
REPORT OF
THE COMMITTEE
TO EXAMINE CERTAIN
OPERATIONAL ASPECTS
OF RURAL LENDING



RESERVE BANK OF INDIA
RURAL PLANNING AND CREDIT DEPARTMENT
CENTRAL OFFICE, BOMBAY.

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LIST OF ABBREVIATIONS USED

AAP	-	Annual Action Plan
CRAFICARD	-	Committee to review arrangements for institutional credit for agriculture and rural development
DCC	-	District Consultative Committee
DCP	-	District Credit Plan
DLRC	-	District Level Review Committee
DRDA	-	District Rural Development Agency
IBA	-	Indian Banks Association
IRDP	-	Integrated Rural Development Programme
LBO	-	Lead Bank Officer
LDO	-	Lead District Officer (of RBI)
NABARD	-	National Bank for Agriculture and Rural Development
RBI	-	Reserve Bank of India
RPCD	-	Rural Planning and Credit Department (of RBI)
RRB	-	Regional Rural Bank
SEEUY	-	Scheme for self employment for educated unemployed youth
SEPUP	-	Self employment programme for urban poor

CHAPTER I

INTRODUCTION

Evolution of Rural Lending Policies

1.1 Various policy measures introduced by the Government of India and Reserve Bank of India following the nationalisation of major Indian banks in July 1969 were aimed at increasing the spread of banking network in the rural areas and giving a new orientation to their lending pattern so as to involve them increasingly in certain sectors identified as in need of priority treatment. To begin with, the emphasis was on making banking facilities available in a large number of unbanked centres in rural and semi-urban areas both from the point of resource mobilisation and extension of credit facilities. Finding that there were still spatial gaps in rural lending, the Regional Rural Banks were introduced as the third agency in the rural credit delivery system since 1975, besides the already existing co-operatives and the commercial banks. Thus, as of now there is a multi-agency system to meet the credit requirements of the rural sector. As a result, the number of rural and semi-urban branches of commercial banks increased from 5175 on the eve of nationalisation of banks (June 1969) to 40714 in June 1987. The Lead Bank Scheme introduced in December 1969 laid stress on making banks an important instrument of development and was envisaged as an institutional support for regional credit planning, imparting development orientation to banking operations. The concept of "priority sector advances" was evolved and banks were required to attain a prescribed level of advances to this sector. Within the priority sector certain sections were identified as 'weaker sections' for whom a specific sub-target was fixed. In view of the importance of agriculture in our economy, commercial banks were also required to reach and maintain a minimum level for direct finance for agriculture. In order to sharpen the focus of assistance to the weaker among the weak, massive poverty alleviation programmes with subsidy from Government, linked to bank credit, were introduced.

1.2 It is relevant to discuss here, the spread of the three types of the lending agencies of the rural credit delivery system in different states of the country. The table in Annexure I indicates the number of offices of commercial banks and regional rural banks and the number of primary agricultural

credit societies in different states in the country. The data would indicate how these agencies are complementing the efforts of one another in regard to meeting the credit demand of the rural sector. In states where the co-operative credit structure is relatively weak viz. the north eastern states, Bihar, Orissa and West Bengal, the branches of regional rural banks and commercial banks are filling the gaps and in states where the co-operatives are relatively strong such as the southern states and Gujarat and Maharashtra and where the credit demand is also high, all the three types of agencies have been playing significant role.

Rural Lending - Performance of Banks

1.3 The credit policy measures adopted by the RBI have contributed to a substantial increase in bank credit to the 'priority sector' in general and agriculture in particular. The advances of the Public Sector Banks to the priority sector which stood at a meagre level of Rs.441 crores (15 per cent of total advances) in June 1969 increased to Rs.25,406 crores (45 per cent of total advances) in June 1987. Of this, the credit extended to the weaker sections at Rs.6353 crores constituted 11.2 per cent of total bank credit. Within the priority sector advances, agriculture formed the major portion. The undernoted table would indicate the growth of advances for agricultural purposes (direct advances only) from all the three rural lending agencies between 1969 and 1986 (latest available for all the three agencies). The data in Annexure II indicates the growth of advances for agricultural purposes (direct loans only) from the three types of agencies during the period 1984 to 1986, in each of the states.

TABLE 1
Outstanding Advances for Agricultural Purposes

		(Rs. crores)		
		As at the end of June		
		1969	1984	1986
1.	Commercial Banks	116 (Dec.)	5280	8416
2.	Regional Rural Banks	-	509	871
3.	Co-operatives	1014 (June)	5735	6948
		<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>
		1130	11524	16235
		=====	=====	=====

It would be seen that advances for agricultural purposes, (direct loans to agriculturists) which stood at Rs.1130 crores in 1969 increased phenomenally to Rs.11,524 crores in 1984 and further to Rs.16,235 crores in 1986, in the last seventeen years.

Trends in Agricultural Production

1.4 An analysis of the trend of growth in agricultural production during the five years ended 1985-86 revealed that on an annual basis, the gross value added in agriculture registered a growth rate of 2.7 per cent, while the gross value added in manufacturing sector and tertiary sector grew at the rate of 5.9 per cent and 7.4 per cent per annum respectively. The share of agriculture in the total net domestic product at factor cost (at 1970-71 prices) declined from 39.8 per cent in 1981-82 to 35.4 per cent in 1985-86. The production of foodgrains has increased only marginally from 133.3 million tons in 1981-82 to 150.5 million tons in 1985-86 (13 per cent) and the rate of growth in the consumption of fertilisers was also similar. In contrast, the data given in Annexure II would indicate that there was a 41 per cent increase in the outstanding level of credit for agriculture from the three rural lending agencies within a three year period ended 1985-86.

