

## **Chapter VIII**

### **Priority Sector and Role of Banking in Malda Region.**

## I N T R O D U C T I O N

'Rural Development' depends on the commercial banking growth in the rural economy. The nationalisation of 14 major banks in the country in 1969 and 6 banks in 1980 was an important step towards strengthening of the rural economic development. There has been a rapid expansion in the network of branches of commercial banks, especially in rural and semi-urban areas. The channeling of an increasing volume of bank credit to Agriculture and its Allied sectors through these branches has been considered as an important strategy of rural development. In this regard the Govt. of India and the Reserve Bank of India have issued diversified guidelines and instructions to the banks from time to time for the accomplishment of their role in RD. Initially, rural developmental activities were carried out by the grass-root level bank officials without perceiving the norms. This was because the banks could not fulfil the organisational responsibility to the extent required in imparting basic training to the officials engaged in rural lending. The targeted goal of RD could not be achieved to the desired extent in qualitative terms. From this angle the rural financing has to be welcomed for the development of small and marginal farmers, artisans, the people of weaker sections, namely SC/ST etc.

a) Characrteristics of Rural Poor

Abject poverty is one of the main characteristics of the rural poor of an underdeveloped country like ours. It is very difficult to assess the precise dimensions of poverty of the rural poor. The rural labour households form the hard core of rural poverty and most for the socially backward classes such as Scheduled Castes and Scheduled Tribes fall in this category. The characteristics of rural poor will be better understood, if we throw light on some of the important ingredients of poverty.

Poor resources of capital base as an indicator of poverty.

The poor resource or capital base is one of the significant characteristics of poverty of the rural poor. Inequalities in the ownership of income earnings asset i.e. land, livestock, tools, equipments and skills which are the result of certain social and economic process, have acted as serious constraint on the rural poor. According to AIDIS<sup>(1)</sup> 20% of rural households, each having assests of less than Rs. 1000 account for less than 1% of all rural assets while 4% of the households with asset value of Rs. 5000 or more own 31.2% of the total. Generally speaking, in rural areas where a large propotion of households is engaged in cultivation, a large part of the value of assets is accounted for by land.

Consumption as an indicator of Poverty :

The main characteristics of the rural poor is the low

consumption level. As regards consumption as an indicator of poverty, we may quote the Draft Plan 1978-83 (Revised)<sup>(2)</sup> That Various ways of measuring absolute poverty have been suggested under Indian condition and depending on the norms used, 40 to 60 percent of the population fall below the minimum acceptable standard. For the purpose of this plan the ' Poverty line ' is assumed to be consumption of Rs. 65 per capita per month in rural areas and Rs. 75 in Urban areas at 1977-78 prices. According to this category of " Poverty line ", 90% of the population of Malda District fall below poverty line. On the basis of prices of 1960-61, the per capita annual income of Malda was only Rs. 198.00.

b) Credit for the Rural Poor.

The pattern of indebtedness of the rural poor shows that consumption loan forms a large part of the debt of the rural poor. Loan for medical and educational expenses and ceremonial demands accounts for a substantial portion of the debt. In the case of agricultural labour, this is almost the bonded labour system which still defies solution. One significant feature of the situation is that even at times, consumption credit and productive loans disappear in the case of farmers and the land is ultimately taken over and in the case of labour the family is bonded to perpetuity.<sup>(3)</sup>

A landless labour household has only labour as its resource. Similarly, the small farmers have assets in the form of their land holding but these can generate increased incomes with the application

of new technology provided there is access to other resources. So also is the case of rural artisans who have the skill but no capital or other resources. The capital base and productive capacity of the rural poor, i.e., land, water inputs, skills etc. can be improved and strengthened with the aid of institutional support.<sup>(4)</sup>

The basic cause of exploitation of the rural poor today is the heavy underemployment and unemployment in this Sector. As a result, labour is in a buyers' market and the wages are very low. Labour being the most important resource of this class, it has to be given a fair price. This cannot happen without a pressure being created on the labour market. The National Commission on Agriculture ( NCA ) has pointed out in its Chapter on " Employment " that even with a 4 to 4.5 percent growth in the comprehensive agricultural sector by 2000 A.D., there will still be more than 50 million persons seeking employment opportunities<sup>(5)</sup> .

c) Commercial Banks and Priority Sector.

i) Commercial Banking and Priority Sector : Pre and Post Nationalisation era.

