

CHAPTER - VIII

Impact of the Activity of the Banking Institutions on the Rural Economy of Cooch Behar

(a) Basic approach of IRDP to the rural people of the Priority sector through S.F.D.A./D.R.D.A.

Integrated Rural Development Programme (I.R.D.P) was introduced by the Government of India in the year 1979 to alleviate mass poverty in rural India. It is a major rural development programme. As stated by Mishra and Sundaram (1) I.R.D.P. is a multi-level, multi-sector and multi-section concept of rural development. As a multi-level concept, it extends rural development to the viable cluster of village communities, blocks and district. As a multi-sector concept, it embraces development in various sectors and sub-sectors of rural economy like agriculture, industry, education, health and transportation etc. As a multi-section concept, it likes to bring socio-economic development of various poorer sections or sub-sections of rural population such as landless labourers, artisans, small farmers, marginal farmers, scheduled caste and tribes. It aims at integrating the low-income segments with the rest of the rural community by ensuring them a better participation in production process and a more equitable share in the benefits of development. (2)

The target of IRDP was to assist, on an average,

600 poor families per block per year and 3000 families per block during the sixth plan period. In this manner, 3 million families would be assisted in a year and 15 million families in the course of the sixth plan in the country as a whole. The outlay on subsidy etc. was Rs. 35 lakhs per block during the sixth plan period. In 1981-82, the IRDP outlay per block was Rs. 6 lakhs. (3)

This was stepped upto Rs. 8 lakhsⁱⁿ/1982-83. The outlay on IRDP in the Sixth Plan was Rs. 1500 crores. This was shared on a 50:50 basis by the State and Central Governments. The Credit requirement for IRDP was estimated to Rs. 3000 crores during the 6th plan period. Thus the IRDP envisaged an investment of about Rs. 4500 crores in the rural sector during the sixth plan. (4)

Under IRDP, identified rural families are assisted through viable bankable projects. In order to enhance the viability of a project, different rates of subsidy are admissible on the total cost of a project. The capital cost of a project/asset is subsidised to the extent of 25% for small farmers and 33½%^{for} marginal farmers, agricultural and non-agricultural labourers. An individual family may receive upto Rs. 3000 by the way of subsidy. A poor family belonging to scheduled tribe may get a subsidy of Rs. 5000. Rural credit institutions have been advised to provide loan to identified beneficiaries upto Rs. 5000 without any security. (5)

In order to implement the IRD programme, there is

operating an agency in all states and union territories, known as D.R.D.A.. The D.R.D.A., Cooch Behar came into existence on 26.5.81 with the amalgamation of the small Farmers' Development Agency. As in other parts of West Bengal, the task of implementing IRD programme was vested with Panchayat bodies upto the year 1980-81. Since transfer of funds from Panchayat Samities took sometime, DRDA could actually start functioning from 1982-83 and 1981-82 was utilised mainly for preparatory ground works.

This agency is identifying the beneficiaries, drawing different viable and bankable projects on local resources, providing subsidy and other necessary inputs and assistance in marketing of products and providing adequate training with the help of gram panchayat, panchayat samities, lead Bank and other development agencies. The agency identifies the beneficiaries on the recommendation of the gram panchayat and panchayat samities. Different commercial and public sector banks are providing bank loan on the subsidised projects sponsored by the D.R.D.A.. The area operation of this agency has covered 12 blocks of this district including 128 gram panchayats. Among many schemes, the district of Cooch Behar justifies agriculture, animal Husbandry, fisheries, sericulture, small industry, under I.R.D.P. from the view point of economic viability. The identified families are provided with Govt. subsidy and bank loan on those

schemes for preventing the families from slipping back into poverty.⁽⁶⁾

The progress made in the matter of implementation of Integrated Rural Development Programme through D.R.D.A. since inception i.e. 1981-82 to 1987-88, is shown in table 8.1.

Table - 8.1.

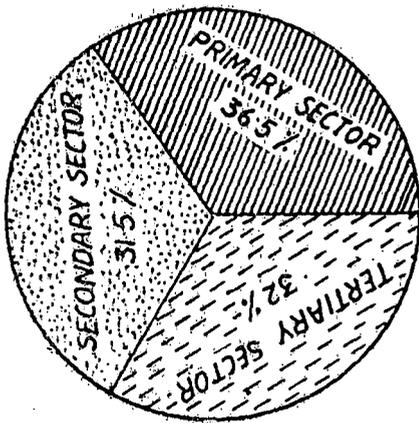
Amount of subsidy released and the number of beneficiaries covered through D.R.D.A.

Year	Total Expenditure.	Amount of subsidy released.	No. of beneficiaries.
1981-82	2.11 lakhs	.41 lakhs	107
1982-83	17.96 "	14.30 "	3679
1983-84	77.05 "	69.32 "	12226
1984-85	91.52 "	82.30 "	10321
1985-86	113.61 "	105.24 "	8739
1986-87	113.30 "	101.78 "	9980
1987-88	160.16 "	143.64 "	12883

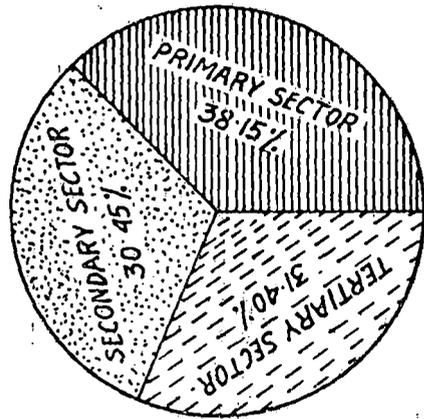
Source: Annual action plans, D.R.D.A., Cooch Behar from the years 1981-82 to 1988-89.

It appears from the table 8.1 that there was a sharp increase in the quantum of subsidy released and in the

Diagram 8.2



PIE DIAGRAM SHOWING SUBSIDY RELEASED IN DIFFERENT SECTORS IN THE YEAR 1987-88.



PIE DIAGRAM SHOWING BENEFICIARIES ASSISTED IN DIFFERENT SECTORS IN THE YEAR 1987-88.

number of families covered during the years under review. Total amount of subsidy released amounts to Rs. 516.99 lakhs and total number of beneficiaries are 57935. This indicates that the programme is poised for a quick development.

The sectorwise achievement of I.R.D.P. through D.R.D.A. of the district will be better understood, if we review the targets and achievements both financial and physical regarding disbursement of credit and family assisted during the last five years (1983-84 to 1987-88). The first year of its existence i.e. 1981-82 was utilised in preparatory work like preparation of Bankable schemes, holding of meetings and seminars etc. The model schemes drawn up by Cooch Behar D.R.D.A. were approved in D. L. C. C. meeting towards the fag-end of the financial year 1981-82. As a result, financial and physical achievements were 2.11 lakhs and 107 families against the targets of 55 lakhs and 6600 families. It is far below the financial and physical targets. Similarly, for the second year 1982-83, the same financial and physical targets were fixed. But the actual performance was 17.96 lakhs and the number of families were 3679. Compared to the performance of the first year (1981-82), there was some improvement during the 2nd year (1982-83) in the matter of financial and physical achievements, but they also fell short of the targets. The detailed achievement of the last five years i.e. 1983-84 to 1987-88 is shown in table 8.2.

Table - 8.2

Financial and Physical target and achievements under IRDP of DRDA in Cooch Behar since 1983-84 to 1987-88

(Amount in lakhs)

Sector	1983-84		1984-85		1985-86		1986-87		1987-88	
	Financial	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial	Physical
I. Agriculture	10.18	1651	10.83	1376	13.77	1011	10.35	721	52.46	4914
II. Minor Irrigation.	1.37	185	1.21	94	0.36	31	0.48	28	-	-
III. Animal Husbandry.							25.11	2358	-	-
1. Milch Cattle (Dairy).	5.53	545	10.87	816	19.70	1272	-	-	-	-
2. Goatery	4.50	2127	2.83	1095	4.62	676	-	-	-	-
3. Duckery	0.10	151	.03	47	0.08	23	-	-	-	-
4. Piggery	0.10	11	.03	4	.44	45	-	-	-	-
5. Poultry + Heifer+ Boiler checks	-	-	-	-	3.61	159	-	-	-	-
IV. Fishery development.	3.56	344	2.61	213	3.12	207	3.06	1077	-	-
V. Rwp Dekhi	1.50	1537	2.40	1298	2.04	618	-	-	-	-
VI. Sericulture	2.96	140	-	-	-	-	0.03	2	-	-
VII. ISB Component	39.52	5535	51.49	5378	57.50	4697	62.21	5794	91.18	7969
Amount of Subsidy released.	59.32	12226	82.30	10321	105.24	8739	101.78	9980	143.64	12883
VIII. Expenditure on infrastructure	2.00	-	2.00	-	.08	-	-	-	3.34	-
IX. Expenditure on TRYSEM	0.49	-	1.44	-	1.54	-	2.12	-	2.52	-
X. Exp. on Survey	0.27	-	-	-	0.02	-	1.92	-	1.30	-
XI. Exp. on establishment	4.97	-	5.78	-	6.73	-	7.48	-	9.36	-
Total achievement	77.05	12226	91.52 (104%)	10321 (156.38%)	113.61 (94.68%)	8739 (130.6%)	113.30 (86.26%)	9980 (142.57%)	160.16 (103.33%)	12883 (143.14%)
Total Target	88.00	6000	88.00	6600	120.00	6690	131.34	7000	155.00	9000

Note: Total Financial Achievement = Total Amount of subsidy released+ other expenditures sectorwise.