1.5 A statewise comparison of production of foodgrains vis-a-vis outstanding bank credit also showed considerable regional disparities. The share of Haryana, Punjab and Uttar Pradesh in total foodgrains production (Annexure III) was around 38 per cent. These states accounted for as much as 75 per cent of the increase in foodgrains output. Their share in the total institutional credit was, however, 22 per cent only. Some of the states in the eastern region as also Madhya Pradesh have done well in recent years. Stagnancy or decline in the foodgrains production was, however, noticed in Himachal Pradesh, Rajasthan, Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Kerala which account for 41 per cent of area under foodgrain production and a high proportion of institutional credit for agriculture. In the context of these variations, the massive increase in rural lending, as also the further increase in such credit deployment in the years to come, it was considered opportune to assess the impact which credit from banks has had on the overall economic development of the rural sector in general and agricultural production and productivity in particular, through a study. The study was expected to help the RBI in assessing as to what extent the existing policy guidelines have

served the objectives and what further refinements, if any, were needed in this respect.

1.6 Governor, RBI, therefore, suggested to the Chief Executives of Public Sector Banks at a meeting held on 17 October 1987 that a field study could be carried out with their personal participation in different districts all over the country and the findings may be discussed in a Seminar. Accordingly, the studies were conducted in 21 different States covering 88 districts. The findings of the studies were discussed at a Seminar convened by the RBI on 9 - 10 January 1988. Several suggestions were made at the Seminar for strengthening the existing rural credit delivery system with a view to improve the quality of lending and ensuring that bank credit was wholly channelised in increasing production, productivity and income levels and it brought about a visible development in the rural sector.

Constitution of the Committee

1.7 The RBI decided that the suggestions made in the Seminar held on 9 - 10 January 1988 should be examined in greater depth with regard to their operational aspects and specific recommendations made for their implementation. Accordingly, a Committee was set up by the RBI, under the Chairmanship of Dr. P.D. Ojha, Deputy Governor, Reserve Bank of India for the purpose. The composition of the Committee was as follows :

- | | | |
|----|--|----------|
| 1. | Dr. P.D. Ojha
Deputy Governor
Reserve Bank of India
BOMBAY. | Chairman |
| 2. | Shri D.N. Ghosh
Chairman
State Bank of India
BOMBAY. | Member |
| 3. | Shri M.N. Goiporia
Chairman & Managing Director
Central Bank of India
BOMBAY. | Member |

- | | | |
|----|--|------------------|
| 4. | Shri J.S. Varshneya
Chairman & Managing Director
Punjab National Bank
NEW DELHI. | -do- |
| 5. | Shri B. Ratnakar
Chairman & Managing Director
Canara Bank
BANGALORE. | -do- |
| 6. | Shri R. Srinivasan
Chairman & Managing Director
Bank of India
BOMBAY. | -do- |
| 7. | Shri U.K. Sarma
Executive Director
Reserve Bank of India
BOMBAY. | -do- |
| 8. | Shri P.K. Parthasarathy
Chief Officer
Rural Planning & Credit Deptt.
Reserve Bank of India
Central Office
BOMBAY. | Member-Secretary |

1.8 The terms of reference for the Committee were as under :

- (i) To consider the modalities of a system of area allocation to the rural bank branches within which they will operate for developing productive credit.
- (ii) To examine and recommend the necessary procedures for effective co-ordination between the three institutional agencies viz., commercial banks, Regional Rural Banks and co-operatives under the new area approach.
- (iii) To examine the modifications, if any, that may be necessary in the exercise of credit planning under the Lead Bank Scheme in the light of the new approach.
- (iv) To examine and recommend measures to improve co-ordination with developmental agencies at the

district/block/village levels with a view to improving the quality of lending.

- (v) To examine the mode of disbursement of loan and subsidy for IRDP and other subsidy-based programmes and recommend modifications, if any, for improving the utilisation of resources in an optimal manner.
- (vi) Any other aspect germane to the above terms of reference.

A copy of the memorandum setting up the Committee is given in Annexure IV. The Secretariat for the Committee was provided by the Rural Planning and Credit Department, Reserve Bank of India, Central Office, Bombay.

Methodology

1.9 The Committee held two meetings, on 8th and 19th February 1988 both at Bombay. In the first meeting the various suggestions made at the Seminar were examined and the problems likely to be encountered in their implementation discussed. A consensus was reached with regard to the manner of implementation of these suggestions. The report prepared on the basis of these discussions was finalised at the second meeting held on 19 February 1988.