The Policy of priority sector lending assumed great significance after nationalisation of commercial banks in 1969. Before nationalisation commercial banks did not take up the challenge of playing catalyst in speeding up the pace of development. It was because they remained basically commercial in nature, operating

more as financiers than as agents of change. They confined their operations largely to a few sectors such as industry and trade. Agriculture, Small Scale industries etc. which constitute the foundation of our economy by and large were not able to receive the desired financial support. Moreover, Commercial Bank operations had essentially an urban bias and maximisation of profit was their main principle. Large areas of the country, particularly the rural and semi-urban, were either sparsely banked or not at all banked. The Co-operative banks which were entrusted with the task of looking after the credit requirement of the agricultural sector did not fully succeed except in a few States.

ii) Priority Sector of Commercial Rural Banks - Malda.

An oft-repeated criticism against Commercial banks prior to bank nationalisation was that they neglected to provide credit to farmers, small industrialists, artisans and exporters. After nationalisation, banks have devoted considerable attention to provide credit to these priority sectors. The public sector banks have to be praised for the enthusiasm with which they took to the new task and reoriented their policies and procedures to cope with it. They have made good progress towards what was one of the main objectives of nationalisation, viz. to give the small borrower an access to bank credit. Most of the borrowers were formerly at the mercy of money-lenders and paying high rates of interest anything upto 36 percent or even more.

Monitoring of priority sector advances is totally different

from monitoring of non-priority sector advances. If priority advances are given beyond the targets, the profitability of the banks will be affected as they carry a low rate of interest. It is the endeavour of every bank to consciously monitor the priority sector advances to see to it that they are well within the targets set for them so that more funds could be deployed at a higher rate of interest.

The concept of " priority sector " is mainly intended to ensure that the assistance from the banking system flows in an increasing measure to those sectors of the economy which have not received adequate support of institutional finance in the past. In July, 1969, 14 major commercial banks were nationalised with the main objective of providing among other things, assured financial support to " Priority sector " and neglected sectors of the community. In 1972 some additional sectors were brought under priority sectors, that is , retail trade, small business, professionals and self-employed and education, advances to transport operators and for establishment of industrial estates were considered as separate sectors under the priority sectors.

d) Norms on Priority Sector lending by Commercial Banks.

On the 1st July, 1975, the 20 - Point Economic Programme was announced by the then Prime Minister. The 20-Point Economic programme had two main objectives, the first was to ensure efficient production and distribution of essential goods and services to the community and the second was to ensure that the income

and the standard of living of the weaker sections of the community were raised so as to secure better distributive justice. The banking system had a vital role to play in fulfilment of these objectives.<sup>(6)</sup>

The following mentioned guide lines issued by RBI are in conformity with the 12 points declared in 20-point programme<sup>(7)</sup> in order to cope up the basic needs of the poor. The following 10 points have direct relevance to commercial banks

<u>Points No.</u>	<u>Details</u>	<u>Beneficiaries</u>
1.	Increase in Irrigation potential and investment in dry land Agriculture.	<ol style="list-style-type: none"> <li>1. Individual Farmers.</li> <li>2. Co-operative Societies</li> <li>3. Corporate entities/State Government agencies.</li> </ol>
2.	Increase in production of pulses and vegetables, oil seeds.	<ol style="list-style-type: none"> <li>1. Farmers engaged in production of pulses and oil seeds.</li> <li>2. Units engaged in production, processing and marketing of pulses.</li> </ol>
3.	Integrated Rural Development	<ol style="list-style-type: none"> <li>1. Individual farmers.</li> <li>2. Artisans, persons engaged in village and cottage Industries.</li> <li>3. Persons engaged in retail trade, small business etc.</li> </ol>
4.	Distribution of surplus land.	<ol style="list-style-type: none"> <li>1. Small farmers and others who have been allotted surplus land, share croppers etc. given recorded rights in land.</li> </ol>