Total Physical Achievement = Total number of beneficiaries sectorwise.

Source: Computed from DRDA Annual Action Plans 1983-84, 1985-86, 1986-87, 1987-88, 1988-89.

From table 8.2 it appears that over the period, total physical target was 35290 and financial target was Rs. 582.34 lakhs. The physical achievement was more than the target. The percentage of achievement is 153.44. On the other hand, the financial achievement is below the target. In percentage term it is 95.41. This is because per family investment was low due to poor investment by the financial institutions. This in turn hindered the asset creation at the hands of the rural poor.

If we review the bankwise position of bank loan sanctioned, release of subsidy and number of beneficiaries covered under IRDP in the district of Cooch Behar, we see that the performance of U.B.K.G.B. (a regional rural bank) is comparatively good than that of other commercial and co-operative banks. The table 8.3 will speak the truth.

Table - 8.3

Statement showing bankwise position of Bank Loan sanctioned, Release of subsidy & number of beneficiaries under IRDP for the years 1986-87 and 1987-88 (Rs. in lakhs)

Name of the Bank.	Bank Loan		Subsidy Released.		No. of beneficiaries					
	1986-87	1987-88	1986-87	1987-88	1986-87			1987-88		
					New	Old	Addl	New	Old	
S.B.I.	34.01	45.69	16.72	23.08	860	468	230	1084	570	
C.B.I	46.47	83.58	25.49	47.42	1262	649	331	1914	1294	
A.L.B.	11.06	22.67	5.32	10.90	241	71	44	459	143	
U.B.I.	5.07	10.55	2.44	5.19	131	25	31	234	69	
U.C.O	.95	2.07	.52	1.14	48	16	..	114	26	
B.O.I	2.24	4.35	1.08	2.09	32	47	32	110	59	
B.O.B.	1.06	3.32	.56	1.78	19	22	15	119	22	
W.B.S.C.B	2.72	..	1.36	..	847	
L.D.B.	1.03	.57	.52	.22	102	..	1	8	..	
U.B.K.G.B.	87.24	95.40	47.76	51.81	3008	788	660	2795	1296	
Total	191.85	268.20	101.77	143.63	6550	2086	1344	6837	3479	

Source: Annual Action Plans of DRDA for the years 1986-87 and 1987-88.

Note: Additional number of beneficiaries will be 2567, which was not available bankwise in the action plan of DRDA for the year 1987-88

In Cooch Behar, like other districts of West Bengal, Panchayats and Panchayat Samities are entrusted with a great role in the matter of implementation of IRD Programme. Panchayats at the village level and Panchayat Samities at the block level, have been given the power of indentifying the beneficiaries of the target group under this project. At the sametime, financing banks have been linked up with the IRD programmes for catering to the credit needs of the beneficiaries. In order to be familiar with the details of the programme and to develop a rapport between concerned officials of different agencies and the members of the Panchayati Institutions much discussions and deliberations on the subject were required. Accordingly, programmes were chalked out to cover the whole district so that the concept of I.R.D.P. could be circulated through meetings, conferences, seminars, various types of extension methods etc.. Thus, Panchayats have a great role to play in this rural development programme. After the panchayat election of 1983, gram panchayats, panchayats samities, different banking institutions, district authority and D.R.D.A., have been working unitedly for the successful implementation of this programme.

(7)

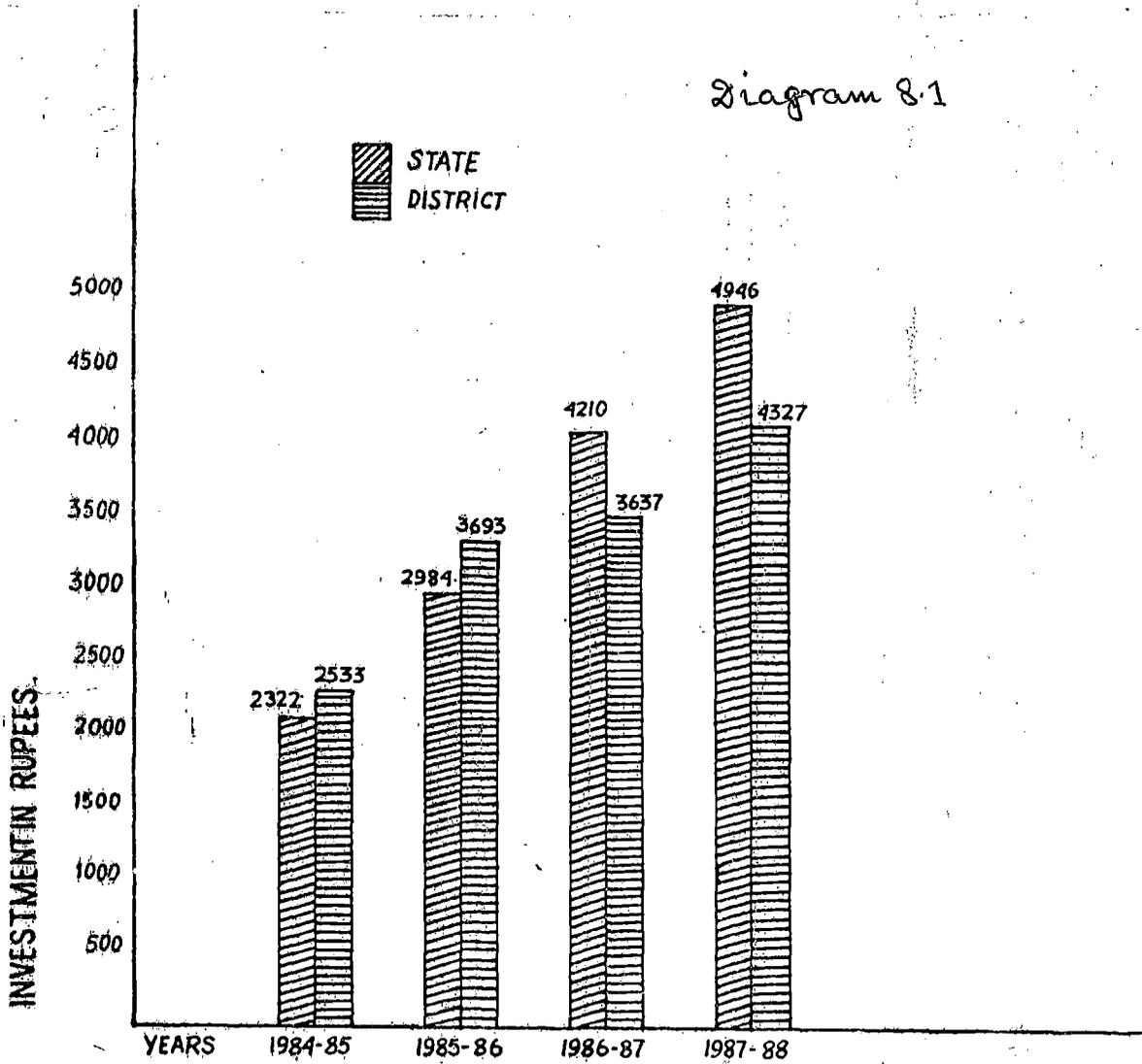
As a Supreme Authority of three-tier Panchayati Raj, the Cooch Behar Zilla Parishad is also directed to provide leadership in all fronts of rural development. The Cooch Behar Zilla Parishad has undertaken massive task of employment generation.

schemes in rural areas. During the past five years (1983-87) the schemes under the Minimum Needs Programme (MNP), the NREP (Normal) and NREP (Big) generated nearly 3 million mandays and created rural assets in the form of rural roads, culverts, bridges, land reclamation, hats and markets, schools, housing for homeless, social forestry, tubewells for drinking water, irrigation etc.. Similarly, in early 1985 the Zilla Parisad had taken up schemes under RLEGP. Under the non-earmarked sector of RLEGP the Zilla Parisad had concentrated mainly on rural communication network such as new link roads and bridges and restorative works damaged by natural calamities. In the earmarked sector, social forestry, Indira Awas Yojana, rural sanitation and primary school building have been taken up and till date nearly 1.5 million mandays have been generated.