Format of the Report

1.10 The report is divided into seven chapters as under :

- Chapter I - Introduction
- Chapter II - Summary of Recommendations
- Chapter III - Implementation of Branch Command Area Approach
- Chapter IV - Credit Planning under the Command Area Approach
- Chapter V - Co-ordination at the village/block/district levels
- Chapter VI - Procedure for disbursement of financial assistance and subsidy under IRDP and other subsidy based programmes.
- Chapter VII - Other related aspects

Acknowledgment

1.11 At the outset, we would like to express our gratitude to the Governor of Reserve Bank of India, Shri R.N. Malhotra, at whose instance, the Committee took up its work. The Committee's main task was to examine the operational aspects of the various suggestions made in the Seminar on Rural Lending convened by the Reserve Bank of India in January 1988 and make suitable recommendations for implementing the same. We are, therefore, grateful to the participants of the Seminar who have made these suggestions which formed the basis for the task of the Committee. The rest of us would also like to place on record our appreciation of the efforts put in by the Member-Secretary and the Secretariat in the preparation of this report within a short time.

CHAPTER II

SUMMARY OF RECOMMENDATIONS

Implementation of Branch Command Area Approach

2.1 The Branch Command Area Approach has significant advantages in contributing to orderly and planned development of the identified command area, monitoring and supervision of credit and its recovery, besides assessment of impact of credit on production (3.4)*.

2.2 The Branch Command Area Approach would involve five distinct stages in its implementation viz. (i) identification of the command area for each branch (ii) survey of the command area for assessing the potential for lending for different activities and selection or identification of beneficiaries (iii) preparation of credit plans on an annual basis (iv) coordination on an on-going basis for the effective implementation of credit plans and (v) a continuous system of monitoring the progress in the implementation of the plans (3.5).

2.3 Allocation of villages may be made to the rural and semi-urban branches of commercial banks as also to branches of RRBs (3.6).

2.4 The credit requirements of non-target group beneficiaries within the command area of RRBs branches should be taken care of by the sponsor banks' branch or any other commercial bank branch nearest to the RRB branch. The name of such commercial bank branch will, however, have to be identified at the time of allocation of command areas (3.7).

2.5 The criteria for allocation of command area would be (i) a group of at least 15-20 villages per branch, (ii) proximity or manageable distance from the branch, (iii) contiguity of the villages and (iv) dominance in financing in terms of number of accounts (3.9 and 3.10).

* Figures in brackets indicate the relevant paragraph of the report in which the recommendations have been made.

2.6 The identification of command area for each branch, on a block-wise basis, may be entrusted to a committee convened by the Lead Bank Officer for the District and chaired by the Lead District Officer of the Reserve Bank of India (3.11).

2.7 An important operational issue which may arise is with regard to existing loan accounts in the branches. The branches may either arrive at a mutual understanding with regard to transfer of loan accounts between themselves without any dislocation to their day-to-day operations or where this is not feasible, the existing loan accounts should continue with the respective branches till they are liquidated. This would enable proper realignment of accounts according to command area, as and when old loan accounts get liquidated (3.12).

2.8 After identification of the command area for each branch is completed, the branch managers should undertake a survey of their command area for preparing village profiles. Such a survey would be necessary for drawing up realistic action plans (3.13).

2.9 Branch managers should prepare action plans on an annual basis, covering the villages in their command area in a phased manner, for deployment of credit, making use of the information available after the village survey (3.15).

2.10 The main advantages of the command area approach would be (i) concentrated attention to the development of the command area by the designated branch, (ii) avoidance of duplication of efforts, (iii) scattered lending over wide areas would give way to organised and planned lending, (iv) effective monitoring of the end-use of credit and assessing its impact on production levels would be made easier, (v) developing a sense of pride, motivation and involvement of the branch manager in the success of his own plans and thus bringing about an improvement in the quality of lendings, optimising the use of credit and establishing better linkages with production and productivity (3.16).

Credit Planning under the Command Area Approach

2.11 Under the Command Area Approach the credit planning exercise would have two parts viz. (i) formulation of area specific credit schemes for the district and (ii) identifying units

which can be covered under these schemes. The former exercise will continue to be done by the Lead Bank while the latter will be undertaken by the branch, for its command area taking note of the schemes identified by the Lead Bank. In the case of RRBs, the sponsor bank branch or the designated commercial bank branch will extend necessary support to the RRB branch for drawing up of its action plan (4.4 and 4.6).

2.12 After finalisation of these branch plans in consultation with the block level authorities these will be aggregated as block plans which would in turn be incorporated in the DCP by the Lead Bank (4.7).

Coordination between banks and other developmental agencies

2.13 Credit, though crucial, is one of the inputs and has to be supported by other necessary inputs such as (i) technology, (ii) supply inputs such as seeds, fertiliser and pesticides and irrigation water, (iii) extension support and motivation from government agencies, more often at block levels and (iv) marketing support. All these inputs will have to be coordinated with the credit input and it is necessary that the agencies involved in providing these inputs will have to coalesce at the relevant time; otherwise credit provided could become infructuous (5.1).

2.14 Coordination is necessary at various levels viz. village, block and district levels and at various stages such as survey of villages, preparation of action plans, provision of linkages etc. (5.2).

2.15 A machinery for coordination between credit agencies and block officials will, therefore, be relevant. A Block Level Bankers Committee may be constituted for the purpose (5.4).

2.16 The responsibility for implementation of credit based development programmes cannot exclusively be that of the credit agencies. It is equally important that other developmental agencies provide the necessary support for credit to be productive and the status of such support should also be reviewed in the block/district level committees (5.6).

