "Bank of Baroda, Central Bank of India, Dena Bank, Karnataka Bank Ltd, and Karur Vysya Bank Ltd, who were slightly behind as on June expressed optimism that despite constraints they were doing their best and their performance when reviewed as on December, 1984 would be much better. Going through the sectorwise performance it was found that under sericulture, R and C Industries and Housing Loans to weaker sections the performance is very poor."\(^{32}\)

For preparing the Annual Action Plan the meeting divides itself into groups and formulates the plan. Usually, groups are divided into agriculture, industries, service and business and lastly, IRDP and other Government sponsored programmes. Each group formulates a plan for its sector and later it will be incorporated into a single Annual Action plan.

As regards the coordination, while preparing the Annual Action Plan itself some of the problems are sorted out. For instance, the proceedings of the Kolar DLRM observes, "The group that discussed agriculture placed on record that unless a Geo-physicist is made available at the district level the targets of 300 borewells for the district cannot be achieved. Alternatively the group suggested that the Geologist available at DRDS and KSLD Bank Ltd., should be recognised by the Government by all purpose."\(^{33}\) In another instance it is recorded that "The BDO and the Tahasildar should make a joint visit with the bankers whenever they visit the villages financed by the bankers. Their joint visit will
definitely create an awareness in the minds of the villagers which will ultimately lead to the recovery. In particular whenever there is a bumper crop, these visits have to be intensified. The BDO's jeep can be made use for such visits. The clear-cut instructions from the Deputy Commissioner should be issued to the Block Officials based on RBI guidelines. What is more important is such instructions have to be monitored for their adoption by the Block Officials."

The District Consultative Committee (DCC) is another forum for banks and Government agencies to seek solutions to problems arising in developmental activities under the Lead Bank Scheme. The DCC are made compact, comprising 20-25 members with the Deputy Commissioner as a Chairman and the Lead Bank Officer as a Convenor. The membership includes Lead district officers, District Planning Officer, representatives of NABARD, District Central Co-operative Bank, State Land Development Bank, 5-6 Commercial Banks, DRDS, DIC and 5-6 Government departments such as agriculture, animal husbandry, minor irrigation, co-operative, industries and so on. It meets once in three months. The functions of DCC are:

1. Identify potential for bankable schemes and formulate such schemes for inclusion in District Credit Plan (DCP) Annual Action Plan (AAP)

2. Finalise DCP/AAP/IRDP block plan.
3. Allocate shares in DCP/AAP outlays.

4. Monitor overall progress in physical and financial terms of the implementation of AAP, IRDP, 20 point programmes etc.

5. Review/Monitor the support forthcoming from Government departments

6. Identify problems/bottlenecks in provision of credit as also of infrastructure, inputs etc, and take steps to overcome these.

7. Review bankwise position of credit disbursement under AAP, IRDP, etc

8. Review the progress in disposal of loan applications and ensure that applications are sent in a phased manner and not bunched in the last quarter of the financing year.


10. Monitor the recovery position of financial agencies and render necessary help for recovery

11. Take up with State Government/SLCC/SLBC issues which cannot be tackled at district level and ensure proper follow-up
12. Consider security arrangements and other infrastructural facilities for rural branches.

13. Identify unbanked centres for opening of branches and review the progress of opening of branches thereafter.

14. Evaluate the ground level implementation of various schemes and benefits accruing thereunder to the identified beneficiaries.

In DCC, decisions of the standing committee of DCC are discussed and actions are initiated. Its other agenda includes implementation of the District Credit Plan, Annual Action Plan, recovery position, government sponsored schemes, district industries and commerce activities and branch expansion. The District Credit Plan of the Lead bank provides three way linkages as follows:

(a) Banks lending for priority sector activities on the one hand and Government subsidy programmes for such activities on the other.

(b) Banks lending under DCP's independently of Government subsidy programmes on the one hand and their overall commitment for priority sector/sub-sector lendings as part of their corporate plans of the other.
(c) Government programmes for providing infrastructure support on the one hand and bank lending which require such support for ensuring their viability on the other.

It is therefore evident that the DCP ensures linkages with programmes of different dimensions and objectives. In this the overall development of the district including the thrust areas like the backward areas and rural poor are accorded prime place. Devoid of such linkages, the programmes are insulated and thus may not serve the broader purpose of rural development. The District Credit Plan, too, suffers from defects. The working group revealed that the DCP had given less attention to backward areas and the scheme had not penetrated deeply into the rural areas. The result is that credit is flowing mostly to urban areas. Under government sponsored schemes the DCC discusses the IRDP and other schemes implemented by the DRDS. For instance, it is observed in the proceedings of DCC:

"(a) IRDP - DRDS placed before the committee the progress report as on October, 1984. From the progress it was observed that only 942 beneficiaries have been assisted so far against the target of 8,768 beneficiaries. Special Deputy Commissioner expressed his deep concern over the achievement with only 4 months left behind for the completion of IRDP year 1984-85. He said that as on today Kolar district occupies 17th place in respect of IRDP implementation. The Committee felt that this poor reflection of achievement in the records may be due to the following two reasons:
1) Actual non-performance,

2) Non-submission of subsidy bills to DRDS inspite of performance

Special Deputy Commissioner appealed to the District Coordinators and controlling officers to advise their branches to speed up implementation and also to submit the subsidy bills in respect of all the purchases made so far to their respective principal branches so that the actual performance will come to the records of DRDS.