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| 5. Rehabilitation of bonded labour.  | 1. Identified and released bonded labour.   |
| 6. Development of SC/ST  | 1. Cultivator belonging to SC/ST.<br>2. Members belonging to SC and St undertaking traditional occupations such as leather work, weaving, tiny cottage and village industries and under various self employment Programmes.   |
| 7. House sites to rural families.  | 1. Allottees of house sites.  |
| 8. Improvement of slums.   | 1. Slum dwellers.   |
| 9. Power generation and electrification of village.                            | 1. Farmer for energisation of pump sets under the rural electrification Scheme.   |
| 10. Afforestation, development of biogas and other alternative energy sources. | 1. Organisation engaged in raising industrial plantations for commercial exploitation with the objective of meeting the industrial raw materials.<br>2. Individual farmers or farmers organisations engaged in Farm Forestry. |

On review of the performance of various banks, the RBI had advised the banks to draw up an operational plan for priority sector and weaker section advances so that each bank reaches the above targets within the stipulated period i.e. by March, 1985 without fail. The RBI had also stressed greater

need for review and monitoring of these advances. The targets fixed continue even now<sup>(8)</sup> .

e) Priority Sector : Agriculture, Small Scale Industries, Small business, Weaker Section.

The rural poverty indicate that the major portion of the poorest section have to be targetgroups for the purposes of the priority sector policy. On the light of this policy it is necessary to focus the actual nature of this sector which can help the poor people to improve their socio-economic condition.

Agriculture and Allied :

The distinctive characteristics of agriculture and agricultural finance in rural economy is very promising and should be noted. The problems of small peasants, marginal farmers and rural artisans are peculiar. While large farmers have their own funds or are able to raise funds from Co-operative Scheduled Commercial Banks, small farmers find it really difficult to raise credit for their requirements . They do not have proper securities to pledge against loans. They are forced to go to the money lenders.

Along with SBI Group they are implementing the " Village adoption Scheme " under which the credit and other needs of farmers are fully met by banks. They are also helping small farmers under SFDA and MFAL under 20-Point economic Programme. Commercial banks had sponsored regional rural banks to extend

credit to small and marginal farmers and rural artisans and to save them from the clutches of the money-lenders. The Commercial banks are finding difficulty in extending loans to farmers particularly to small farmers. They are also finding difficulty in extending loans to farmers particularly to small farmers.

#### Agricultural Labourers.

A person was considered as an agricultural labourer if he or she followed one or more of the following agricultural occupations in the capacity of manual labour on hire :

i) farming, ii) dairy farming, iii) production of any horticultural commodity, iv) raising of livestock, bees or poultry, v) any work performed on a farm as incidental to or in connection with farm operations<sup>(9)</sup> .

Agricultural labour accounts for one-fifth of the rural force and 50% of agricultural labour is landless. They have very little or no productive assets and they require credit for acquisition of productive assets such as dairy animals and for self-employment, particularly in such activities as forestry, animal husbandry, fisheries etc. It is only by financing these activities that the credit institutions can promote the interest of the agricultural labourers. The need of this group for institutional support has increased of late with the drying up of traditional source of credit as a result of the progressive release of bonded labourers from their bonds and the resort to debt relief through State action<sup>(10)</sup> .

As per 1981 census, about 66.01% of the main workers

are engaged in agricultural activities. But the most disquieting<sup>300</sup> feature is that whereas the growth of agricultural labourers in West Bengal as a whole was 18.93% over the decade 1971-81, the five districts of North Bengal experienced a growth rate of about 65.56%. The growth rate of agricultural labourers in Malda district is 28.31%<sup>(11)</sup>.

Blockwise position of rural population is shown in table 8.1.

Table : 8.1

Blockwise position of total Rural Population and number of Agricultural Labourers in the District of Malda.

Name of the Block	Number of Rural Population	Number of Agricultural labourers
Englishbazar	1,57,411	17,123
Old Malda	93,192	3,000
Gazole	1,81,672	1,005
Chanchal - I	1,15,905	12,610
Chanchal - II	1,02,921	10,418
Bamongola	85,339	25,350
Harishchandrapur - I	1,01,363	12,678
Harishchandrapur - II	1,20,850	11,405
Manikchak	1,49,673	14,129
Kaliachak - I	1,95,811	13,240
Kaliachak - II	1,12,494	11,350
Kaliachak - III	1,38,900	38,150

Contd....

Ratua - I	1,40,682	15,725
Ratua - II	1,00,417	6,700
Habibpur	1,51,114	12,024
Total :	<u>19,47,744</u>	<u>2,04,907</u>

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Source : District Credit Plan 1989-90 Malda District.