Zilla Parisad is equally interested in rural electrification (Lok deep). In the year 1987, connection was given to 452 houses and another 344 houses were made ready for power connection. Further, 1008 houses have ^{been} taken up for the scheme.

IRDP, the bedrock of anti-poverty programme, is another area in which Zilla Parisad is deeply concerned. During the 7th five year plan (1985 to 31.12.87), 22745 families were given assistance to cross the poverty line. Among them, 10321 belong to SC/ST and 5730 are women beneficiaries. The per capita investment of Rs. 3637 in 1985 has shot up to Rs. 4214 in

Diagram 8.1



MULTIPLE BAR DIAGRAM SHOWING PER CAPITA INVESTMENT OF STATE AND COOCH-BEHAR D.R.D.A.

1988 which is close to all India standard. This indicates that the programme is poised for right curve.

Special drive is made for effective implementation of special component plan for SC/ST families. Individual as well as community schemes has been given sincere attention and it is believed that the exercise will bear good fruit. (8)

An attempt, perhaps for the first time since the beginning of the planned development in the state for treating the block and district as units of planning was made in 1985. This is a deviation from the age-old concept of "planning from above." Planning has been decentralised and the people at the grass root level is inducted in planning exercise for betterment of their needs and aspirations. Under the system, the District Planning and Co-ordination Council of all Ministers from the district, MPS, MLAS, Panchayat representatives, district level officials, District Planning Committee and the Block Planning Committee form the executing agency of the planned schemes in the district. Apart from departmental plan and schemes, sincere attempt for the last three years has been made to rationally utilise the funds allotted by the Planning and Development Department by stressing on local needs and by assisting deficiencies in certain sectoral schemes. Plans based on needs of the local area vis-a-vis its resources are prepared first at Block level

through participation of Panchayat bodies. The Block Plans are critically analysed by the District Planning Committee with reference to the plans and programmes of different departments and proper synthesis between the needs and available resources are attempted. The composition of Planning has to be such as more development goes to the weaker sections of society, backward areas and backward communities so that economic growth is integrated with social justice. (9)

The following limitations have been found in case of proper implementation of I.R.D.P. through D.R.D.A. in the district of Cooch Behar. (10)

1. Wrong and slow identification of beneficiaries by the government machinery.
2. Mis-utilisation of income generating assets.
3. Lack of infrastructural facilities.
4. Untimely and low quality supply of inputs.
5. Shortage of banking facilities.
6. Low recovery of bank loans.
7. Low I.C.O.R. (Incremental credit output ratio) in some schemes like Milch Cow, Bullock cart, Wool-knitting etc.
8. Low per family investment.
9. Ignorance in regard to consumption credit to the

poor assisted families initially.

10. Lack of guidance, supervision and follow-up action at different levels.
11. Lack of marketing facilities.
12. Shortage of DRDA staff at block and village levels.

Unless these difficulties are overcome, this programme may soon lose its development character and may assume the shape of subsidy giving projects.

b) Evaluation of the impact of I.R.D.P. on the target group of people (Priority sectors).
(11)

Evaluation of the impact of I.R.D.P. in the district of Cooch Behar has been made from the sample survey report of A.P.O. (monitoring) DRDA, Cooch Behar. A.P.O. (monitoring) has made a sample survey (January to June) of 348 families on random basis covering 172 scheduled caste families and 176 general caste families from different blocks, different bank branches, different schemes and different income groups. To maintain uniformity, A.P.O. (monitoring) personally visited the houses of the beneficiaries and interviewed the beneficiaries with uniform proforma to get relevant information. The occupational status of the sample families were small farmers-7; marginal farmers-157; agricultural labourers-73; rural artisan-56; and other than agricultural

labourers-55. Out of the sample families of 348, 127 belonged to yearly income group of Rs. 0 - 2265; 93 belonged to Rs. 2266-3500, 68 belonged to Rs.3501-4800; and 60 belonged to 6400 + . Total number of beneficiaries out of 348 families were 429. Regarding nature of schemes among beneficiaries, 130 were found primary, 81 were found secondary and 218 were found tertiary.

From the information collected the following inferences were drawn:-

(i) Number of families who crossed the poverty line:

The number of families who crossed the poverty line with the help of IRDP was 120 (34.48%). But on the close scrutiny, it was found that 60 families had been wrongly identified and they had been above the poverty line according to their pre-investment annual income criteria of Rs. 6400+. These families generated sufficient income with the help of IRDP. This wrong identification of beneficiaries undoubtedly shows that a large amount of resources has been diverted to the families above the poverty line at the expense of the 'Poorest of Poor families'. Next, 60 families who crossed the poverty line with the help of IRDP belonged to the respective annual income groups of Rs. 0-2265; Rs.2266-3500 and Rs. 3501-4800. Highest number of families crossed the poverty line with the help of SBI (38.27%). Schemes which

helped most the families to cross the poverty line were tertiary (44.44%), Primary (28%) and secondary (17.64%). Families belonging to general Caste took most advantage from the IRDP to cross the poverty line (66.66%) whereas the percentage of scheduled Caste families to cross the poverty line was (33.33%). Families belonging to the annual income group of Rs. 2265-3500, derived the highest advantage of crossing the poverty line (36.70%).

ii) Status of the asset:

Regarding status of the asset among a total of 429 beneficiaries, the survey result shows that 178 beneficiaries (41.49%) utilised their assets and generated some income. 43 numbers of beneficiaries (10.02%) perished their assets, 140 numbers of beneficiaries (32.63%) mis-utilised their assets and 68 numbers of beneficiaries (15.85%) disposed of their assets. The present trend of mis-utilisation of income generating asset has turned out to be the singular cause responsible for slow and poor impact of the programme on alleviation of rural poverty in the district. Percentage of mis-utilisation was highest in Mekliganj (18.82%), Mathabhanga-I (17.64%) and in Sitalkuchi (15.55%). Scheduled Caste beneficiaries had the higher percentage of mis-utilisation (55.88%). Beneficiaries belonging to the annual income group of Rs. 0 - 1500/- had the highest percentage of mis-utilisation (35.29%). Mis-utilisation was considered

-able in Milch Cow (43.75%), Bullock Cart (34.61%) and wool knitting (27.77%) schemes. A cow has become circulating asset in IRDP.

iii) Repayment of bank loan:-

In respect of repayment of bank loan, 82 beneficiaries (19.11%) did not repay bank loan at all; 120 beneficiaries (27.97%) repaid bank loan 0-20%; 72 beneficiaries (16.78%) repaid 21-40%; 48 beneficiaries (11.18%) repaid 41-60%; 30 beneficiaries (6.99%) repaid 61-80% and 77 beneficiaries (17.94%) repaid bank loan 81-100%. Thus 77 beneficiaries were found with almost regular repayment behaviour whereas 352 beneficiaries were found with high overdues or non-repayment of bank loan. Repayment of bank loan was considerably higher in Haldibari (84.21%) followed by Cooch Behar-I (66%). Repayment of bank loan was higher with UBKGB branches (47.22%) followed by CBI branches (38.22%).

In order to examine the reasons of non-repayment of bank loan the sample survey gave the following interesting results:

Table - 8.4
Reasons for non-repayment

	No. of IRDP Beneficiaries	% of Total	Rank
(a) Delay in income generation.	34	9.66	4
(b) Inadequate income	85	24.14	2
(c) Assets perished	39	11.08	3
(d) Old dues paid	3	0.85	6
(e) Urgent family need	158	44.89	1
(f) Others	33	9.38	5
	352	100	

The above result showed that urgent family need topped the list (44.89%). Next prominent cause was inadequate income (24.14%). Assets perished occupied 3rd position (11.08%). Delay in income generation, others and old dues paid occupied 9.66%, 9.38% and 0.85% respectively.

c) Survey results regarding accessibility of credit and impact of credit.

There has been marked a good impact of the activity of the banking institutions regarding accessibility of credit and

impact of credit on the earnings of the borrowers in the sample villages. The survey was conducted among 200 borrowers in four sample villages of the district. The sample design of the survey has been given in Chapter IX, Section II.