The problems in implementation are discussed and sorted out in the DCC meetings. Also coordination problems are discussed and the way for smooth implementation of the scheme is made in the DCC meetings. It is recorded in one of the DCC meetings: "It was reported that 77 SCs and 320 other applications are pending at Vysya Bank, Motebennur, and also are not coming for usual advance to economically backward people. So the house requested the Lead District Officer and RBI to take up the matter with their Lead Officer and dispose the pending claims". It is further observed:

"It was reported by the Assistant Commissioner, Savanur that financing institutions situated under his jurisdiction are not coming forward to advance IRDP loans. The higher authorities of the financing institutions agreed to look into the matter and to guide the branches properly."
The Standing Committee (sometimes it is also called sub-committee) of the DCC is constituted to take action and supervise the implementation of development schemes. Since the DCC meets once in three months, there is need for an agency to perform its function regularly during its absence. It meets once in a month. It is chaired by the Deputy Commissioner, and has its members like the Chief Executive of DRDS, Lead Bank Officer, Lead District Officer of RBI, a representative of NABARD, a few bank managers who have a large share in IRDP lending. Also, a few district level development officers are associated as members. For instance, District Planning Officer, Principal Agriculture Officer and Deputy Registrar of Co-operative Societies are members of this committee. The functions of this committee are:

1. Review of ongoing schemes,
2. Discussion on feasibility of introducing new schemes, and
3. Any problem faced by banker/officer in implementation

In short, this committee monitors the IRDP implementation at district level. It reviews sectorwise implementation of various schemes of DRDS. The problems are identified and discussed and wherever possible they are resolved. Otherwise, they are kept pending for discussion in DCC meetings or DLRM or with the State government. In one of the meetings, the banker placed grievances as follows: "(i) Sudden flow of a large number of proposals irrespective of their target allocated, (ii) BDOs are violating the norms in sponsoring applications. They may sponsor only
10% to 15% more applications than the allocated targets (iii) BDOs are sending the IRDP proposals through the hands of the beneficiary (iv) Recommending for large amount irrespective of requirements. The Special Deputy Commissioner is requested to advise all the BDOs suitably to desist from this practice and if the DRDS has already advised the BDOs they are requested to remind them once again for the smooth implementation of IRDP in the District "

In another meeting it is observed that: "The Project Director DRDS said that the amount of subsidy allotted to banks is still pending which denotes that assets are not created He therefore, requested the bankers to create assets early and not to give room for suspicion He informed the house that Bankers are not reporting correctly to DRDS regarding the use of subsidy Bankers are expected to send IRDP statement promptly to BDOs under copy to DRDS and lead Banks"

The Kolar exercise in this regard records that: "IRDP Monitoring: While the achievement under IRDP is around 5,000 Special Deputy Commissioner desired that bankers should concentrate more on ISB component so that not only the target under IRDP is achieved but also the ranking under KDP is improved The coordinators and the regional controlling officers were also requested to write to their branches for completing the target and sending the claim forms well before March end. DIC was asked to closely monitor regarding ISB loans"
The taluka level coordinating machinery is the Taluka level consultative committee (TLCC). The government by its various orders constituted the Taluka Level Consultative Committee. It is renamed as Block Level Coordination Committee for Institutional Finance (BLCC). The Committee is headed by the Assistant Commissioner of a sub-division. The BDO is a member-secretary of the BLCC. The Committee comprises of Tahasildar, Assistant Director of Agriculture, Assistant Director of Industries, Assistant Director of Animal Husbandry and Veterinary Services, Assistant Registrar of Co-operative Societies, Assistant Engineer K E.B, branch managers of various financing institutions as members. One non-official member is nominated by the Deputy Commissioner. The local M.L A is also associated in an ex-officio capacity. BLCC meets once in a month to perform following functions.

1. Identification of beneficiaries under IRDP/TRYSEM
2. Flow and disposal of applications and reasons for rejection,
3. Review of advance made under institutional credit programme and problems faced in implementation,
4. Verification of assets created out of institutional credit programme,
5. Review of implementation of credit plan and targets and achievements of various branches under different schemes,
6. Review of recovery of bank advances and to give suitable assistance as necessary,
7. To deliberate on any other subject suggested by financing agencies and departments.
In order to make BLCC effective certain guidelines are also issued. For instance it says that invitees should not be invited to meetings regularly unless a specific problem concerning them is there. Secondly, failure to attend meetings without sufficient cause would be viewed seriously. Thirdly, Project Director, Liaison Officer and Lead District Manager may also participate to view the functioning of the committee.

Functionally speaking in BLCC problems of implementing agencies and departments were brought, discussed and sorted out. For instance, in one of the meetings, it is observed. "The representative of Syndicate Bank stated that as per norms prescribed by the bank they insist for encumbrance certificate of the past 25 years. The Chairman has suggested to move the matter to the Head Office for relaxing the period of encumbrance".

In another instance it is recorded: "The Assistant Executive Engineer, K.E.B. states that the applications in respect of irrigation wells should be accompanied by postal order and further requests to send the list of beneficiaries immediately.".

The interaction of development functionaries in various district and block level committees suggests that a sort of accountability of officials assigned work is ensured. These committees facilitated the mechanism of accountability thereby the control of the course of rural development particularly poverty eradication exercises. The interaction is to help the
development functionaries to rectify their errors and overcome the practical difficulties. This is facilitated by what J S Mill called the collective wisdom of the committees. Hence the committee system offers to be a boon to the officials. It does good to officials who have to act with great care because they have to explain and justify their actions before committees consisting of different interests and capacities.

The above description of the system of linkages and control shows that the DRDS has very weak links with the crucial units like financing institutions, VLW and block level development functionaries. The DRDS has no direct links with the beneficiary at all. This obviously affects the outcome of an organisation. The linkages of crucial units such as BDO and financing institutions have too weak links especially with functional field level officers of various departments. The weak linkage and control is due to lack of field staff in DRDS organisation. The DRDS has no staff of its own either at block or village level. Secondly, the DRDS has to rely on the block level development staff for each sector for implementing various schemes. Already the development departments such as fisheries, sericulture and others are having their own departmental schemes. Under such conditions they cannot take up effectively the DRDS schemes which are outside their departmental work. Here in comes the role of coordination. The existing coordination mechanism devised is a well-knit machine. But the coordinating committees have mostly become the bankers committees discussing mainly on branch expansion, recovery and implementation of Annual Action Plan of banks. The scope of these
committees should be slightly broadened to include the problems of government departments and development functionaries. This obviously helps in achieving the goals of both banks and government departments and DRDS.