Procedure for disbursement of financial assistance and subsidy under IRDP and other subsidy based programmes

2.17 The system of cash disbursement at present being experimented in 22 blocks in the country has not been uniformly successful in all the blocks. The coverage may, therefore, for the present be extended to 50 blocks as against the existing 22 blocks (6.3).

2.18 There is a need for improving the procedure for disbursement of subsidy under the Government sponsored programmes in order to minimise misuse and leakages. The adoption of the procedure followed in the case of SEEU/SEPUP, for IRDP also may be considered and the RBI may examine the suggestion in consultation with Government of India (6.18).

Other Related Aspects

2.19 The success of the new experimentation suggested for adoption largely depends upon the involvement of human factor responsible for implementing it. Suitable steps for training and motivating the rural branch managers would, therefore, be necessary. The recommendations made by the IBA and submitted to RBI need consideration (7.1 and 7.2).

CHAPTER III

IMPLEMENTATION OF BRANCH COMMAND AREA APPROACH

Evolution of the present system and the rationale of Branch Command Area Approach

3.1 The focus of discussion in the Seminar on Rural Lending was on the adoption of an approach of designating specific command areas to the bank branches in rural areas in which they can operate for developing productive lending. Such an approach was uniformly welcomed by all the participants. The main term of reference of the Committee is to work out the modalities for implementing a system of area allocation to the rural bank branches.

3.2 To begin with, it would be useful to briefly refer to the evolution of the existing system and the rationale of the branch command area approach. The nationalisation of major commercial banks in July 1969, gave a new orientation to the lending policies of commercial banks so as to involve them in providing credit support to the rural areas and in particular to the agricultural sector. The banks were new to this task and had limited outlets in rural and semi-urban areas at this time. In the flush of enthusiasm to demonstrate their commitment to rural development, they set about extending credit for agriculture over widely scattered areas and they were obviously not in a position to effectively supervise such lending. As a result, the quality of lending was not satisfactory and recovery was proving difficult. The initial euphoria gave way to some introspection and realising their limitations, banks decided to go in for an area approach for lending. The area approach was not so much aimed at development of a chosen area as for avoiding the pitfalls of scattered and unsupervised lending. Specific mention may be made of the Village Adoption Scheme conceived by the State Bank of India and later followed by most other banks. Setting up of specialised branches like the ADBs of the State Bank of India, Gram Vikas Kendras of Bank of Baroda and Rural Service Centres of Dena Bank was yet another innovation made by banks. Concomitantly, under the branch licensing policy evolved by the Reserve Bank of India there was a steady increase in the number of bank branches in rural and semi-urban areas, which were hitherto devoid of banking facilities or were under-banked. A study carried out by the Reserve Bank in 1980

revealed that the Village Adoption Scheme as practised mainly served to exclude other banks from going to the adopted villages of one bank for financing, without ensuring that the branch adopting the villages paid adequate attention for meeting their credit needs. The Reserve Bank of India, therefore, issued guidelines in December 1980 spelling out that adoption of villages by a bank essentially should amount to a declaration of its intention to intensify its efforts therein and should not mean that other banks are precluded from financing in the area. Further, with the induction of the regional rural banks into the scene and considering that the credit requirements for rural development were massive and could not be met by one agency, the policy was to adopt a multi-agency approach to rural credit. Since 1980, there has been a massive expansion of bank branches in rural and semi-urban areas, both of commercial banks and regional rural banks, the number of branches increasing from 23148 in June 1980 to as many as 40714 by June 1987. With the increase and with the concept of village adoption redefined, keen competition developed among bank branches for business in areas with good potential, to the neglect of other areas where the opportunities were not considered adequate.

3.3 The credit planning exercise under the Lead Bank Scheme was intended to contribute to overall development of a district through the coordinated efforts of all the three institutional agencies acting in unison with the developmental organs of the State Government at the district level. The Lead Bank Scheme has, no doubt, brought about a great deal of coordination between the banks and governments through the forums of coordination established at the district and state levels. However, the district credit plans and the annual action plans prepared by the lead banks are yet to acquire the full status of operationally relevant plans for implementation, primarily on account of the absence of district development plans of the government on the one hand and non-alignment with the branch performance budgets on the other. The lack of involvement of the branch managers in the preparation of the DCPs/AAPs, is yet another factor for the plans not becoming meaningful to them. In these circumstances, doubts were raised whether the present system of rural credit delivery was the most conducive to increase in production, productivity and income levels and whether better alternatives were available.

3.4 The participants in the Seminar on Rural Lending expressed that the time was opportune to move towards a system in which each bank branch could concentrate attention in

a specified area to develop productive lending. It was also felt that such an approach had significant advantages in contributing to orderly and planned development of the identified command area, monitoring and supervision of credit and its recovery, besides assessment of impact of credit on production. Instead of the present diffusion of efforts of the banks over wide areas, a command area approach would help in harmonising their efforts in the task of rural development through credit. The Seminar, therefore, recommended adoption of command area approach for bringing about a new thrust to rural lending.

Modalities of Implementation

3.5 The branch command area approach would involve five distinct stages in its implementation viz., (i) identification of the command area for each branch, (ii) survey of the command area for assessing the potential for lending for different activities and selection or identification of beneficiaries, (iii) preparation of credit plans on an annual basis, (iv) coordination on an ongoing basis for the effective implementation of credit plans and (v) a continuous system of monitoring the progress in the implementation of the plans.