I. Accessibility of Credit.

(i) Distribution of Credit by Source:

The survey results of 200 borrowing households of four sample villages regarding distribution of credit by source are summarised and presented in table 8.5.

Table - 8.5

Distribution of Credit by Source.

Credit agency	Number of borrowers	Amount of borrowing (Rs)
Institutional	178 (89.00)	365751 (93.83)
Now Institutional	22 (11.00)	24030 (6.17)
Total	200 (100)	389781 (100)

Source : Data collected from survey.

Note: Figures in brackets are percentages.

Table 8.5 indicates the pattern of distribution of credit by institutional and non-institutional agencies. It reveals that out of total credit of Rs. 3.90 lakhs, the institutional credit accounts for Rs. 3.65 lakhs i.e. 93.83 percent of the total credit has been advanced by institutions like co-operative and regional rural bank (UBKGB). It is worthwhile to mention that in the sample villages most of the bank branches are of UBKGB. So the role of this bank towards direct and project lending is very promising. On the otherhand, the contribution of non-institutional sector viz. Mahajan, Friends and relatives has been reduced enormously to less than 6.17 percent. 89 percent of the total borrowers happened to avail of the institutional credit while only 11 percent resorted to non-institutional source. However, this overwhelming proportion of institutional finance (89 percent of borrowers and 93.83 percent of total finance) indicates a considerable degree of accessibility of these institutions to these rural households.

(ii) Distribution of credit by social Groups.

Generally, it is said that the benefit of rural credit institutions or even otherwise development schemes in the rural areas, has primarily gone to the 'gatekeepers' in the village rather than getting percolated down to the lowliest. In view of this, it is relevant to examine who are the prime bene-

ficiaries of the credit in the selected villages. Table 8.6 presents data in this connection.

Table - 8.6

Social Backgrounds of Beneficiaries and the Sources of Borrowings.

Caste/ Social group.	Number of borrowing households.			Amount of borrowing		
	Institu- tional	Non- Institu- tional.	Total	Institu- tional	Non- Institu- tional	Total
Brahmin	10 (5.61)	2 (9.10)	12 (6.00)	31500 (8.61)	7000 (29.13)	38500 (9.87)
Muslim	8 (4.50)	4 (18.18)	12 (6.00)	23043 (6.30)	6300 (26.21)	29343 (7.52)
Middle Caste	68 (38.20)	10 (45.45)	78 (39.00)	102080 (27.90)	6950 (28.92)	109030 (28.00)
Scheduled Caste and Other back- ward class- es.	92 (51.69)	6 (27.27)	98 (49.00)	209128 (57.19)	3780 (15.74)	212908 (54.61)
Total	178 (100)	22 (100)	200 (100)	365751 (100)	24030 (100)	389781 (100)

Source: Personal investigation (data collected from survey).

Note: Figures in the brackets are percentages.

As regards credit accessibility by social groups, it is apparent that among the institutional borrowers, the most dominant class is Scheduled Caste and other backward classes (51.69 percent of the total) followed by middle caste (38.20 percent of the total). Brahmins and Muslims put together account for as low as 10 percent of the total. Numerically, this lends support against the popular belief of cornering of the gains of institutional credit by 'gatekeepers' of rural economy. The area under study is largely inhabited by the Scheduled Caste and other backward class people who are economically and socially weaker sections of the society. They account for as high a proportion as 57.19 percent in terms of amount of borrowing from institutional agencies. The contribution of non-institutional source accounts for as low a proportion as 27.27 percent in terms of borrowers and 15.74 percent in terms of amount of borrowings. The middle Caste accounts for the highest proportion 45.45 percent in terms of borrowers and 28.92 percent in terms of credit from the non-institutional source.

Thus, it would not be wrong to conclude from the table 8.6 that now there exists a considerable enlargement of the role of institutional credit agencies resulting in corresponding reduction in the role of non-institutional source of

credit. The programme of expanding institutional credit has considerably succeeded in extricating the members of backward classes from the clutches of rapacious money lenders.

(iii) Distribution of Credit by Income and Source.

A perusal of data in table 8.7 indicates that 75 percent households securing assistance from institutional as well as non-institutional sources belong to low-income groups i.e. with an annual income of Rs. 10,000, of whom 68 percent availed themselves of institutional credit. This is again indicative of the accessibility of rural institutional credit to the people with lower incomes. However, the total credit (from both institutional and non-institutional sources) secured by the lower income-group households constitutes 61.80 percent of the total borrowings of all households. Moreover, the borrowers of these lower income groups secured institutional credit amounting to 59 percent of total credit.

Thus rural credit institutions have been fairly successful in achieving the objective of national rural credit policy viz. disbursement of credit through institutions to the people of small means and thereby gradually reducing the role of non-institutional credit agencies.

Table - 8.7

Distribution of Credit by Income and Source.

Income	Number of borrowing households			Amount of credit (Rs)		
	Institutional	Non-Institutional	Total	Institutional	Non-Institutional	Total
0 - 2000	36 (20.22)	4 (18.18)	40 (20.00)	14115 (3.85)	2250 (9.37)	16365 (4.19)
2001-3500	68 (38.20)	4 (18.18)	72 (36.00)	152115 (41.59)	2600 (10.81)	154715 (39.70)
3501-10,000	32 (17.98)	6 (27.28)	38 (19.00)	63874 (17.47)	5830 (24.27)	69704 (17.90)
10,001-30,000	42 (23.60)	8 (36.36)	50 (25.00)	135647 (37.09)	13350 (55.55)	148997 (38.21)
Total	178 (100)	22 (100)	200 (100)	365751 (100)	24030 (100)	389781 (100)

Source: Data Collected from Survey.

Note : Figures in Brackets are percentages.

II. Impact of Credit on Earnings.

Generally, loans are taken by the borrowers for the purpose of their economic development. That is why borrowers are generally termed as "beneficiaries" in the language of banking and other concerns. However, the term 'economic development' is generally achieved by the borrower when there is net increment in annual income by the judicious use of credit in comparison to annual income before the use of loan. During our field study, we have taken into account of such net increment of income as a sign of economic development. On the contrary, if the borrowers fail to add some net increment of income to his annual income, it is presumed that they have not achieved economic development. Thus, to find out the extent to which the borrowed funds have been judiciously used, information was gathered from the field study of rural borrowers regarding their incomes before and after the use of credit. Table 8.8 exhibits the impact of credit on earnings of the borrowing households.

Table - 8.8
Impact on Credit on Earnings.

Percentage increase in income.	Number of Respondence.
Nil	62 (31)
Upto 20	26 (13)
20 - 40	38 (19)
40 - 80	54 (27)
80 - 100	8 (4)
100 and above	12 (6)
Total	200 (100)

Source: Data Collected from Survey. Note: Figures in the brackets are percentages.

It is seen from the table 8.8 that considerably large number (31 percent) of borrowing households could not make a judicious use of credit as they reported to have no increase in their earnings after the use of credit. Another group of households (13 percent) could get a marginal increase (around 20 percent) in their yearly incomes. 19 percent of the borrowing households could get an increase in their earnings ranging between 20 to 40 percent. 27 percent of the borrowing households could get an increase in their earnings by a reasonably good margin ranging between 40 to 80 percent over their previous levels of income. Households registering more than 100 percent increase in their yearly income due to the judicious use of credit numbered only a few (6 percent). Thus, the overall performance of the rural borrowers enhancing their family incomes is indicative of a more or less judicious use of credit by these people.

(d) Experience of different borrowers in Cooch Behar District.

We met different types of borrowers who borrowed mainly from different branches of UBKGB, other Commercial bank branches and co-operative societies. These borrowers were selected from Caste Hindus, Muslims, Scheduled Caste etc.. Moreover, we selected four villages viz. Maradanga, Chhatoa, Banerwar and Siddeswari from two blocks out of 12 blocks of Cooch Behar district. The sample was of 50 in each village. Thus we

met these 200 villagers also. From our interview we gathered interesting and peculiar experiences from successful and unsuccessful borrowers. Few of these experiences are narrated below. We hope these experiences will throw some light to the problems of the borrowers and will help to find out ways of solving these problems.

(i) Successful borrower.

1. Asit Barman, Village - Baxirhat, P.O. Baxirhat, Block - Tufanganj - II, Dt. Cooch Behar (Family members - 8)

Shri Barman was an agricultural labourer and belonged to economically backward scheduled caste family. He had the arrangement of Pan Cultivation at his residential plot of land. The banking institution with its help, had changed the economic condition and fate of the scheduled caste borrower. The name of his project was Pan Cultivation. Total cost of his project was Rs. 6850/-. He got Rs. 3425/- as subsidy (Rate of subsidy to the scheduled caste borrower was 50% of total project cost) and rest Rs. 3425 was given him as loan by the U.B.K.G.B. Baxirhat branch. Bank loan had increased his income from Rs. 2500/- to Rs. 5000/-. So his early income had been doubled. His loan repayment was satisfactory.