The various committees meant for coordination ensure coordination through the following machinism. Firstly, it facilitates mutual consultation in order to avoid duplication, overlapping of coverage. Secondly, interlocking mutually complementary aspect of administration of programmes along parallel, joint or common lines. The DRDS, block organisation, and the financial institutions are inter-locked in administration of DRDS schemes like IRDP. Lastly, entrusting the auxiliary and ancillary aspects of rural development administration to appropriate agencies to execute them on a specialised basis. The DRDS enlists the support of various vocational training institutes and entrusts them with execution of TRYSEM schemes. The TRYSEM scheme aims at imparting training to rural youth leading to self-employment.

In the examination of linkages it is rather necessary to look into the role of intermediary organisation in the implementation of rural development schemes and projects. Intermediary organisations are those who lie outside the usual government bureaucratic organisation or departments. In case of DRDS, two such organisations assume crucial role. They are network of financial institutions and the panchayati raj institutions who form the decentralised units and as such are rural local government.
Financing Institutions:

The DRDS aims at implementing host of special economic programmes like the IRDP and DPAP etc. The IRDP being the primary programme, the DRDS has to depend heavily on the various institutions for financing its credit needs. It is estimated that in the Sixth Plan period, the overall outlay for credit mobilisation was set at Rs 3000/- crores. Therefore, it has necessitated that the financial institutions must be involved actively for the success of the programme. The success of various schemes envisaged in IRDP depends upon the extent of effective backward and forward linkages in terms of infrastructural facilities. Thus, institutional credit becomes one of the vital components of the IRDP for its effective implementation.

Institutional credit to rural populace is one of the serious and severe problems. This is due to lack of full scale penetration of financial institutions in the rural areas. Still the common villager to a large extent depends on the non-institutional credit. The non-institutional credit includes professional money lenders, agricultural money lenders and traders and commission agents. Long back it was emphasised that a satisfactory mechanism to deal with the credit needs of the "disadvantaged" will have to be developed gradually.

With the nationalisation of banks and setting up of Regional Rural banks, the position is changing and now-a-days the rural populace is slightly relieved of the clutches of non-institutional finance. A number
of agencies both public and private are working in the rural arena for providing credit to the villagers. The extent of financing by various institutions in the selected districts is given in table - 5 3

Co-operative Banks:

The co-operatives are institutions of economic democracy which were very dear to the father of the nation, Mahatma Gandhi. These are in existence since 1904. Long back in 1928 the importance of the cooperatives was recognised by the Royal Commission on Agriculture in India. It states "We have great hopes that many millions of peasant proprietors may be led to a better life through a sound cooperative movement, if this is secured much else is brought within the bounds of attainment." Further it concluded that "if cooperation fails there will fail the best hope of rural India."

Co-operatives, being a people's organisation, have a significant role in rural development. Cooperatives are useful organisations to assist small farmers to improve food production, their position in the market and their earnings. These institutions aim at helping the people in exploiting the resources and rendering services efficiently, democratically and without profit motive to fulfil their abject needs. In essence, co-operatives combine in themselves the principles of efficiency, equality and service to clients.
### TABLE 5.3

**Performance Of Financing Institutions In Selected Districts 1979 to 1984**  
(Rs.in lakhs)

<table>
<thead>
<tr>
<th>Financial Institutions</th>
<th>Number of Units/Branches</th>
<th>Number of Beneficiaries Assisted</th>
<th>Credit Disbursed in Rs.</th>
<th>Subsidy Adjusted in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dharwad</td>
<td>Kolar</td>
<td>Dharwad</td>
<td>Kolar</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>92</td>
<td>85</td>
<td>92</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>(58.8)</td>
<td>(77.2)</td>
<td>(90.1)</td>
<td>(90.3)</td>
</tr>
<tr>
<td>Co-operative Banks/Societies</td>
<td>35</td>
<td>4</td>
<td>3,815</td>
<td>364</td>
</tr>
<tr>
<td></td>
<td>(19.5)</td>
<td>(3.6)</td>
<td>(4.6)</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>52</td>
<td>21</td>
<td>41,125</td>
<td>2,056</td>
</tr>
<tr>
<td></td>
<td>(28.7)</td>
<td>(19.2)</td>
<td>(8.4)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Karnataka Finance Corporation</td>
<td>1</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(0.5)</td>
<td></td>
<td>(0.06)</td>
<td></td>
</tr>
<tr>
<td>Karnataka State Financial Corporation</td>
<td>1</td>
<td>-</td>
<td>155</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(0.5)</td>
<td></td>
<td>(0.20)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181</td>
<td>110</td>
<td>81,525</td>
<td>24,553</td>
</tr>
</tbody>
</table>
The cooperatives have added advantages. They can efficiently harness the local initiative, resources, mass participation and social control on means of production and distribution. These have an inbuilt institutional superiority for rural development vis-a-vis other agencies for the following reasons:

1. These are organisations of member-users.
2. These have been set-up at the grass roots level in every nook and corner of the country.
3. These are directly accessible to the people and responsive to their needs because these are democratically elected organisations on open and voluntary membership basis.
4. These have the motto of rendering service without any profit motive.
5. These provide for collective farming, especially for those who have small-size holdings.
6. These are the best agencies to provide credit of any type to the people and ensure its realisation after a fixed time.
7. These are the best channels to provide kind loans/subsidies to the needy.
8. These provide quality seeds/fertilisers, implements and pesticides to producers at right time at reasonable prices.
9. These do not resort to malpractices adopted by the traditional market mechanism.
10. These provide scientific storage facilities
11. These provide remunerative prices to the farmers for their agricultural produce as also by setting up processing units.
12. These ensure minimum prices for agricultural produce especially in times of glut.
13. These provide essential consumer goods of daily necessity at the door steps of rural people.
14. These provide farmer guidance and marketing information to the producers.