Allocation of Villages

3.6 In the first stage, a specified number of identified villages would be allotted as the command area for each branch, ensuring that all the villages in the country are covered by the bank branches. In this, two issues warrant consideration. Firstly, should the allocation be made only to branches in rural centres? We understand that most of the branches in semi-urban centres have a hinterland of rural areas and extend substantial credit support in these areas. It is, therefore, necessary to take into account branches in semi-urban centres also while allocating command areas to different bank branches. Secondly, should the allocation be made only to branches of commercial banks or should the branches of RRBs also be covered? There are large rural areas in some parts of the country which are served mainly by RRBs in view of the deliberate policy followed during the Sixth Plan period of allotting unbanked rural centres only to RRBs in districts in which they were established or were proposed to be set up. It would be preferable if specific command areas are designated to RRB branches also.

3.7 Since RRBs provide credit mostly to the target group of weaker sections, the question will arise as to who will assist the non-target groups within the command area of RRBs. This responsibility has necessarily to be taken up by the nearest branch of the sponsor bank. If the sponsor bank's branch is too far away, the nearest commercial bank branch should undertake this responsibility. In any case, the name of the commercial bank branch concerned should be indicated while allocating command areas to RRB branches. In order to avoid the duplication of efforts in this process, it would be desirable for the commercial bank and the RRBs concerned to evolve a workable procedure in regard to financing of non-target group.

3.8 We do not envisage allotment of any specific command area for the cooperatives for certain reasons. First, there are two different types of institutions within the co-operative sector independently taking care of the short term and long term credit requirements respectively. Secondly, their resource base as also organisational ability would not be adequate to meet the onerous task. However, we do recognise the important part played by them in rural credit, particularly short term crop loans. They may, therefore, be free to provide credit assistance within their area of operation although these areas may fall within the command area of a commercial bank or RRB. Their participation in the credit planning exercise to be undertaken by the command area branch would also be necessary as elaborated in the next chapter. Thus, in a given area, a prospective beneficiary will have the choice between cooperatives and commercial bank/RRB.

Criteria for Allocation of Command Area

3.9 The next question is what criteria should be followed for the allocation of command areas for different bank branches in rural and semi-urban centres. In the first place, all the villages will have to be allocated among the different bank branches. There are 5.75 lakh villages and about 40000 rural and semi-urban branches of commercial banks and RRBs (as on 30 June 1987) and the average number of villages per branch works out to 15. The average number may go up to 25 or 30 in some parts of the country. We can, therefore, think of allocating not less than 15 to 20 villages per branch but there need be no rigidity about this number.

3.10 The next question is how to make the allocations. The first principle to be followed should be proximity to the branch and the villages allocated to a branch should be within a manageable distance and better connected with it than with any other branch. If certain villages can be covered by more than one branch on these considerations, the principle of dominance in financing in the village should be followed and it should be allotted to that branch which has the greatest share in financing in the village. The number of beneficiaries assisted rather than the total amount would be more relevant for this purpose. The principle of contiguity should also be followed and as far as possible a cluster of villages should be allotted to one bank branch. It would be desirable that all the villages falling under one gram panchayat are allotted to the same branch for effective coordination.

3.11 We are given to understand that an overwhelming proportion of rural centres have only one branch each and in the normal course there should not be any major problems in making the allocations. Nevertheless, in order to take care of the field level problems, we suggest that a Committee be set up in each district for the limited purpose of doing this exercise on a block-wise basis. The Committee may be headed by the Lead District Officer of the Reserve Bank of India for the concerned district and convened by the Lead Bank Officer. It will include all the banks operating in the block. We envisage that the entire process of allocation of the villages, on the basis of the parameters indicated by us should be completed as quickly as possible and in any case within 3 months. As and when licences for opening new branches are issued by the Reserve Bank of India, the command area of the branch should be decided by the Standing Committee of the DCC or the Block Level Bankers Committee suggested by us in the next chapter.

Operational Problems

3.12 An important operational issue to be considered is with regard to the existing accounts in the books of a branch from a village which is allotted as part of the command area of a different bank branch. Since the approach involves operation of only one commercial bank branch in a given area, other branches now operating in the same area will have to gradually cede their clientele in that area to the branch to which the area is allotted. We do not suggest for a moment immediate transfer of the accounts between the branches, as this would

not be feasible. There could be different solutions to the problem of transfer of accounts between branches. If the branches arrive at a mutual understanding with regard to transfer of accounts so as to align their clientele to the command area allotted to them without in any manner seriously dislocating their day to day operations, there could be no objection to such an arrangement. Where, however, this is not feasible the existing loan accounts with the respective branches should continue with them till the repayments are completed. However, with regard to the fresh financial requirements of such borrowers, they should be directed to obtain the same from the branch to which their area is attached. This procedure would ensure that no serious dislocation is caused with regard to the existing position while at the same time a proper realignment would become feasible as and when old loan accounts get liquidated. Care should, however, be taken by the command area branch that a borrower whose old crop loan account is not thus transferred to it does not get fresh finance from it until his old loan account is liquidated, as otherwise it would lead to a situation where the old loan account would fall overdue and the borrower would no more be interested in repaying his dues to the previous branch.