Case No. 2. Surendra Mohan Das, Village - Siddeswari,
P.O. Baneswar, Block - Cooch Behar - II,

Dt. Cooch Behar (Family members - 7)

The name of the project of Mr. Das was Gurmaking. The total cost of the project was Rs. 4500/-. Bank loan was Rs. 3000/- which was financed by U.B.K.G.B., Baneswar Branch. The subsidy amount given to him was Rs. 1500/-. Mr. Das productively invested that bank loan in his business. His annual income before loan was Rs. 3000/-. After loan his income rose to Rs. 5000/-. His incremental income was Rs. 5000/- Rs.3000/- = Rs. 2000/-. His repayment was satisfactory.

Case No. 3 - Chandramay Singh, Village - Siddeswari,
P.O. Baneswar, Block - Cooch Behar - II,
Dt. Cooch Behar (Family members -6).

Shri Singh was a marginal farmer. He was one of the examples of economically suppressed scheduled caste classes. The name of his project was Milch-Cow. The total cost of the project was Rs. 3000/-. He got subsidy of Rs. 1500/- which was financed by U.B.K.G.B., Baneswar Branch. His yearly income before loan was Rs. 3100/-. After investment of loan, it rose to Rs. 4800/-. His increment in income was Rs. 1700/-. His repayment of loan was satisfactory.

Case No. 4. Md. Mozaffar Hossain, Village-Sutkabari,
P.o. Sutkabari, Block - Cooch Behar - 1,
Dt. Cooch Behar (Family members - 10).

Suktabari village is inhabited by the Muslim people in district Cooch Behar. Mr. Hossain, a small farmer lives in that village along with his relatives. The name of the project of Mr. Hossain was Bullock Cart. Bank loan was Rs. 3947 which was financed by U.B.K.G.B, Sutkabari Branch. He got Rs. 1973 as subsidy. His project was successful. Before loan his yearly income was Rs. 4000/-. It rose to Rs. 7500/- after loan. So, the incremental income was Rs. 7500/- - 4000/- = Rs. 3500/-. His loan repayment was satisfactory.

Case No. 5. Krishna Barman, Village - Balarampur,
P.O. Dewanhat, Block - GOB-I, Dt. Cooch
Behar (Family members-7).

He was a fisherman. Mr. Barman's project was Fish catching implements, Boat, net, etc. The total project cost was Rs. 4000/-. His loan amount of Rs. 2000/- which was financed by Central Bank of India, Dewanhat Branch. He got the benefit of 50% subsidy over his project cost i.e. Rs. 2000/-. Before loan, his income per year was Rs. 2700/-. After loan his early income rose to Rs. 6300/-, net incremental income was Rs. 3600/-. His repayment position was satisfactory.

Case No. 6. Nikhil Kar, Village Gosanimari, P.O. Gosanimari,
Block - Dinhata - I, Dt. Cooch Behar (Family
members-9).

Mr. Kar was a decorator. Practically he has enjoying a monopoly advantage in decoration business in that village from a very long time. The name of Mr. Kar's project was Decoration work. Total cost of his project was Rs. 12000/-. He got bank loan Rs. 8000/- from State Bank of India, Gos\$animari branch. His income before loan was Rs. 5000/- in a year. After loan his income rose to Rs. 8000/-. His incremental income was (Rs. 8000/- - Rs. 5000/-) = Rs. 3000/-. But his repayment was unsatisfactory.

Case No. 7. Srimati Sefali Chakravorty, Village-Ghugumari, P.O. Ghugumari, Block - Cooch Behar - I, Dt. Cooch Behar (Family members - 6).

The name of the project of Srimati Chakravorty was wool-knitting. Total cost of the project was Rs. 7500/-. Bank loan of Rs. 5000/- was financed by United Bank of India, Ghugumari Branch. She got Rs. 2500/- as subsidy. Before loan her yearly income was Rs. 3000/-, but after loan her income rose to Rs. 5000/-. So, net ~~increase~~ increase in income was (Rs. 5000/- - Rs. 3000/-) = Rs. 2000/-. Her repayment was not satisfactory.

Case No. 8. P\$anesh Badyakar, Village - Baneswar, P.O. Baneswar, Block - Cooch Behar-II, Dt. Cooch Behar (Family members-11).

The title "Badyakar" refersto a section of people who belong to Scheduled Caste Community. Their profession is ^{play}to/

music on different occasions. Pranesh Badyakar was one of them. The name of Mr. Badyakar's project was musical instruments. The total cost of his project was Rs. 5000/-. His loan amount was Rs. 2500/- which was given by U.B.K.G.B, Banewar Branch. He got the benefit of subsidy of Rs. 2500/-. He was successful on his project. His yearly income before loan was Rs. 3600/-. After loan his income increased to Rs. 5500/per year. So the incremental income was (Rs. 5500/- - Rs. 3600/= Rs. 1900/-. His loan repayment was satisfactory.

Case No. 9. Bhudaru Roy, Village - Chilakana, P.O. Chilakana, Block - Tufanganj - I (Family members-7).

Mr. Roy was a Thela-puller of the locality. He also belonged to Scheduled Caste family. The name of his project was "Thela". Total cost of his project was Rs. 1200/-. Subsidy was Rs. 600/- and the rest was bank loan which was financed by U.B.K.G.B., Chilakana Branch. Bank loan has increased his income from Rs. 1800/- to Rs. 3600/- per year. His repayment to that bank branch was satisfactory.

Case No. 10. Nurul Miah, Village and P.O. Maruganj, Tufanganj - Block-I, Dt. Cooch Behar (Family members-8).

Another successful borrower was Nurul Miah who borrowed Rs. 4000/- from U.B.K.G.B., Maruganj branch for invest-

ment in his tailoring shop. Total cost of his project was Rs. 6000/-. He got Rs. 2000/- as subsidy. His total income before taking loan was Rs. 4800/- per year but after the investment of bank loan his income rose to Rs. 7000/- per year. So, net increment in income was Rs. 2200/-. His repayment to the bank was not satisfactory.

ii) Unsuccessful borrower.

1. Ramesh Ch. Das, Village - Chhatoa,
P.O. Maruganj, Tufanganj Block - I,
Dt. Cooch Behar (Family members-9).

This borrower was financed by U.B.K.G.B, Maruganj branch on his project Chiramuri. He had been given loan of Rs. 600/- and subsidy of ^{Rs.} 300/-. Immediately after taking loan, he fell ill seriously and rainy season started. So, it was truly impossible for him to sell his product going from door to door. Ultimately the project failed. His income remained constant. Annual income before and after loan was Rs. 1500/-. He was an honest man and repaying loan by selling his labour service in a local brick-field.

- Case No. 2. Akhil Chandra Sarkar, Village-Amlaguri,
P.O. Maruganj, Tufanganj - Block-I,
Dt. Cooch Behar (Family members-7).

This borrower was a migrated person from East Pakistan (Now Bangladesh). He had settled in that village

Amlaguri. Economically, the family was very suppressed. The principal occupation of Mr. Sarkar was Bidi Making. For this purpose he had been given loan/^{of}Rs. 3600/- from Maruganj gramini bank. He also got the advantage of subsidy of Rs. 1300/-. But the loan was actually invested in vegetable Business. Due to mismanagement, the project failed. Moreover, a heavy burden of large family members made him a defaulter to that Bank. His annual income before and after loan was Rs. 1600/-.

Case No. 3. Santosh Acharyya Village - Ghugumari,
P.O. Gughumari, Block - Cooch Behar - I,
Dt. Cooch Behar (Family members - 10).

The borrower was a small farmer, mainly engaged in cash crop production viz., potato on his 1 acre of land. He had been given loan Rs. 3000/- on 15.11.84 by the United Bank of India for raising productivity. But due to persistent rainfall and insects, production did not increase and his income remained almost stagnant. Annual income before and after loan was Rs. 3600/-. He repaid the loan from the salary of his service in a private firm.

Case No. 4. Abdul Ali Sekh, Village - Banerwar,
P.O. Banerwar, Block - Cooch Behar - II,
Dt. Cooch Behar (Family members-11).