In the selected two districts a number of cooperative banks and societies are functioning. Each district has two principal cooperative banks apart from numerous varied cooperative societies. The district co-operative credit bank and the branch of the State Agricultural and Rural Development Bank are the two principal institutions in the cooperative banking sectors.

In spite of a wide network of cooperatives their share in providing institutional credit is negligible. In Dharwad the District Central Cooperative (DCC) bank, along with the Primary Land Development (PLD) banks, is only actively associated in the execution of IRDP for advancing loans. Likewise in the Kolar too its role is very marginal. It is found that the share of cooperatives in IRDP advances is only 2.8 per cent and 1.3 per cent in Dharwad and Kolar districts respectively. The Kolar DRDS Annual Plan 1984-85 expresses that "the role of DCC/Service cooperative societies in assisting the IRD schemes was meagre. A study
conducted across the States records that at the national level the share of cooperatives in IRDP loans is just 8 per cent and in Karnataka it stood at a paltry 4 per cent. Limited participation of co-operatives is one of the basic problem in IRDP execution. This is due to the fact that they being very close to the client are ideally suited to serve the rural weaker population. In this regard see Table - 5.4

Numerous factors are attributed for their insufficient role and overall inefficiency in serving the rural community. They are:

(a) Domination of society by vested interest groups,

(b) Tendency to give extension in respect of date of repayment.

(c) Temporary delay in repayment of loan due to failure of crops consequent on unseasonal weather

(d) The defects in local policies and procedures.

M.L Dantwala lists the following as the weakness of cooperative movement in India:

(a) The availability of short term credit is non-restricted in some areas.

(b) Tenent and marginal cultivators do not enjoy their due share,
<table>
<thead>
<tr>
<th>Co-operative Banks/Societies</th>
<th>Number of Branches</th>
<th>Number of Beneficiaries</th>
<th>Credit Disbursed</th>
<th>Subsidy Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dharwad</td>
<td>Kolar</td>
<td>Dharwad</td>
<td>Kolar</td>
</tr>
<tr>
<td>DCC Banks</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>364</td>
</tr>
<tr>
<td>PLD Banks</td>
<td>17</td>
<td>-</td>
<td>22,75</td>
<td>-</td>
</tr>
<tr>
<td>KCC Banks</td>
<td>17</td>
<td>-</td>
<td>1,430</td>
<td>-</td>
</tr>
<tr>
<td>Farmers Services Co-operatives</td>
<td>1</td>
<td>-</td>
<td>110</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>4</td>
<td>3,815</td>
<td>364</td>
</tr>
</tbody>
</table>
(c) Credit for commercial crops is inadequate

(d) Credit is uncertain in areas with high risks

The skewed nature of composition of cooperative societies in favour of haves is the basic problem in lending and serving the rural poor. Gunar Myrdal is of the opinion that "credit co-operative societies have become mainly the preserves of the upper strata in the villages including the money lenders who often acquire money from them."

Co-operatives are also suffering from managerial problems. Its management is in the hands of layman who lack expertise in commercial accounting and management. The lending policies and procedures are outdated and not in tune with the spirit of the cooperative movement. Lack of credit flows from the Central and Apex Banks is also one of the degrading factor. All factors have contributed for their marginal role in financing the rural poor.

In order to enhance its prestige and improve their performance a new policy aimed at revitalising the cooperatives in terms of breadth and depth should be initiated. The revitalisation of cooperatives must include the following:

(1) Adequate planning and education of members
(2) Organisational and structural issues concerning the division of responsibilities between primary and secondary units

(3) Avoiding inappropriate governmental interference

(4) Availability of supports, infrastructure, proper management and oversight

Necessary amendments must be made in the cooperatives Act for ensuring adequate representation to the rural poor and downtrodden. The cooperative functionaries must be given training and reorientation courses in the management of cooperatives. In the IRDP implementation keeping cooperatives in the nucleus position forward and backward linkages must be established. The basic thrust must be on the people's initiative because the ultimate success of the cooperative movement depends upon them only.

Commercial Banks:

Financing various activities in the field of rural development is the main responsibility of commercial banks. Until the nationalisation in 1969, the commercial banks were solely serving the urban populace. Even after nationalisation, the same trend continued till the late seventies. Since then, the commercial banks have shouldered the heavy burden of financing the rural development projects and programmes. The commercial
banks have taken up the course of promoting social justice by increased emphasis on the credit needs of the hitherto neglected sectors and sections of population as also by providing finance for such anti-poverty programmes as the IRDP

In Dharwad and Kolar districts the commercial banks have effectively performed their role. This is evident from their heavy financing. In Dharwad, 92 branches of leading commercial banks spread over the district have assisted 36,380 beneficiaries and advanced Rs 725.33 lakhs of loan from 1979 to 1984-85. In the same fashion, 85 branches of commercial banks have assisted 22,133 beneficiaries and advanced loans of Rs 434.74 lakhs in the same period in Kolar. State Bank of India, Vijaya Bank, Syndicate Bank, and Canara Bank have contributed greatly in advancing loans under IRDP in Dharwad district. In Kolar, Canara Bank and State Bank of Mysore share the top positions in this regard. In all, the commercial banks' share in IRDP advances stands at 45.5% and 90.3% per cent respectively in Dharwad and Kolar districts. Unlike Kolar, in Dharwad district the role of commercial banks is less dominating due to the wide network by regional rural banks who shoulder greater responsibility in this regard. In Kolar, the regional rural banks have yet to gain ground and prominence, and play a leading role. In the absence of a wide network of regional rural banks, commercial banks in Kolar have taken up greater responsibility of advancing money to weaker sections of the rural society. This is true of other areas too. The Commercial banks having a mass bank organisation
fulfil this commitment towards masses by greater share in financing. At the national level the share of commercial banks in IRDP loans stood at 69 per cent while in Karnataka it is 79 per cent which shows the predominance of commercial banks vis-a-vis other financial institutions. In this connection see Tables 5.5 and 5.6.