Survey of the Command Area

3.13 After the exercise of the identification of command area is completed, the task of development of productive lending would fall on the branch to which the area is allotted. For this purpose, it would first be necessary for the branch to collect essential data in respect of its command area. Village profiles would need to be prepared by undertaking a survey of the command area and the branch manager should acquire intimate knowledge of his command area. The survey should cover important aspects such as types of economic activities undertaken and potentialities for expansion of these activities or undertaking new activities, the coverage of rural families by credit institutions operating in the area and the skills of the rural families to take up different activities. The survey should also cover infrastructure facilities and linkages available in the area and those required to be developed to support bank credit. A proforma of the survey form is given in Annexure V as an illustration, which could be adopted by banks with such modifications as are considered necessary to suit individual areas. After the surveys are completed, it may be useful for the branch to issue an identity card to each family in the areas covered.

3.14 It may obviously not be feasible for the branch manager to take up this exercise for all the villages in his command area together and it has to be phased. Nevertheless, the need to complete this quickly can hardly be over emphasized. We understand that the Department of Rural Development, Government of India have embarked on a programme of installing computers in the DRDAs at all district headquarters in the country which will be completed by the middle of 1988. These computers would be essentially programmed to store basic information relating to the economic profile of every village and families living therein. The Department of Rural Development should have no objection to sharing such information with banks for the purpose of their credit planning. The branch managers could therefore obtain such data for the villages in their command area for the purpose of their own action plans.

Preparation of Branch Action Plans

3.15 The next stage is the preparation of action plans for deployment of credit in each of the villages in the command area by the branch manager and this is a crucial stage. The coverage of all the villages will be in a phased manner, side by side with the collection of basic data necessary for the purpose described earlier. Such plans may be prepared on an annual basis and should form the basis for the performance budget of the branch. The annual credit plans should reflect the potentialities and the needs of the command area on the basis of the intimate knowledge of the area gained by the branch managers. The involvement of the RRBs and cooperatives operating in the area on the one hand and the State Government on the other would also be necessary. For this purpose, the Reserve Bank and NABARD may issue appropriate instructions to the RRBs and cooperatives respectively to take an active participation in the preparation of the command area annual credit plans by the commercial bank branches concerned. The State Governments may also be requested to issue suitable instructions to the block development officers and village level workers to render all necessary assistance particularly with regard to the making available of details of development schemes. The preparation of action plans for implementation by each bank branch for its command area would call for certain modifications in the present credit planning exercise under the Lead Bank Scheme and these are discussed in Chapter IV. The process of coordination in implementation of the plan and arrangements for monitoring of implementation call for deepening of the coordi-

nation machinery under the Lead Bank Scheme and this is described in Chapter V.

Command Area Concept and its likely impact

3.16 We have outlined in the foregoing paragraphs the various steps required to be taken in the implementation of the command area approach. According to us, the approach as it takes root, is bound to result in several distinct advantages in the dispensation of rural credit. Firstly, there is at present a lack of thrust in rural lending despite the multi-agency system and this approach would enable concentrated attention to the development of the area by the concerned branches. Secondly, the multi-agency approach had, to some extent, resulted in duplication of efforts which could be avoided under the new approach. Thirdly, the scattered lending over wide areas would give way to organised and planned lending. Fourthly, it would make it easier for the branch manager to effectively monitor the end use of credit and assess its impact on increase in the levels of production, productivity and incomes of the beneficiaries. Fifthly, the entire plan of action for the command area is drawn up by the branch manager and he would, therefore, develop a sense of pride, motivation and involvement in the success of his plans. Thus, the command area approach is aimed at bringing about an improvement in the quality of lending, optimising the use of credit and establishing better linkages with production and productivity.

CHAPTER IV

CREDIT PLANNING UNDER THE COMMAND AREA APPROACH

4.1 In this chapter we discuss the modifications to the credit planning exercise as now carried out under the Lead Bank Scheme which would become necessary as a result of the adoption of the command area approach. It will be useful to outline briefly the present system first, before considering the changes necessary.

4.2 In terms of the guidelines issued by the Reserve Bank of India, a district credit plan (DCP) for a two or three year frame, consistent with the national priorities for credit deployment, is prepared by the lead bank for each district excluding certain metropolitan areas. As observed by CRAFTCARD, the DCP is intended to be a broad framework and becomes operational only to the extent that it is translated into technically feasible and economically viable schemes with reference to location specific realities or in the popular phrase, bankable schemes. The lead bank, therefore, prepares an Annual Action Plan for each year which is expected to be the operative plan. The AAP indicates a block-wise disaggregation of the important activities in the priority sector for which credit support can be extended by all the credit agencies in the district and a further bank-wise allocation of the block-wise outlays for each such activity/scheme is made. Each bank is expected to allocate its share in each block among its different branches operating therein. Credit Planning under the Lead Bank Scheme has no doubt contributed to a coordinated approach on the part of the lending agencies in meeting the credit requirements of agriculture and other priority sectors in the districts. Nevertheless, the credit planning exercise suffers from certain drawbacks. This is reflected by the fact that the actual achievements under AAPs have not corresponded to the sectoral allocations. While achievements in the agricultural sector have tended to be below the targets, those in the secondary and tertiary sectors in most districts have been far in excess of the outlays. Further, the planning exercise suffered from the twin deficiencies of absence of district development plans to which the credit plan could be related and lack of alignment with the performance budget goals set for the branches. The planning has been a top down exercise and there has hardly been any

involvement of the branches in the preparation of AAPs which they are expected to implement. Besides, the branch managers have two sets of targets to fulfill - one under their performance budgets and the other under the Annual Action Plan. The lack of an integrated approach to planning was perceived to be the main reason affecting the efficacy of the credit plans.