#### Small and Marginal Farmers.

It is difficult to define Small and Marginal farmers precisely and uniformly for all purposes and for all areas. The All India Rural Credit Review Committee 1969 ( RCRC ) which originated the concept of SFDA/MFAL did not give any specific definition of small farmers either in terms of income or in terms of acreage. Hence, different agencies follow different definitions depending upon their objectives and purposes. Besides, these definitions are revised time to time. Thus the Government of India definition adopted for purposes of subsidy to SFDA's treats all those cultivators with landholding below 5 acres ( 2.5 acres in the case of irrigated land ) as Small farmers<sup>(12)</sup>. Thus the farmers having landholdings below 2.5 acres ( 1.25 acres in the case of irrigated land ) will be treated as marginal farmers.

AS per District Plan of Malda of 1989-90, total number of small and marginal farmers were 61,252 and 1,24,203 respectively which constitute 3.15% and 6.38% respectively of the total rural population of the district<sup>(13)</sup>. Blockwise the number of

small and marginal farmers are shown in table 8.2.

Table : 8.2

Blockwise the number of Small and Marginal farmers in  
the district of Malda.

Name of the Block	Number of Rural population	Number of small farmers	Number of Marginal farmers
Englishbazar	1,57,411	2,436	6,603
Old Malda	93,192	4,000	6,600
Gazole	1,81,672	7,319	1,889
Chanchal - I	1,15,905	5,320	10,000
Chanchal - II	1,02,921	3,293	7,310
Bamongola	85,339	4,729	9,434
Harishchandrapur-I	1,01,363	4,600	7,200
Harishchandrapur-II	1,20,850	3,112	10,332
Manikchak	1,49,673	3,120	9,353
Kaliachak - I	1,95,811	4,500	18,700
Kaliachak - II	1,12,494	3,287	7,704
Kaliachak - II	1,38,900	4,393	8,863
Ratua - I	1,40,682	3,325	6,478
Ratua - II	1,00,417	4,318	4,600
Habibpur	1,51,114	3,510	9,137
<b>Total :</b>	<b>19,47,744</b>	<b>61,252</b>	<b>1,24,203</b>

Surces ; District Credit Plan ( 1989-90 ) Malda District.

### Small Scale Industries :

The small scale industrial sector which plays a pivotal role in the rural economy in terms of employment and a high rate of growth. The small scale sector is progressing from the production of simple consumer goods to the manufacture goods. In Malda District there is no big or large scale industries in the district. But the small scale industries of this district play a vital role in its economy. The most important of all the industries of Malda is Silk. It has a traditional past and is still the life bird of the district. There were only 8 registered working factories in the district in 1977. But the number of registered small scale industries accounted for 1256 in the reference year.

The principal small and cottage industries in the district are silk weaving and cocoon rearing, handloom weaving, brass and bell metal, conch shell, among these, the district is notably famous for producing silk cloth and bell metal products and ivory curving. In rural area pottery, black-smithy, carpentry can and bamboo, mat-making, woolen blanket weaving etc. The handicraft of the district includes ivory carving, sholapith, woodcarving, Balaposh and of these ivory carving bears a distinctive feature and the produce is highly acclaimed.

From a survey report of Malda District in case of Cottage and Small Scale Industries is shown in table 8.3.

Table : 8.3

Cottage and Small Scale Industries in 1989-90  
of Malda District.

( Amt. in lakhs )

Sector	Scheme	Name of the Blocks	Target	Amt. invol ed	Bank Loan No.	Loan Amt.	Own Invest ment No.	Invest Amt.	Govt. sub-sidy No.	sub-sidy Amt.
Agril & Allied up	Setting Bio-gas Plant	Harishchandrapur I	50	3.00	35	2.10	15	0.90	50	1.25
		Harishchandrapur II	40	2.40	30	1.80	10	0.60	40	1.00
		Chanchal I	50	3.00	35	2.10	15	0.90	50	1.25
		Chanchal II	45	2.70	37	2.22	8	0.48	45	1.13
		Ratua I	40	2.40	30	1.80	10	0.60	40	1.00
		Ratua II	30	1.80	20	1.20	10	0.60	30	0.75
		Manikchak	40	2.40	30	1.80	10	0.60	40	1.00
		Englishbazar	50	3.00	35	2.10	15	0.90	50	1.25
		Old Malda	55	3.30	40	2.40	15	0.90	55	1.38
		Habibpur	55	3.30	40	2.40	15	0.90	55	1.38
		Bamongola	50	3.00	35	2.10	15	0.90	50	1.25
		Gazole	55	3.30	40	2.40	15	0.90	55	1.38
		Kaliachak I	55	3.30	40	2.40	15	0.90	55	1.38
		Kaliachak II	55	3.30	40	2.40	15	0.90	55	1.38
		Kaliachak III	30	1.80	20	1.20	10	0.60	30	0.75
Total :			700	42.00	507	30.42	193	11.58	700	17.53

Source : District Plan - 1989-90, Malda.