Often banking and bankers’ ethos are seriously questioned in view of their basic orientation towards profit and business-like approach. The upliftment of rural poor needs a missionary zeal and approach which is inevitably missing in the system of banking prevailing in the country side. Bankers tend to suffer from an urban bias as well as an inability to transform their priorities from profit-making banking business to the needs of rural development. It is observed that normally banks prefer to achieve targets by lending to ‘more credit worthy’ customers whose projects are financially more viable.

The field level development functionaries have found difficulties in bank financing. They can be listed as follows:

(a) Absence of branches especially in backward, remote and inaccessible areas

(b) Uneven spread of the branches with concentration in urban areas
TABLE - 5.5
Flow Of Credit Through Commercial Banks In Dharwad District from 1979 to 1984
(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Number of Branches</th>
<th>Number of Beneficiaries Assisted</th>
<th>Credit Disbursed</th>
<th>Subsidy Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicate Bank</td>
<td>19</td>
<td>5,528</td>
<td>110.22</td>
<td>39.35</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>10</td>
<td>6,500</td>
<td>129.61</td>
<td>46.28</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>11</td>
<td>6,605</td>
<td>131.70</td>
<td>47.02</td>
</tr>
<tr>
<td>Indian Overseas Bank</td>
<td>2</td>
<td>1,905</td>
<td>37.98</td>
<td>13.56</td>
</tr>
<tr>
<td>Central Bank of India</td>
<td>4</td>
<td>315</td>
<td>6.28</td>
<td>2.24</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>1</td>
<td>835</td>
<td>16.64</td>
<td>5.94</td>
</tr>
<tr>
<td>Vijaya Bank</td>
<td>16</td>
<td>6,530</td>
<td>130.20</td>
<td>46.49</td>
</tr>
<tr>
<td>United Bank</td>
<td>5</td>
<td>1,775</td>
<td>35.39</td>
<td>12.63</td>
</tr>
<tr>
<td>Bank of India</td>
<td>2</td>
<td>425</td>
<td>8.47</td>
<td>3.02</td>
</tr>
<tr>
<td>United Commercial Bank</td>
<td>2</td>
<td>1,545</td>
<td>30.80</td>
<td>11.00</td>
</tr>
<tr>
<td>State Bank of Mysore</td>
<td>3</td>
<td>1,495</td>
<td>29.81</td>
<td>10.64</td>
</tr>
<tr>
<td>Vysya Bank</td>
<td>4</td>
<td>1,495</td>
<td>3.58</td>
<td>1.28</td>
</tr>
<tr>
<td>Karnataka Bank</td>
<td>4</td>
<td>180</td>
<td>16.45</td>
<td>5.87</td>
</tr>
<tr>
<td>Corporation Bank</td>
<td>5</td>
<td>825</td>
<td>35.09</td>
<td>12.53</td>
</tr>
<tr>
<td>Bank of Maharashtra</td>
<td>1</td>
<td>20</td>
<td>0.39</td>
<td>0.14</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>2</td>
<td>125</td>
<td>2.49</td>
<td>0.89</td>
</tr>
<tr>
<td>Sangli Bank</td>
<td>1</td>
<td>12</td>
<td>0.23</td>
<td>0.085</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>36,380</td>
<td>725.33</td>
<td>258.965</td>
</tr>
</tbody>
</table>
### TABLE - 5.6
Flow Of Credit Through Commercial Banks In Kolar District from 1979 to 1984
(Rs.in lakhs)

<table>
<thead>
<tr>
<th>Banks</th>
<th>Number of Branches</th>
<th>Number of Beneficiaries Assisted</th>
<th>Credit Disbursed</th>
<th>Subsidy Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canara Bank</td>
<td>39</td>
<td>10,046</td>
<td>205.87</td>
<td>108.23</td>
</tr>
<tr>
<td>State Bank of Myosre</td>
<td>18</td>
<td>5,301</td>
<td>93.58</td>
<td>44.58</td>
</tr>
<tr>
<td>Vysya Bank</td>
<td>11</td>
<td>2,473</td>
<td>51.58</td>
<td>23.79</td>
</tr>
<tr>
<td>Corporation Bank</td>
<td>2</td>
<td>404</td>
<td>7.78</td>
<td>3.91</td>
</tr>
<tr>
<td>Vijaya Bank</td>
<td>3</td>
<td>1,008</td>
<td>16.79</td>
<td>8.87</td>
</tr>
<tr>
<td>Karnataka Bank</td>
<td>2</td>
<td>343</td>
<td>6.19</td>
<td>3.05</td>
</tr>
<tr>
<td>Syndicate Bank</td>
<td>3</td>
<td>743</td>
<td>12.41</td>
<td>5.35</td>
</tr>
<tr>
<td>Union Bank of India</td>
<td>1</td>
<td>275</td>
<td>6.12</td>
<td>3.13</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>2</td>
<td>504</td>
<td>11.05</td>
<td>5.42</td>
</tr>
<tr>
<td>Central Bank of India</td>
<td>2</td>
<td>368</td>
<td>6.81</td>
<td>3.15</td>
</tr>
<tr>
<td>Dena Bank</td>
<td>1</td>
<td>304</td>
<td>8.63</td>
<td>4.70</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>1</td>
<td>364</td>
<td>7.53</td>
<td>3.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>22,133</strong></td>
<td><strong>434.34</strong></td>
<td><strong>217.63</strong></td>
</tr>
</tbody>
</table>
(c) Rigid banking hours not allowing the bank authorities to extensively tour rural areas

(d) Lack of rural orientation among bank personnel

(e) No control of lead bank over other banks and consequently failure to obtain information.