4.3 Under the branch command area approach, the planning exercise will start at the grass root level. Each branch manager will have to draw up the credit plan for his command area which will also form the basis for the performance budget of the branch and he would be accountable for the implementation of his plan. The committee makes the following recommendations in order to enable the branch manager to supplement his information for the preparation of his plan.

4.4 The Lead Bank Officers have, over the years, acquired skills in credit planning and preparation of bankable schemes relevant to the district. Even if the planning is to commence from the branch command level, the district level would be relevant from the point of programmes for provision of infrastructure and linkages on which the credit extension would still depend. Credit planning skills cannot be developed within a short duration by the individual branch managers, many of whom have not been exposed to such exercises. At the same time, the Lead Bank Officer cannot be expected to have either the time to be associated with the preparation of the plans for the different command areas or the intimate knowledge of the areas which the branch only can develop. The Committee, therefore, feels that the credit planning task could have two parts (a) formulation of area specific credit schemes in the district and (b) identifying units which can be covered under the schemes in specific areas. The first task will be entrusted to the Lead Bank Officer for the district while the second task will be performed by the branch managers for their respective command areas. We expect that the schemes can be prepared by the Lead Bank Officer for reasonably large areas such as a block so that it would be feasible for him to handle this task. Having performed his task, the Lead Bank Officer will hold seminars of branch managers block-wise and explain the details of the schemes and what factors should be taken into account (such as infrastructure and other back-up support, market potential, etc.) for determining the number of feasible units in different areas. The branch manager will then study the village data and in

consultation with the village/block level staff decide the schemes and viable number of units thereunder which he will be able to finance in a given time-frame in respect of the activities identified by the Lead Bank Officer.

4.5 All the schemes drawn up or activities identified in the district may not be relevant for all the villages. The branch manager will, therefore, have to prepare his plan of lending for his command area, taking note of the schemes/activities identified by the Lead Bank Officer. While the availability of resources should no doubt be the basis for drawing up the lending programme, the branch manager should take into account the improved recoveries envisaged under the new approach and accretion to deposits through sustained efforts in the area.

4.6 In the case of RRBs, it will be necessary for the sponsor bank's branch (or the designated commercial bank branch) to extend necessary support to the RRB branch for drawing up its action plan. At the same time, it should take into account the programme for non-target group lending in the command area of the RRB for the purpose of its own action plan.

4.7 The annual lending programmes drawn up by each branch can be aggregated into the annual credit plan for the block which can be discussed at the block level with the concerned development officers in the block, so that the block level authorities take due note of the non-credit inputs that would need to be provided to support bank credit. In regard to semi-urban branches of banks in a block, they will prepare their lending programme not only for the villages allotted to them but also for priority sector activities expected to be financed in the semi-urban centre. This will also be included in the aggregate block credit plan. Branches of banks in urban areas (as distinct from metropolitan centres) are even now covered by DCP/AAP. While there may be no demarcation of the urban (as also semi-urban) areas among the banks, their lending programmes for priority sector should also be taken into account. The aggregation of the different block plans and lending programmes in semi-urban/urban areas would form the annual credit plan for the district. The Lead Bank Officer will be responsible for aggregating the different block plans and lending programmes in the urban centres for priority sector into the Annual Credit Plan for the district and arranging for focussing the attention of the district level authorities for the required support and monitoring

the performance of all agencies including Government agencies in the DCC/DLRC forums.

4.8 To sum up, the Lead Bank Officer will prepare area based schemes for the different activities feasible in the district based on which each branch/institution would draw up its own lending programme for its command area. These branch-wise programmes will be aggregated into block-wise credit plans and further into the annual credit plan for the district. The block-wise aggregation may be done by the lead bank branch in the block, with assistance from the LBO and monitored by a Block Level Bankers' Committee dealt with in detail in the next chapter. The credit plan aggregation for the district will be done by the LBO and implementation monitored by the District Consultative Committee. Under the new system of credit planning, the AAP would improve in its content as it is a consolidation of realistic plans drawn up by the implementing branches. The branch managers' commitment to fulfilling the targets would also improve and the targets themselves would then have a real meaning.

4.9 The process of credit planning and its deployment under the command area approach calls for intensifying the existing system of coordination among the banks and governmental agencies and the arrangements necessary in this regard are discussed in the next chapter.