### Small Business .

Small business is a prime factor for rural economic development. In this standpoint the analysis of small business is very important aspect to an rural economic development. This type of business consists of small capital and made purely homely atmosphere. But the employment opportunities creates by this type of employment, a poor rural people get help from this type of small business. This type of business are demand based, resource based and skilled based. This type of business consists of " Chanachur making " " Bidi " making, leather goods, polythene sheets making, " Dhokra " making etc. With this type of business the rural people can get help for their sound economic condition which comprises a good standard of living.

### Rural Artisan.

Own-account workers were those who operated their enterprise without hiring any one on salary or wages, except occasionally. The following occupations were considered as artisans :

- a) weavers, knitters, carpet makers etc.
- b) dress makers, upholsterers etc.
- c) Shoe makers and other leather workers
- d) blacksmiths, gold smiths, coppersmiths and other metal workers
- e) Carpenters, painters etc.
- f) stone carvers, masons, Plasterers glazers, cement finishers etc.
- g) Printers ( Paper and textiles ),

engravers, blockmakers etc. h) Potters, brickers glass and ceramic workers i) basket and mat weavers and related workers and j) makers of musical instrument, toys, sports goods etc. (14).

#### Weaker Sections.

The weaker sections are consists of SC and ST people. The age-old social and economic suppression of the Scheduled caste and Scheduled tribe people have resulted into deep-rooted frustration and apathy in their minds. Even after having enjoyed various concessions for three decades, the community largely suffers from lack of initiative and confidence and has badly failed to emerge out of its economic and social misery (15). It has been recorded from a report that their annual income is very low.

As per 1981 census North Bengal contributes 17.31% of the total population of West Bengal but its population mix is somewhat different from that of West Bengal as a whole because the proportion of scheduled castes as well as scheduled tribes population is much higher than the West Bengal average. Thus whereas percentage of scheduled castes population to total population for the State is nearly 22% it is about 30% for North Bengal ( in 1981). In the total population for each of the five districts, the proportion of Scheduled caste and Scheduled Tribes population ( in percentage ) is as below (16).

<u>North Bengal</u>	<u>Scheduled caste</u>	<u>Scheduled Tribes</u>
Malda	16.89%	7.54%
West Dinajpur	28.57%	10.82%

Darjeeling	14.25%	14.75%
Jalpaiguri	34.61%	10.79%
Cooch Behar	49.85%	0.57%

Scheduled caste and Scheduled tribes constitute an important part of the population for the Malda District. The table 8.4 gives a clear picture of Scheduled caste and tribe position of Malda District.

The table 8.4 shows that while the percentage of Scheduled caste population is increasing the percentage of Scheduled Tribe people population is decreasing from one decade to another. The reason of this opposite direction of growth of Scheduled caste and Scheduled tribes population is the continuous flow of immigrants from East Pakistan ( now Bangladesh ) after Independence, most of them are Scheduled castes. On the otherhand, the scheduled tribe people, most of them lie below poverty line, could not improve their lot and there was no immigration of scheduled tribe people after Independence. Blockwise position is shown in table 8.5.

Table : 8.5

Blockwise position of Total population and the number of Scheduled caste and Scheduled tribes population in the district of Malda.

Name of the Block	No. of total population	No. of Scheduled caste population	No. of Scheduled tribes population
Harishchandrapur - II	1,01,363	24,196	2,087

contd....

Harishchandrapur - II	1,20,850	11,831	2,745
Chanchal - I	1,15,905	16,212	482
Chanchal - II	1,02,921	9,869	8,753
Ratua - I	1,40,682	13,535	2,834
Ratua - II	1,00,417	13,122	2,324
Gazole	1,81,672	57,160	44,065
Bamongola	85,339	40,006	20,475
Habibpur	1,41,114	58,176	48,660
Old Malda	98,767	27,232	16,020
Englishbazar	1,54,792	2,689	3,032
Manikchak	1,49,673	18,269	144
Kaliachak - I	1,82,599	5,235	NI1
Kaliachak - II	1,12,494	8,185	3
Kaliachak - III	1,56,122	5,960	15

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Source : Census of Household Survey.

f) Role of banking Institutions in lending to Priority Sectors with Special reference to Malda district.