(f) Lack of expertise in project formulation and monitoring at district level

**Regional Rural Banks (RRB):**

The Regional Rural Banks (RRB) owe their origin to the recommendations of the banking group on Rural Banks constituted under the Chairmanship of M Narasimhan on 1st July 1975. It recommended: "New institutions be set up as regional rural banks which should be State sponsored, regionally based and rural oriented commercial banks combining the local feel and familiarity with rural problems, which the cooperative possess and the degree of business organisation, ability to mobilise deposits, access to central money markets and modernised outlook which the commercial banks have." 66

Thus, the RRBs are a synthesis of cooperative and commercial banks with the advantages of both in financing the rural sector. The aim of setting up RRBs was to develop the rural economy by providing credit.
and other facilities particularly to small and marginal farmers, agricultural labourers, rural artisans, craftsman and small entrepreneurs. Each RRB has to be sponsored by a scheduled commercial bank in a particular district. The RRB has a status of a commercial bank. The RRBs stand in between cooperatives and commercial banks as such it inherits the characteristics of both. They are expected to play a supporting role in districts where the credit gap is very large and the cooperative structure weak.

The functions of RRB are:

1. To mobilise savings,

2. To provide short term and medium term credit for agricultural and other purposes on its own and long-term credit as agent of the land development bank

3. To implement programmes of supervised credit tailored to the needs of individual farmers.

4. To provide various ancillary banking services to local people.

5. To set up and maintain godowns

6. To undertake supply of inputs for agriculture and related equipments and in appropriate cases equipment loaning.
(7) To provide assistance in the marketing of agricultural and other products through marketing organisations.

(8) To generally help in overall development of the villages in its area.

The functions of RRBs are very comprehensive covering the wider needs of the rural populace in general and the rural poor in particular. The functions also reveal that the RRBs are expected to be a substitute for cooperatives. This is because RRBs are not merely lending and mobilising savings banks. They have also been assigned delivery functions in the form of input supplies. Likewise they have to help the rural population in marketing products too. In view of these banking, delivery and marketing functions, they are a substitute for cooperatives which invariably perform these activities in rural areas.

In Dharwad district the Malaprabha Grameen Bank is sponsored by the Syndicate Bank whereas in Kolar the Kolar Grameen Bank is sponsored by the Canara Bank. They are functioning as RRBs. The M.G. Bank has 52 branches spread over the district. The Kolar Grameen Bank had 21 branches spread over the district in 1984. The M.G. Bank in Dharwad district is playing an active role in financing the IRDP activities. The M.G. Bank has financed 41,125 beneficiaries and advanced credit to the tune of Rs.820.73 lakhs, whereas the Kolar Grameen Bank assisted 2,056 beneficiaries with the loan advance of Rs.63.94 lakhs. The share of Grameen Bank (RRBs) in credit advance stands at 51.5 per cent and 8.4
per cent for Dharwad and Kolar respectively. Due to the embryonic state of regional rural banks in Kolar district, the commercial banks have to shoulder heavy responsibility in financing the poorer sections of the rural society.

The financing of IRDP by the RRB at the national level stood at 23 per cent while in Karnataka it recorded 17 per cent of total finance. The RRBs are still in infancy and have yet to develop sustained long term perspective for financing rural development programmes. In this connection see Table - 5 7

The RRBs in two districts have demonstrated their performance in credit advancing. The bulk of financing was expected to assist the beneficiaries under various poverty alleviation schemes. Thus financing has had positive impact in generating employment opportunities and increasing earnings of the rural downtrodden and weaker sections. However, their role in other activities like input supplies, output marketing is almost nil. In this sphere their performance is quite disappointing which shows the existence of banking formalism. For all practical purposes, they have become an extended version of commercial banking. The RRBs are too faced with numerous problems. The ineffective administrative control of the sponsored bank and lack of infrastructural facilities in the hinterland are the main problems. Along with it the RRBs are faced with recovery problem and are experiencing heavy losses. Since the banks are lending exclusively to the rural poor,
### TABLE - 5.7

**Flow Of Credit Through Regional Rural Banks In Selected Districts From 1979 to 1984**

(Rs. In Lakhs)

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Number of Branches</th>
<th>Number of Beneficiaries Assisted</th>
<th>Credit Disbursed</th>
<th>Subsidy Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dharwad</td>
<td>Kolar</td>
<td>Dharwad</td>
<td>Kolar</td>
</tr>
<tr>
<td>Malaprabha Grameen Bank</td>
<td>52</td>
<td>-</td>
<td>41,125</td>
<td>-</td>
</tr>
<tr>
<td>Kolar Grameen Bank</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td>2,056</td>
</tr>
</tbody>
</table>
the number of beneficiaries is more but the total amount loaned remains significantly low resulting in low rate of profitability.

The RRBs must be revitalised to serve the rural community in a better and efficient manner. Measures such as active support from the State government, adequate and effective financing from sponsor banks, a meaningful relation with the cooperatives and local participation are needed to strengthen and reenergise the RRBs.

**Role of Panchayati Raj Institutions:**

The panchayati raj institutions (PRIs) have been conceived as unit of local self-government in the rural areas. As an unit of decentralisation they serve three distinct purposes. First they ensure people's participation, secondly, as an institutional innovation they facilitate institution-building in the process of rural development. Thirdly, as unit of rural local self-government they provide numerous civic services to the rural populace along with the implementation of a number of Central and State sponsored schemes.

The PRIs were not new to the Indian soil. They are in existence since centuries. Soon after the independence they were revitalised on the recommendations of the Balawantrai Mehta Committee.