Large family, proper guidance and laziness sometimes lead to failure of project. This was happened true in case of the

borrower Abdul Ali Seikh. The borrower could not work hard and spent his time by gossiping here and there. He could not control his children and they also followed father's principle of laziness. Mr. Sekh's project was Bamboo craft. Total cost of the project was Rs. 2500/-. Subsidy was Rs. 833/- and the rest Rs. 1667/- was given by U.B.K.G.B., Baneswar Branch as Bank Loan. Due to the above mentioned reasons, Mr. Sekh's project failed. He could not repay loan. His annual income, before and after loan remained constant to Rs. 3200/-.

Case No. 5. Dharani Kanta Barman, Village-Baneswar,
P.O. Baneswar, Block - Cooch Behar - II,
Dt. Cooch Behar (Family members - 10).

Dharani Kanta Barman, a literate farmer, having 5 acres of land tried to increase his productivity of his land by using scientific methods of cultivation. He was given loan of Rs. 1040/- from Baneswar local co-operative Credit Society on 12.8.81. But due to devastating flood crop production was spoiled and his project of increasing productivity failed. He had a big family to maintain with his meagre income ^{of} Rs. 4000/- per year only. He could not repay the loan to the society. His outstanding balance was Rs. 1823/- (Principal amount Rs. 1040/- + Interest amount Rs. 783/- ~~Rs.~~1823/-).

Case No. 6. Nimai Sarkar, Village - Dewanhat, P.O. Dewanhat, Block - Cooch Behar - I, Dt. Cooch Behar (Family members - 7).

Dewanhat branch of Central Bank of India financed Mr. Sarkar Rs. 1567/- on his project Arecanut Processing on 9.12.83. The borrower also got the advantage of subsidy of Rs. 783/- Thus the total cost of the project was Rs. 2350/-. But the borrower actually utilised that loan for rice business. Due to misutilisation of loan, the project failed. Subsequently, the borrower fell ill seriously and died. His able sons were in dispute regarding repayment of loan. All of them denied to repay that loan and even they did not co-operate to repay loan.

Case No. 7. Jonakoo Barmon, Village - Icchamari, P.O. Baneswar, Block - Cooch Behar - II, Dt. Cooch Behar (Family members - 10).

The borrower was a share-cropper. He had 3 bighas of land of his own and another 3 bighas, he cultivated on share-cropping basis at the rate of 50:50. To increase productivity of his own land he borrowed Rs. 400/- from the local Co-operative Credit Society, Baneswar on 12.4.77 for paddy cultivation. In the same year before the season of paddy cultivation he borrowed 3 mounds of paddy in kind from the money lender of that village named Tarini Dhani in distress, on the basis of the illegal contract of

paying double quantity, after harvesting is over. By utilising the co-operative loan, he reaped a very good harvest. But irony of fate was that he had been compelled to give almost the entire amount of surplus paddy to that money lender. As a matter of fact, his fate was not changed. Due to economic hardship of managing a large family he was unable to repay co-operative loan. The present outstanding as on 30.6.89 was Rs. 805/- (Principal amount Rs. 400/- + Interest amount Rs. 405/- = Rs. 805/-).

Case No. 8. Harimohan Silsarma, Village - Maradanga,
P.O. Maradanga, Block - Tufanganj - I,
Dt. Cooch Behar (Family members - 9).

The borrower was a typical example of marginal farmer, having only 1 acre of land. He had to feed 9 members with his meagre income from land. He was daily-labourer also, but wages from daily labour was uncertain and insufficient. The borrower had been financed by the local credit co-operative society, Maruganj. He borrowed Rs. 864/- for wheat cultivation on 10.4.65. But he was unsuccessful in his project. Most of the loan was used for consumption purpose. During his life time, he had made arrangements for marriage of his two daughters and one son. For these economic and non-economic reasons, he could not improve his financial position by co-operative loan. In spite of his sincere efforts he could not repay his loan to the society. The outstanding balance was Rs. 1745 (Principal amount Rs. 864/- + Interest

amount Rs. 881/-) on 30.6.89.

Case No. 9. Birendra Chandra Das, Village - Chilakana,
P.O. Chilakana, Tufanganj-I, Dt. Cooch Behar
(Family members-6).

Mr. Das was a shoe-seller at Chilakana Bazar. He had a small shoe-shop there. The U.B.K.G.B. Chilakana branch had financed Mr. Das Rs. 1567 on his project shoe-business on 9.12.83. He also got the benefit of subsidy of Rs. 783⁵/₁₀₀. But the borrower invested the money on the business of Ready-made garments. Due to misutilisation of loan on separate trade, the project failed. He could not survive due to the tough competition among the sellers on ready-made garments. His annual income before and after loan remained constant to Rs. 4800/-.

Case No. 10. Sujit Dey, Village - Baneswar, P.O. Baneswar,
Block - Cooch Behar - II, Dt. Cooch Behar (Family
members-6).

The name of the project of Mr. Dey was Pan Bidi Stall. Total cost of his project was Rs. 1500/-. Bank loan of Rs. 1000/- was financed by U.B.K.G.B, Baneswar Branch on 11.3.87. He got Rs. 500/- as subsidy. It was a matter of regret that after taking loan he fell ill seriously. For more than 3 months he stayed in Cooch Behar Town Hospital for recovery. So, he failed to continue his business. Moreover, the Bank loan and subsidy was spent for

medical expenses. He could not derive any benefit. His annual income before and after loan remained stagnant to Rs. 3000/-.

Case No. 11. Prafullya Biswas, Village-Gosanimari,
P.O. Gosanimari, Dinhata Block - I,
Dt. Cooch Behar (Family members 12).

Mr. Biswas was a hair cutter of the village Gosanimari. The name of his project was Saloon. He was also one of the beneficiaries under I.R.D. scheme. Total cost of his project was Rs.3276/-. He was given loan of Rs. 2184/- on his project by the State Bank of India, Gosanimari Branch on 11.7.87. He got the opportunity of subsidy amount of Rs.1092/-. But he had not been successful on his project because of the tough competition in saloon business with the existing saloons of that locality which were of modern standards. Moreover, a heavy burden of large family snatched his extra income and hence the balance was nil.

Case No. 12. Pradip Debnath, Village - Baburhat, P.O.Baburhat,
Block - Cooch Behar - II, Dt. Cooch Behar (Family
members-9).

Village Baburhat is very famous for local Handloom products like Sari, Dhuti, Lungees, Napkins etc. in Cooch Behar District. People of this locality mostly from "Debnath" surname are engaged in Handloom Industry. There is a good demand of these Handloom products in the local market. Pradip Debnath was one

of the owners of Handloom industry and he was very active in his business. After the opening of a branch of U.B.K.G.B. in that locality, the branch manager tried to improve the condition of these cottage industries. Pradip Debnath got bank loan Rs. 3000/-. In course of time most of the borrowers began to think bank loan was really a gift from the government as this money was treated as non-refundable grant. so they became lazy, indifferent from their usual work and spent their time in gossiping and above all became the active member of influential political party. Owing to political influence they became indifferent in repaying their loans. Pradip Debnath was the representative of the misguided and unsuccessful borrower. So bank credit, instead of increasing standard of living and working opportunities of the borrowers, has increased the laziness and dishonesty like Pradip's.

(12)

(e) Village Adoption Scheme (VAS).

The village adoption scheme (VAS), with its emphasis on area approach, was first conceived by SBI in 1969 to avoid the ill effects of scattered lending that came to be practised in the early days of social control. At first, attempts were made to intensify agricultural lending on an area basis. Later, it was thought convenient to adopt a village and cover the entire gamut of economic activities. The attractiveness of VAS to a bank lies in easy assessment of financial needs, lower

cost of operation, wider coverage of target groups, better supervision, gainful use of staff and conveyance, easier and better recovery, avoidance of duplication of financing, better co-ordination between bank and development agencies and built-up rapport between bank and its clients.

Each bank framed its own guidelines regarding selection of villages, activities to be financed, identification of beneficiaries etc., under the scheme. The general criteria followed by banks in the selection of villages for adoption are good potential for development, easy accessibility and non susceptibility to recurrent natural calamities. (13)

By December 1978, Commercial Banks had adopted 70270 villages or about 12% of the total number of villages in the country. The average number of villages adopted per rural branch came to about 6. Statewise, it was seen that in West Bengal the scheme was implemented in terms of the adoption of gram panchayat. In West Bengal, although the percentage of adopted villages to total villages is high, the coverage in terms of number of accounts per village and amount outstanding per village is poor. In case of Himachal Pradesh and Jammu & Kashmir, although the branch network in rural areas is relatively good, the ranking in terms of all the criteria like percentage of adopted villages to total villages, the coverage in terms of number of accounts per village

and amount outstanding per village, is very low. It was due to difficulties in respect of transport facilities and availability of infrastructure facilities. Similar reasons are responsible for the poor performance of this scheme in North Eastern Region. In Uttar Pradesh, Madhya Pradesh, Bihar, Orissa, Rajasthan, the absence of adequate branch network at the point of time probably contributed to the lower coverage. In Gujrat and Maharashtra, despite the availability of a good branch network, the scheme did not progress because of the widespread coverage of co-operatives. In Southern States, the scheme has shown good progress in all criteria.