After independence, the major function of the Commercial banks were to finance to big industrialist with sufficient security and least risk. Every 5 ( five ) year Plans were formulated by GOI with the aim to enrich economic stability of the country which may come from rural development. With this aim in mind various control and changes were brought in the Banking Industry by imposing social control, nationalisation, establishment of RRBs

Table : 8.4

Scheduled Caste and Scheduled Tribe population in Malda District

Census Year	<u>Scheduled Caste Population</u>			Percentage of the total popu- lation	<u>Scheduled Tribes Population</u>			Percentage of the total population
	Male	Female	Persons		male	Female	persons	
1951	66,177	71,202	1,36,379	14.55	40,724	39,739	80,463	8.58
1961	82,613	80,819	1,63,432	13.38	50,540	48,981	99,521	8.14
1971	1,36,463	1,30,234	2,65,697	16.48	65,989	64,726	1,30,715	8.11
1981	1,76,019	1,67,070	3,43,089	16.89	74,956	78,344	1,53,300	7.55

Source : Census of India - 1951, 1961, 1971 and 1981.

etc. step by step.

The major such activities were classified as ' Priority sector ' lending and all banks are now on the social obligation to finance a major part of their lending folio to such priority sector lending. Among the Commercial Bank the role of Gour Gramin Bank is satisfactory towards financing the Priority Sector. In table 8.6 we can show the particulars of advances made to Priority Sector by GGB during the year 1980 to 1988<sup>(17)</sup> .

Table 8.6 shows the total advances of GGB in case of priority lending sector. It is seen from the table that the position of short term crop loan is more stable in the economy as a whole.

GGB, the Commercial banks namely the Gour Gramin Bank of Malda had played a vital role in case of a lending to priority sector. It is seen from table 8.7.

Purposively we have visited five Branches of Gour Gramin Bank of Malda District for collecting their lending position in priority sector. These branches are Mothabari, Sujapur of Kaliachak P.S., Araidanga, Aiho and Sambalpur of Habibpur P.S. It is seen from the survey report that most of all the branches have tried to gave all the lending to priority sector. The lending position of these branches are given in table 8.8 to table 8.12 .

Before Nationalisation, the priority sector lending of Commercial Banks were very negligible. After Nationalisation, Priority Sector lending received an increasing attention keeping a close view on National Priorities. In this context, the major

Table : 8.6

Particulars of advances made to Priority Sector by GGB (Amount in '000)

Items	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Short term crop	28.86	151.47	192.47	171.44	181.82	237.0	343.24	431.18	374.87
2. Mid term (Agriculture & allied)	9.62	39.66	63.99	83.48	86.09	149.11	214.79	266.15	314.84
3. Industry/Rural Artisan	5.91	8.31	25.14	28.33	29.06	52.06	126.42	157.93	156.87
4. Retail Trade/Small business	4.20	18.82	36.08	38.06	25.34	103.07	196.75	232.31	260.56
5. Transport Operation	1.08	4.10	6.69	8.15	1.94	17.18	32.64	21.02	30.31
6. Consumption	.22	.32	.29	.14	.13	.12	.20	.41	.21

Source : Office of the GGB.

Table : 8.7

Advance to Priority Sector ( Amount in '000 )

Year 1 st January to 31 st Dec.	Total Advance	Total Advance to Priority Sector	Total Advance to Agriculture and Allied with in Priority Sector	% of Priority Sector Advance to total Advance	% of Agri. Advance to total Priority Sector Advance
1979	1287	-	-	-	-
1980	8220	8100	4250	98.50	52.47
1981	30500	30250	15712	99.18	51.94
1982	82445	81320	41510	98.63	51.04
1983	115720	102100	51000	88.23	49.95
1984	261008	258200	129100	98.92	50.00
1985	314002	305220	159200	97.20	52.16
1986	342625	331725	167280	96.82	50.43
1987	380100	372005	189200	97.87	50.86
1988	420800	410520	251600	97.56	61.29
1989	448520	433380	216690	96.62	50.00