On the basis of this Report, various States enacted legislation to operationalise the panchayat system. In this connection Rajasthan took
lead and other States followed suit. In Karnataka, too, in 1960 the system was introduced by enacting legislation towards this end. Since then the PRIs have passed through many ups and downs. The Asoka Mehta Committee describes the passage of PRIs into the three phases. It seems they have passed through the phase of ascendancy (1959-64), the phase of stagnation (1965-69), and lastly the phase of decline (1969-71).

The Panchayats' decline was due to many factors inherent in its structure, organisation, administration, personnel and finance. The paucity of finance and reluctance to tax the local populace are the main causes for its ineffectiveness. The composition and orientation of panchayat leadership was to a large extent nullified its efforts in developing the weaker and poor sections of the rural society. This is because invariably in the entire panchayat system the socio-economically advantageous groups dominated these institutions and necessarily its services and benefits too. This fact has been clearly indicated by many studies. In view of this skewed nature of its power structure as well as its distribution policies and politics, the government initiated a number of special economic programmes with emphasis on hitherto neglected target groups. It was the deliberate policy of planners to keep away these programmes meant for the less advantageous sections of the rural populace from the rural power structure embodied in the panchayat system.

However, if decentralised development is the strategy of rural development, then it is inevitable that PRIs should become instruments of
decentralised development. The growth of rural local government inherently accorded recognition to local power over local development officers. Hence, this local power must be channalised in alleviating rural poverty and thereby ushering rural development based on social equity and justice. But their role in this process of building an egalitarian society is not encouraging. This is because the growth of rural local government has not necessarily contributed to the egalitarian policies and programmes.

The DRDS from the beginning has by passed the popular institutions at grass roots level. Nirmal Mukherjee observes: "the mushroom growth of government registered societies and corporations for the implementation of centrally sponsored anti-poverty schemes and ultimately the DRDSs throughout the country have bypassed panchayati raj institutions." 81

Of course, the Government has given a number of orders from time to time. One of the order states, "TDBs shall assist in identifying target group, resource mobilisation, statistics collection and preparation of block plans. Panchayats should see that the benefits are reaching the actual beneficiaries. In spite of these order PRIs are not playing an active role. This shows that no genuine efforts have been made by the government bureaucracy in associating these in the implementation of anti-poverty programmes. This is due to the fact that public bureaucracy has a tendency to acquire too much power and never readily partakes with other institutions particularly with popular institutions like
PRIs. Power necessarily accrues to bureaucrats and they have ever satisfying hunger for power

PRIs are not actively associated in the works of DRDS. In the words of one Panchayat Extension Officer: "There is no role of panchayats in the working of DRDS at village level." In the words of an Animal Husbandry Extension Officer, "PRIs are not taking much part in the work of DRDS." Moreover, Government's persistent insistence on associating PRIs in the work of DRDS in various orders itself is an indication of its inadequate role. In this connection administrators views were elicited about PRIs involvement.

**Question** Do you feel that Panchayat Raj institutions can be actively involved in the working of DRDS?

Answers are presented in the following Table - 5 8

**TABLE - 5 8**

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>II DE</td>
</tr>
<tr>
<td>Answers</td>
<td>Nos</td>
</tr>
<tr>
<td>Yes</td>
<td>21</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
</tr>
<tr>
<td>NA</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
</tr>
</tbody>
</table>
Interestingly a significant majority (78.3%) of respondents opined that PRIs can be effectively involved in the functioning of the DRDS and in the implementation of numerous poverty alleviating schemes. In a study of IAS officers' attitudes to development administration across the States, it is revealed that 85 per cent of respondents have faith in democracy and favour its experiments and exercises. This trend indicates that bureaucrats at higher as well as lower level favour decentralised experiments and attach a meaningful role to PRIs. Despite these assertions, the development administration involved in DRDS has not been able to capitalise the existing decentralised democratic units in the implementation of anti-poverty programmes. It can be argued that they hold these assertions as a matter of fact or precept but when it comes to the actual experimentation it becomes problematic and complex too. That is why 56.2% respondents in the study mentioned above say that public administration will be more effective if politicians leave administrators alone to decide what and how to carry out the programmes. Thus Peter Blau's castigation of bureaucracy for unduly concentrating power and undermining democracy holds good even though aberration is found in respondents' favourable opinion regarding PRIs.

PRIs are necessary to provide people's participation in the rural development effort and assisting the officials in implementing various schemes. One B.D.O is of the opinion that "village panchayats can be associated in identifying beneficiaries, assessing credit worthiness of the potential beneficiary and lastly to pressurise the financing institutions..."
for an early sanction of loan. A V.L.W says that village panchayats can be utilised for conducting credit camps and for collecting information regarding potential beneficiary. One extension officer is of the opinion that PRIs can be used for follow-up work in the implementation of DRDS work. "PRIs can be utilised for propagating DRDS schemes in the village" says a B.D.O.

A national seminar on IRDP held at NIRD on 1-4 August 1984 recommended that without officially involving the panchayati raj bodies, they should be fully kept informed of the particulars of the beneficiaries financed under IRDP by the Government and bank staff, they should be persuaded to constantly advise the beneficiaries to take up the schemes. It shows that PRIs either actively or passively can be associated in implementing numerous anti-poverty schemes and programmes. Instead of actively involving PRIs as a whole unit, the social justice committee of the Panchayats can be effectively utilised as an instrument in the implementation process. The social justice Committee consists of members of panchayat belonging to weaker sections (SC/ST) can become a potent instrument in enlisting popular participation particularly from the poorer sections of the rural populace.