Under village adoption scheme, the Commercial Banks including regional rural bank adopted the total number of Gram Panchayats (128) in 12 different blocks of the district of Cooch Behar for their intensive operations in rural belt of the district. From table 8.9, it is seen that by December 1987, the Commercial Banks adopted 60 gram panchayats or about 46.88% while the U.B.K.G.B. (a regional rural bank) alone adopted 68 or about 53.12% of the total gram panchayats of the district. Thus, the performance of U.B.K.G.B. in case of implementation of this scheme is very much impressive than that of other Commercial Banks in respect of the two important criteria i.e. I) Percentage of adopted villages to total villages and II) availability of a good rural branch network.

From table 8.9 it is also evident that the operational areas of bank branches in different blocks are not uniform. In most of the blocks, the operational areas of bank branches are sufficiently large. For example, in Dinhata I, Tufanganj I, Mathabhanga I, the operational areas of the total bank branches are sufficiently large which ultimately spoils the efficacy of this scheme in the district. Moreover, the scheme has lost its relevance under the newly changed circumstances of "Service Area Approach".

Table - 8.9

Number of GPs adopted by Commercial Banks in different blocks of Cooch Behar District at the end of December 1987.

Sl. No.	Name of Bank.	B L O C K S											Total	% of adopted GPs to total GPs	
		COB I	COB II	DIN I	DIN II	Sitai	Tufan I	Tufan II	Matha I	Matha II	Sital Kuchi	Mekliganj			Haldi bari
1.	A.L.B.	3	-	2	2	-	-	-	-	-	-	-	-	7	5.46
2.	C. B.I	1	1	2	3	3	2	2	2	3	4	2	2	27	21.10
3.	S.B.I	-	-	6	1	-	2	-	-	1	-	2	-	12	9.40
4.	S.B.I (ADB)	1	4	-	-	-	-	-	-	-	-	-	-	5	3.90
5.	U.B.I.	1	1	-	-	-	-	-	-	-	-	-	-	2	1.56
6.	U.C.O.	1	1	-	-	-	-	-	-	-	-	-	-	2	1.56
7.	B.O.B.	-	-	-	2	-	-	-	-	-	-	-	-	2	1.56
8.	B.O.I.	-	-	3	-	-	-	-	-	-	-	-	-	3	2.34
9.	U.B.K.G.B. 8		6	3	4	2	10	9	8	6	4	4	4	68	53.12
No. of GPs		15	13	16	12	5	14	11	10	10	8	8	6	128	100.00
No. of Bank Branches.		11	9	8	8	2	9	6	5	7	4	5	4	78	

Source: Annual action plan, 1988-89 of DRDA, Cooch Behar.

The following reasons are responsible for the failure of VAS in district Cooch Behar.

1. Lack of understanding among different Commercial Banks particularly at the grass-root level, which resulted overlapping of Geographical areas served by different banks.
2. Blockwise, it is seen that the area^{of} operation of the bank branches is sufficiently large. It actually means only the official coverage without any intensive lending and potential development of the villages.
3. There is no co-ordination between bank and development agencies.
4. Only a few residents under the adopted villages, had been granted loans.
5. Widespread presence of defaulted cultivators.
6. Difficulties of advancing loans to small cultivators because of their small and fragmented holdings and dependence on bigger landlords/traders/ money lenders.

(f) Specialised Branches.

The specialised branches set up by banks include the

Agricultural Development Branches (ADB) of the SBI Group, the Agricultural Banking Division (ABD), also of the SBI group, the Gram Vikas Kendras (GVK) of the Bank of Baroda and the Rural Service Centres (RSC) of the Dena Bank. The Farm clinics of the Syndicate Bank, first formed in 1973, help farmers not only in regard to financing but also in regard to supplies. Besides, the Indian overseas bank had set up Rural Credit and Development Divisions to concentrate on and follow-up effectively priority sector advances.

According to the banks, the specialised branches are meant to overcome the practical difficulties relating to manpower, high costs of operations and follow-up of financed farmers who are scattered over a wide area. (14) As a way out, compact areas are chosen as their jurisdiction either in terms of number of villages as in ADB and GVK, or in terms of number of rural branches as in RSC.

The distinguishing feature of the specialised branches, according to the banks, is their staffing pattern. An ADB is provided, subject to availability, with a manager, a head cashier, two Rural Development Officers (RDO), two cashiers and an agricultural assistant. The actual strength varies, however, with the coverage. In general, one RDO is posted for every 500 farmers financed.

The ADBs differ from the conventional branches of

the SBI in that they concentrate on the formulation of agricultural programmes in their area of operation. The ultimate aim of an ADB is to cover not only agricultural activities but also allied activities in its area of operation. Commencing from a compact group of villages, the programme is to cover the entire area such as to lead to an integrated and harmonious development of various facets of the agricultural economy in the long run. From May 1976, ADBs have been allowed to finance cottage and small agro-based industries & artisans engaged in rural arts and crafts. At centres, where the ADB is the only Commercial Bank, it can extend its services to all customers in regard to deposits and collection and remittance facilities. The number of ADBs of the SBI, that is, excluding those of its associates, stood at 335 at the end of 1979.

In Cooch Behar district, the SBI group has opened a specialised branch (ADB) at Khagrabari. The name of the branch is ADB Khagrabari. The operational area of this branch covers 4 gram panchayats viz. Khapaidanga, Ambari, Dhandinguri and Khagrabari of Cooch Behar Block II. The branch is staffed with manager, a head cashier, two RDO and an agricultural assistant. This branch was established in the year 1976. Since its establishment, the bank branch is covering the agricultural and allied activities in its area of operation. This branch is also financing cottage and small agro-based industries, artisans engaged in rural arts and crafts and persons engaged in small business. The priority sector advance of this specialised branch is given in table 8.10.

Table - 8.10

Priority sector advance of ADB Khagrabari branch in Cooch Behar District from the year December 1981-to Sept. 1988.

Amount in Rs. '000

Year					Agriculture (Including DRI)		Differential rate of Interest (DRI)	
	S.B.F		S S I		No.of borrower	Amount disbursed	SIB	Agriculture
	No. of borrower	Amount disbursed	No.of borrower	Amount disbursed			No. of borrower	Number of borrower
Dec.1981	654	813	293	174	13816	9069	947	8133
" 1982	687	1123	321	213	15657	10800	931	8487
" 1983	830	1431	435	314	18388	11556	1075	10300
" 1984	1010	2369	520	1036	19320	11949	1080	10727
" 1985	1582	2831	815	1854	18070	13375	1100	10425
" 1986	1815	4422	1014	3007	19269	13042	1074	10374
" 1987	2025	5101	1140	3641	19373	13435	1052	10347
" 1988	2182	5428	1264	3940	19555	13076	1035	10325

Source: Manager, ADB Khagrabari branch, Cooch Behar

N.B. SBF = Small Business Finance.

SIB = Small Industry Business.

SSI = Small Scale Industry.

From the table 8.10 it is evident that the overall performance of ADB Khagrabari branch on priority sector loaning is good over the years. In case of small industry & business sector (SIB), the advance of loan including DRI and the number of beneficiaries over the years, are increasing. In agricultural sector, excepting the two years i.e. 1985 and 1986, the number of borrowers are increasing. Loan disbursement in agriculture also shows a rising tendency upto the year 1985. After 1986, loan disbursement seems to have^a/declining tendency over the years. Under the differential rate of interest scheme (DIR), it is seen that the number of borrowers in SIB sector increases upto 1985 and thereafter, the number of borrowers are decreasing over the years (1986 to 1988). On the otherhand, in agriculture, the number of borrowers is increasing upto 1984 and thereafter, the number of borrowers is continuously decreasing over the years (1985 to 1988).

(g) Urban bias of the Commercial Banks and Problems of rural Credit.

Taking into account the agricultural and other potentialities of the district Cooch Behar, it is evident that the banking system has a big role to play in translating the potentiality into actuality. Moreover, it can shoulder this gigantic task only with the active co-operation of the State development agencies. The zone of success of the development work could only

be extended through sincere and collaborative efforts of the banks, the State Governments and the borrowers.