Source : Annual Report of GGB from 1979-1989.

thrust of the GGB is rightly placed of extending credit to priority sector, particularly to the weaker sections. The overall performance of GGB is impressive towards financing the priority sectors. The only short-fall is that of DRI advances. On this count, they are late starters, rather non-starters. Within the priority sector, Agriculture constitutes a large share and the Bank's clientele in agriculture and allied sector consists of agricultural labourers, share croppers, marginal and small farmers. The picture of priority sector advance of this bank among the three underdeveloped districts of West Bengal viz. Malda, West Dinajpur and Murshidabad, is given in table 8.7.

The table 8.7 shows that the share of priority sector advance to total advance is very satisfactory. As National object was to attain by March 1985 a level of 40% of total lending to priority sector advances, while this figure for the bank was 96.95% ( and average percentage share of priority sector advance to total advance for the period 1980-89 ). The table also shows another good feature in respect of share of agriculture in total priority sector advances. the average percentage share of agriculture within the priority sector advance for the period ( 1980-89 ) was 50.01% which was also higher than National target of 40%.

The table 8.8 shows that the mid term crop loan is very significant in case of priority lending sector. Therefore it is seen that most of the loans were given to the agricultural sector<sup>(18)</sup>.

a) Sambalpur Branch ( opened on 8.11.75 ) Block : Ratua - II.

Table : 8.8  
Loan Sanctioned in Different Years

Year	Total loan sanctioned	Loan to Priority Sectors (Rs. in '000)					
		S.T. Crop loan	M.T. allied	SSI	M.T. Crop loan	Small business	Transport
1982	1098	-	-	17	1008	54	19
1983	391	-	9	35	267	63	17
1984	680	74	7	36	374	168	21
1985	203	19	72	47	-	10	55
1986	2262	103	-	43	1971	77	68
1987	1398	118	150	59	931	59	81

Source : Branch Manager, Sambalpur Branch.

b) Mothabari branch ( Opened on 8.1.75 ) at Kaliachak Block-II

This Branch also lent most of its loan to priority sector. It is seen from the conversation of the branch Manager that the lending position is going to the downward tendency due to bad recovery system, the every Branch Managers are anxious in this respect. They thought that the recovery position is still bad and the necessary steps should be taken by the GGB officers and if this is not possible, then the lending position will be downward in future. The table 8.9 shows this.

From table 8.9 it shows that the lending position in priority sector is very much promising during the recent year. But this is actually significant that there is no Mid-Term crop loan of this branch <sup>(19)</sup>.

c) Aiho Branch (Opened on 24.9.76) situated at Habibpur P.S. Block.

This branch is also act as a prime factor to put to priority sector. It is seen that this area is significant due to SC/ST population growth. This type of population are easy and honest in their behaviour. Therefore the position of recovery is not bad of this branch. But still the Sc/ST population misused their loans i.e. they did not spend their loan money in particular sector for which they get loan. The Branch Manager of this branch is also highly hoped that they have done a immense help to the rural poor, specially the Sc/ST population in lending to the priority sector. This branch is highly interested to

Table ; 8.9

Total loan Sanctioned in Different years

Year	Total loan sanctioned	S.T. Crop loan	Loan to Priority Sectors (Rs. in '000)				
			M.T. Crop loan	M.T. Allied	SSI	Small business	Transport
1982	535	196	-	60	8	230	41
1983	360	211	-	-	23	106	20
1984	432	254	-	-	102	56	20
1985	425	136	-	19	128	126	16
1986	613	273	-	-	140	181	19
1987	994	248	-	81	325	325	15

Source : Manager, Mothabari Branch.

give the agricultural loans in a large scale<sup>(20)</sup>. This is shown in table 8.10

This is to show that the total loan sanctioned incase of agricultural sector is very high. All of the agricultural loans were given to small and marginal farmers. But according to Manager's report that the lending position is very good and the position of recovery is not bad now-a-days.

d) Sujapur Branch (opened on 23.8.86) situated at Kaliachak, Block-I

This branch also lent most of its loan to priority sector. The most of the loans were distributed to agricultural sector. Economically the position of this branch is business oriented and most of the beneficiaries are interested to take loans for agriculture, and sericulture is also an important sector in that region. In this view the lending position in priority sector is seen in table 8.11.