This chapter has hopefully drawn out in a clear-cut manner the linkages in the rural settings of the DRDS of Dharwad and Kolar districts.
The role of PRIs in the DRDS frame is very miniscule. In essence, bureaucracy has a significant role. With this politico-administrative setting, how DRDS works or manages its basic affairs is of vital importance. Hence, the discussion of task management in DRDS is essential.
REFERENCES

1. The significance of linkages in rural development can be understood from this passage "Organisation for rural development must be seen as a system of institutions performing various functions in the rural sector of a particular country. We find no case where only one institution was carrying the full responsibility for rural development on where complementarities among institutions were not as important as what the institutions themselves did. Of key significance was the extent and effectiveness of linkages between and among institutions, horizontally with other organisations at the same level and especially vertically between local organisations and structures at the centre of government which set policy and allocate resources essential to success in rural development." Norman J. Uphoff and Milton J. Esman, Local Organisations For Rural Development: Analysis Of Asian Experience, (Ithaca, Cornell University press, (Mimeo)1974), p 12.


3. "Rural Development is a strategy to enable a specific group of people, poor, rural women and men to gain for themselves and their children what they want and need. It involved helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group includes small farmers, tenants and the landless. "For details See Robert Chambers, Rural Development: Putting The Last First, (London, Longman, 1983), p.147


8. Role Of Canara Bank In Integrated Rural Development Programme An Evaluation Study In Kolar District, (Bangalore, Multi-project And Development Consultancy Pvt.Ltd, Nov, 1984), p.6

9. In the Gram Sabha meeting held in Chikmalligawad of Dharwad block on 15-6-1984, the Village Accountant was not present.


24. Proceedings of DCC Meetings Dharwad District held at Hubli on 14-9-1983
25. Ibid.


29 The study of linkage can be made with the help of selected indices like organic relationship, joint consultation, joint meetings, joint activities, mutual assistance and social relations. All these can be easily ensured in the system of committees for coordination See S P.Jain, "Inter-organisational Linkages At Village Level: A Study", Journal Of Rural Development, Vol 1, no 2, March 1982, pp.271-308


32 Proceedings of the Second DLRM, Kolar District, for the year 1984 held on 20-12-1984 at Kolar

33. Ibid

34 Proceedings of DLRM Dharwad District, held on 26th and 27th November 1982
35 A district credit plan is a blueprint of action by banks and other financial institutions for bringing about overall development of district. These plans identify economic activities to be financed, prepared, bankable schemes for them and estimate credit demand under each bankable scheme. The DCPs were comprehensive plans indicating credit targets for institutional credit agencies in the district on a blockwise, sectorwise, schemewise and bankwise basis. While preparing the DCP notion of participative planning is introduced by the constitution of a district level task force comprising representatives of the central cooperative banks, commercial banks, the district planning officers and the convenor of the district planning officers and the convenor of the district consultative committee. Annual action plans are prepared by the lead banks each year indicating sectorally, schemewise and institution, groupwise breakup of the total credit outlays. For details see Gurdev Singh and S.R. Asokan, *Institutional Finance in Rural India, Efficiency And Efficacy*, Op cit., pp.30-31.


40. Ibid.

41. Proceedings of Standing Committee Meeting, Dharwad District held on 20-10-1984 at Hubli

42. Proceedings of Standing Committee Meeting, Dharwad District held on 10-4-1984 at Hubli.
43. Proceedings of the Standing Committee Kolar District held on 14-2-1985 at Mulbagal, Kolar


45. Proceedings of BLCC of Dharwad Taluk held on 11-8-1983 at Dharwad

46. Ibid


49. Interorganisational dependence is necessary to achieve goals of an organisation. See James G. Hurghland, Jr and Willis A Sutton Jr, "Factors Influencing Degree Of Involvement In Interorganisational Relationships In a Rural Country", Rural Sociology, Vol 43, no 4, Winter 1978, pp.649-670


55. Shanti Kothari, "Directions In Agricultural Development," The Indian Journal Of Public Administration, Vol 21, no 1, Jan-March, 1975, p.51-57


57. Annual Plan, DRDS Dharwad 1983-84, (Bangalore, Project Formulation Division, Karnataka, Government Secretariat, 1983), pp.21-44


60. V. Krishna Bhaskar Rao, "IRDP To Alleviate Rural Poverty" Kurukshestra, Vol 33, no.11, August 1985, pp 32-37


70. In the words of Fred Riggs 'Formalism is the degree of discrepancy or congruence between the formally prescribed and the effectively practised, between norms and realities The greater the congruence, the more realistic the situation the greater the discrepancy, the more formalistic it becomes. Such a situation exists in every sphere of development administration, thus in banking institutions it is a kind of banking formalism'

B S.Bhargava, "Rigg's Concept of Formalism", *Prashasnika*, no.4, October-December 1977, pp 4-11.


75. For an excellent account of the history of PRIs see, H D Malavilya, *Village Panchayats In India*, (New Delhi, All India Congress Committee, 1956); R V Jathar, *Evolution Of Panchayati Raj In India*, (Dharwad, J S S Institute of Economic research, 1964).


77. See Report Of The Committee On Panchayati Raj Institutions, (Chairman: Asoka Mehta), (New Delhi, Government Of India, Ministry of Agriculture And Irrigation, Department Of Rural Development, 1978)


80. Ibid., p.79


82. G.O.No RDC 268, PNP, 77 dated 19-1-1980


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86. Peter Blau, Bureaucracy In Modern Society, (New York, Random House,1956)

87 National Seminar On IRDP For State Level Executives 1-4 August, 1984, Rural Development Recommendations Of Seminars And Workshops, 1984-85, (Hyderabad, National Institute of Rural Development), 1985), pp.31-33

88. See The Karnatak Village Panchayats And Local Boards Act 1959, (Bangalore, Department Of Law And Parliamentary Affairs, Government Of Karnataka,1959), Section 60(2) and Section 177 of The Karnataka Zilla Parishads, Taluk Panchayat Samitis, Mandal Panchayats Act, 1983, (Bangalore, Department Of Law And Parliamentary Affairs, Government of Karnataka, 1987)