PREFACE

The Indian economy is a rural economy. About 74.3 percent of its total population lives in rural areas, according to the 2001 census. About 65 percent of the total working population belongs to agriculture and allied services alone. Therefore, for overall development of the country it is necessary to develop the rural sector. The population in the rural sector is in the grip of hunger and starvation, population explosion, human misery, low standard of living, high infant mortality rate, illiteracy, income, inequalities and unemployment are the well-known problems of the rural areas. The Villages are the essence and soul of India, economically, culturally and politically. Rural development requires development of rural areas in such a way that each component of rural life, social, economic and technological changes in the desired direction. Rural Development recognises the increases in production and the productivity, employment, position of improved food supplies and nutrition.

The Ex-Prime Minister Late Shri Rajiv Gandhi believed that the Panchayat Raj and Nagar Palika bills would give statutory status to the local bodies and ensure that the common people get the maximum benefit from the development schemes of Government. He said that
these bills were necessary, otherwise the benefits of the government’s schemes would not percolate down to the common man.

The Former Prime Minister, Shri Narshimha Rao has expressed his consent for removal of poverty in these words, “The betterment of rural poor will receive the government’s closest attention. It will be our endeavour to develop appropriate linkage, so that the pressure on land in rural areas is eased and more employment opportunities are generated with a view to tackling the problems of unemployment, under employment and low income. Administration will be made more responsive and it will ensure that every rupee spent on development reaches the intended beneficiaries.”

The present Prime Minister, Shri Atal Bihari Vajpayee also expressed his consent to remove poverty through implementation of various plans.

These statements clearly bring out the increasing importance of rural development. Therefore, the

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1 The Ex-Prime Minister Late Shri Rajiv Gandhi delivered his speech in U.P., published in National Herald, New Delhi, October 16, 1989.

2 The Former Prime Minister Shri Narsimha Rao’s first broadcast to Nation on June 22, 1991.

Government of India has started various development schemes to ameliorate the economic conditions of rural poor.

Keeping this fact in view the Government of India has taken keen and active interest in developing institutional infrastructure for providing finance to various sectors of economic activities. But soon it was realised that inspite of the rapid extension of these institutional credit agencies i.e. co-operatives and commercial banks, in the country, a large segment of rural population consisting of small and marginal farmers, agricultural labourers, rural artisans, small entrepreneurs etc. were not availing the facilities of these institutions and were dependent upon money lenders for borrowing both for productive and consumption purposes who exploited them by charging exorbitant rates of interest.

Thus to save the rural people from exploitation as well as to assess the rural credit requirements, Regional Rural Banks came into existence in 1975 with a view to providing financial assisting to the neglected section of the rural areas.

The RRB's which provide finances to meet the short and medium term financial needs of trade and business, specially to agricultural sector have assumed increased
The present thesis is an attempt to evaluate the Deposit Mobilization and Loaning Policies of RRB's of Kanpur region so that these banks may play their due role in the upliftman of the rural economy of India in general and of the region in particular. I am sure problems studied in the work and suggestions made for their encounter will definitely help RRB's in a big way in framing their deposit mobilization and loaning policies to suit to their needs.