The table 8.11 shows that the total loan sanctioned by this Branch is basically high during 1984 and 1986. The Position of SSI is very concentrated and the lending position in this SSI sector is also satisfactory. According to the Branch Manager of this Branch that their recovery position is also not bad and their repayment has been done by their rules<sup>(21)</sup>.

The table 8.12 shows that total loan position is high in 1985 & '87. As per Branch Manager of this Bank the total recovery position is not so bad and they have sanctioned mainly agricultural loan to the marginal and small farmers<sup>(22)</sup>.

Table : 8.10

Total Loan Sanctioned in Different Years ( Amount in '000 )

Year	Total loan sanctioned	S.T. Crop loan	M.T. Allied	Priority to lending Sector			
				M.T. Agri.	SSI	Small business	Transport
1982	1038	664	106	82	75	91	20
1983	1575	1141	95	117	101	82	39
1984	474	156	25	86	86	106	15
1985	1732	1425	32	89	84	63	39
1986	1342	776	50	14	319	133	50
1987	1567	842	48	19	321	321	16

Source : Branch Manager, Aiho.

Table ; 8.11

Total loan sanctioned in different years

Year	Total loan sanctioned	S.T. Crop loan	Priority Sector lending				
			M.T. Allied	M.T. Agri.	SSI	Small business	Transport
1982	744	461	199	4	24	22	34
1983	639	287	84	7	147	78	36
1984	2471	449	856	12	689	450	15
1985	851	379	249	15	175	19	14
1986	1594	474	98	2	315	692	13
1987	821	152	300	11	175	175	8

Source ; Branch Manager, Sujapur Branch.

e) Araidanga Branch (opened on 27.3.76) situated at Ratua Block - II.

Table ; 8.12

Total loan sanctioned by different Priority Sector  
(Amt. in '000)

Year	Total loan sanctioned	Lending to Priority Sector					
		S.T. loan (Crop)	M.T allied	M.T. Agri.	SSI	Small business	Transport
1982	495	345	40	1	3	84	22
1983	341	253	17	16	9	44	2
1984	626	243	41	23	70	242	8
1985	800	487	36	11	76	184	6
1986	361	94	46	15	96	101	9
1987	843	695	16	2	65	65	-

Source : Branch Manager, Araidanga Branch.

S U M M A R Y

In the rural economy the commercial bank is to help to the priority sector after nationalisation of the Commercial Banks. Before nationalisation the Commercial banking was to perform their role inside of richer farmers and they deprived the weaker section of the rural economy. After nationalisation Reserve Bank of India had advised the banks to draw up an operational plan for priority sector and weaker sections. The targets prescribed for banking system and the Govt. of India are the main targets and other targets. The main targets consists of priority sectors, the 20-point programme, Direct agricultural advances, and weaker section. The othe targets consist of the C-D Ratio in Rural and Semi Urban branches. Differential Interest Schemes, and advances under IRDP.

The performance of different banks have been even in this respect. In case of GGB, have performed a stable and consistent work in priority sector lending.

Their almost all loans have been given to the rural poor in rural economic development. In inception of GGB, the recovery position was very weak and slow. But during 1986-1989 the recovery position is promising and not so bad. Because the rural poor understood that if they repay their loans then they also get immense financial help from this bank. Also the rural poor thinks that in their distress the main role of GGB will be very much helpful for their development and for that reason

the repayment of this bank now-a-days is improving. Other Commercial banks, namely SBI, UBI, C.B., A.B. etc. have also helped to the rural poor in priority sector lending. It is to note that their aim is to improve the standard of living to the rural poor. The established Commercial bank have performed their tasks reasonably and satisfactory.

Howere, the performance of different banking institutions regarding the priority sector advance in the district of Malda is unequal. Bankwise, priority sector advance is highly satisfactory in case of Gour Gramin bank, District Credit Co-operative Bank and United Bank of India.

The important ingredients of poverty and the need of assetless poor are the important criteria for Commercial Banks to reach the priority sector. But Commercial banks are facing serious bottlenecks to serve unemployment and chronic poverty among the poor, Increasing gap in income and living conditions of rich and poor, lack of proper infrastructural facilities lack of organised marketing system in rural areas, absence of organisation of the vast masses and the rural poor, educational backwardness, underutilised local resources, lack of development and application of village technology and non-existence of centralised administrative machinery etc.

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