The credit needs of the district is enormous. As per report of District credit plan of 1988-90 under lead Bank scheme, total requirement of estimated credit for the implementation of Annual Action Plan of 1988 (AAP, 1988) for the different sectors, was Rs. 817.65 lakhs. Sectorwise, the estimated credit requirement for agriculture and allied activities was Rs. 273.51 lakhs. For industry, transport, retail trade and small business and other services, the estimated credit requirements have been to the tune of Rs. 251.46 lakhs, 260.92 lakhs and 31.76 lakhs respectively. (15) But, for the successful implementation of annual action plan, one of the important problems before financing institutions is poor recovery and high overdue position. Presently, in agricultural sector, large number of farmers have become ineligible for fresh bank loan because of their existing overdue loan. The good impact of the activities of the existing banking institutions to serve the development role for this region suffers from the following problems:-

Firstly, most of the bank branches specially rural branches are inadequately staffed. One gets the impression that these are only flag-flying branches, with little attempts to develop business.

Secondly, Though a high proportion of branches are in rural areas, generally they are staffed with urban oriented persons who seek their transfer to better surroundings almost immediately after their posting. This demotivational aspect of the rural based bank personnel should lead to a consideration of the revision of present policies relating to selection, recruitment and training of the entrants in the banking industry.

Thirdly, there is an inadequate understanding of the socio-economic problems of the rural areas on the part of the bankers. Same methods and procedures regarding deposits and advances business as are adopted in urban setting are followed. These emphasise the legal side of the problems to the detriment of production-oriented programme with little knowledge of rural sociology; the banks' staff also tend to stand aloof from the social life. In a sense, banking is a "human" business, where abilities of judging the personalities with whom one comes into contact has a great importance in developing the business. This aspect of the staff development is neglected in the training of the bankers.

Fourthly, in most of the banks, the branch manager is assisted by field staff and technical officers. The latter's responsibility is for credit appraisal and supervision of the loans. But they do not have sanctioning powers. This dichotomy of responsibility leads to delays and sometimes rejections of the proposals recommended by the field officers to the branch managers. Under present

system, only the branch manager can sanction loan and can take the banking decisions. Thus the principle "mono-sepecialisation" should be substituted with "multi-specialisation". If the new system be introduced, the branch manager would be capable to look after his other routine business. Sometimes, it is seen that rural branches are flooded with large number of loan proposals but of small amounts and one branch manager is not able to process these proposals in time for the ensuring agricultural season.

Fifthly, there is no adequate feedback and monitoring system as between the branches.

Sixthly, the regional officers do not adequately delegate the powers. Though there are variations in this regard from bank to bank, the experience of the state government officials is that practically everything is referred to the regional headquarters. There is a need for close look at the organisational set up of the major banks with a view to delegate powers at the various levels.

Seventhly, inadequate training of the branch staff is reflected in the delaying action.

Eighthly, there is hardly any constructive dialogue between the government agencies and the bankers at the block and village

levels. Lacking the will power to do anything good and initiative to take innovative measures, the problems are reported to the higher level on both the sides.

S U M M A R Y

This chapter is mainly concerned with the impact of the activity of banking institutions on the rural economy of Cooch Behar. In this context, the agencies like DRDA and Banks have been playing an important role in implementing the multi-level, multi-sector and multi-section concept of rural development (IRDP). DRDA, Cooch Behar is trying its best to help the poor by identifying the beneficiaries, drawing different viable and bankable projects on local resources, providing subsidy and other necessary inputs and assistance in marketing of products and providing adequate training with the help of gram panchayats, Panchayat Samities, Lead Bank and other development agencies. Different Commercial and public sector banks are providing bank loan on the subsidised projects sponsored by DRDA. The identified families are provided with government subsidy and bank loan on those schemes.

As far as the financial and physical target and achievement under IRDP (table 8.2) are concerned, the financial achievement was below the target (95.41 %) but the physical achievement was more than the target (153.44%) for the period of

study. This was because of low per family investment by financial institutions. The performance of UBKGB on IRDP financing was found relatively good.

In Cooch Behar, like other districts of West Bengal, Panchayats and Panchayat Samities are entrusted with a great role in the matter of implementation of IRD programme. Panchayats at the village level and Panchayat Samities at the block level, have been given the power of identifying the beneficiaries of the target group under the programme. Zilla Parishad, the Supreme Authority of three-tier Panchayati Raj, has been given the role of leadership in this respect. Moreover, Zilla Parisad is directed to provide leadership in implementing other rural development programmes like MNP, NREP, RLEGP, LOK DEEP, IAY & SCP. In all fronts some tangible results have been obtained.

Although the scheme IRDP was poised for right curve and the overall atmosphere was congenial for its implementation, desired result could not be achieved in the district Cooch Behar for some inherent drawbacks. The drawbacks are : Wrong and slow identification of beneficiaries, mis-utilisation of income generating assets, lack of infra-structural facilities, low quality supply of inputs, shortage of banking facilities, low recovery of bank loan, low per

family investment, ignorance of consumption credit initially, lack of guidance, supervision and follow-up actions at different levels and shortage of DRDA staff at block and village level. Mis-utilisation of income generating assets is considered to be the most important factor of all.

A.P.O. (monitoring) DRDA, Cooch Behar conducted a random sample survey to evaluate the impact of IRDP on target group of people. From the information collected, it can be concluded that the impact of the activity of the banking institutions is not at all encouraging. Only 17.24% families crossed the poverty line; 58.51% beneficiaries mis-utilised/mis-appropriated their assets, and 82% beneficiaries were found as defaulters in repaying bank loan. So, under the present circumstances, any attempt to improve the economic condition of the poor through IRDP or Banking Institutions will be futile.

Field survey result regarding accessibility of credit (table 8.5) indicated that an overwhelming proportion (89 percent) of borrowers obtained institutional credit while only a small proportion (11 percent) of borrowers availed non-institutional credit. As regard to credit accessibility by social group, table 8.6 showed that among the institutional borrowers, the most dominant class was found scheduled caste and other backward classes. They accounted 57.19 percent of institutional assistance whereas ~~xxxx~~ their proportion among the borrowing house-

hold was 51.69 percent. Their dependence on non-institutional source had declined enormously. In terms of borrowers and borrowing, the percentages were 27.27 and 15.74 respectively. Thus from table 8.5 and 8.6, it had been marked a considerable enlargement of the role of institutional credit agencies resulting into corresponding reduction in the role of non-institutional source of credit. Regarding distribution of credit by income and source, table 8.7 indicated that 75 percent households securing assistance from institutional as well as non-institutional sources belonged to low income groups (i.e. with an annual income of Rs. 10,000) of whom 68 percent availed themselves of institutional credit. This is again indicative of the accessibility of rural institutional credit to the people with lower incomes.

Finally, in regard to the impact of credit on earnings, table 8.8 depicted that the rural borrowers utilised credit in enhancing their incomes more or less judiciously. Only 31 percent of borrowers failed to use credit judiciously and they reported to have no increase in their earnings after the use of credit.

Case studies of 10 successful borrowers and 11 unsuccessful borrowers have been given to throw some light on the activities of these borrowers. Perhaps, all these examples will act as searchlight for the successful implementation of the

schemes designed by DRDA or any other Development Agencies or Banking institutions in Cooch Behar region.

Under Village Adoption Scheme (VAS) the nationalised Commercial Banks and a regional rural bank (U.B.K.G.B) adopted the total number of gram panchayats (128) in 12 blocks of the district for intensive operation in rural belt. From table 8.9 it was seen that by December 1987, the nationalised commercial banks adopted 46.88% while the U.B.K.G.B. alone adopted 53.12% gram panchayats of the district. Thus, the performance of U.B.K.G.B in respect of the two important criteria i.e. I) percentage of adopted villages to total villages and II) availability of a good rural branch net-work, is more impressive.

In Cooch Behar District, the SBI group opened a Specialised Branch (ADB) at Khagrabari in the year, 1976. The operational area of this branch covers 4 gram panchayats of Cooch Behar II. From table 8.10 it is seen that the overall performance of ADB, Khagrabari branch on 'priority sector lending' is good. But in case of SIB (including DRI) sector, the performance is relatively good than that of Agriculture (including DRI) sector.

The good impact of the activities of serving the "development role" by the banking institutions in this region suffers from some important problems.

The problems are : inadequacy of staff in most of the rural branches, demotivational attitude of the urban-oriented persons, inadequate understanding about the socio-economic problems among the bank staff, "mono-specialisation" of Branch Manager in taking banking decisions, inadequate feed back and monitoring systems, lack of training of the branch staff, lack of will and innovative power among the bank staff etc... .

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