CHAPTER V

CO-ORDINATION WITH DEVELOPMENTAL AGENCIES AT VILLAGE, BLOCK AND DISTRICT LEVELS

5.1 The primary objective of the command area approach is to develop productive lending and forge effective linkages between bank credit, production, productivity and increase in income levels. Credit, though crucial, is one of the inputs and has to be supported by other necessary inputs. The other equally important inputs are (i) technology, (ii) inputs e.g. fertilisers, seeds, pesticides and irrigation water, (iii) extension support and motivation from government agencies, more often at block levels and (iv) marketing support. All these inputs have to be co-ordinated with the credit input and it is, therefore, necessary that the agencies involved in providing these inputs will have to coalesce at the relevant time; otherwise credit provided could become infructuous. The optimisation of credit, therefore, calls for a high degree of co-ordination between the credit agencies on the one hand and all other developmental agencies concerned with ensuring provision of the remaining inputs and linkages, on the other. A degree of co-ordination has already been established through the various forums set up for the purpose under the Lead Bank Scheme. What is necessary, therefore, is to deepen the mechanism of co-ordination in order to be in tune with the requirements under the command area approach and remedy the deficiencies of the existing forums of co-ordination. The activities of the District Industries Centres (DICs) and District Rural Development Agencies (DRDAs) will have to be adequately strengthened to enable them to provide the requisite support in the form of linkages, training etc.

5.2 Co-ordination has to be ensured at different levels - the village level, block level and district level. In the proposed dispensation, the branch manager has to begin with building up village level data on the number of households, their borrowing status, their skills for taking up different activities, the potential for such activities in the villages based on the infrastructure already available and likely to be set up. On the basis of this information, he has to prepare an action plan for his operations. In collecting this type of village level

information, the branch manager has to co-ordinate with the village level worker/s concerned. The help of the village level worker will also be useful to get a feedback on the progress of agricultural operations and crop production and he could also be associated with recovery efforts in view of his intimate knowledge of the village. Thus, a regular system of the village level worker/s meeting the branch managers could be devised.

5.3 The next level of co-ordination i.e. with the block officials is crucial. A block consists of a number of villages and on an average has 7 or 8 bank branches operating in its area. The co-operative credit institutions covering the area will also have their lending programmes in the villages in the command area of bank branches. Each of the branches will be preparing an action plan for its command area. In finalising the action plans, the perceptions of the Block Development Officials will be a useful input, as Extension Officers in different disciplines are attached to the block. It will, therefore, be advantageous if the activities proposed for inclusion in the action plans of the branches and the number of units could be discussed in a meeting with the Block Development Officer and his officials, before finalisation. The aggregation of these plans will be the Block Credit Plan. The Block Development Officer will be able to indicate to the branches about the availability of other inputs. He can also inform them about the infrastructure programmes being taken up although he himself will not have the authority or power to take up such programmes. Again in the course of lending operations, some problems may arise in which he can be of some help.

5.4 From all these points, a machinery for co-ordination between credit agencies and block officials will be relevant. At present, there is no regular mechanism for such coordination and the Block Level Co-ordination Committees which are functioning in many states are intended only for Integrated Rural Development Programme. The Committee, therefore, recommends the establishment of a Block Level Bankers' Committee. If the lead bank has no office in the block, another public sector bank with maximum presence in the block may be designated by the District Co-ordination Committee for the purpose. All the banks operating in the block including the District Central Co-operative Bank and Regional Rural Bank will be members of the Committee. The block development officer and other

technical officers in the block such as extension officers for agriculture, industries and co-operatives could also be associated as members. It would be useful if the Lead Bank Officer, Lead District Officer of Reserve Bank of India and the concerned officer from NABARD could attend some of the meetings of the Block Level Bankers' Committee. The meetings of the Committee may be convened by the Lead Bank atleast once in a month. The functions of this committee will be as follows :

- (i) To discuss the action plans of different bank branches and their aggregation into Block Credit Plan.
- (ii) To consider operational problems in implementation of the credit programmes of banks, particularly in regard to ensuring availability of inputs and linkages.
- (iii) To review the progress in implementation of Government-sponsored schemes i.e. IRDP, SEEUY and SEPUP.
- (iv) To review the implementation of the Block Credit Plan and the provision of other inputs required to support bank credit.

5.5 At the district level, the District Consultative Committee, its Standing Committee and the District Level Review Committee have been set up under the Lead Bank Scheme for co-ordination between the credit institutions and the developmental agencies at the district level. These forums have been in existence for a number of years and have achieved a fair degree of success. They meet regularly and various problems in the field level implementation of credit programmes are brought up for discussion. The branch command area approach would not call for any significant changes in the functioning of DCC except that it will have to monitor the preparation of Block Credit Plans for the different blocks in the district.

5.6 An impression has been gathered that the discussions at the district forums mostly relate to the performance of banks in extension of credit, with emphasis on government sponsored programmes and there is hardly any discussion on the performance of the government developmental agencies such as DICs and DRDAs in regard to the provision of the necessary

linkages to support credit and make it more productive. Although the Reserve Bank has issued instructions in regard to the reporting by the government agencies to the DCCs and also suggested a proforma in this regard, these have seldom been observed. The Committee would, therefore, emphasize that the responsibility for the implementation of credit-based development programmes cannot exclusively be that of the credit agencies; it is equally important that the other developmental agencies provide the necessary support for credit to be productive and the status of such support is reviewed in the DCC meetings just as the performance in extension of credit is discussed.

CHAPTER VI

PROCEDURE OF DISBURSEMENT OF FINANCIAL ASSISTANCE AND SUBSIDY UNDER IRDP AND OTHER SUBSIDY BASED PROGRAMMES

6.1 The Committee has been asked to examine the mode of disbursement of financial assistance under IRDP and other subsidy based programmes and recommend modifications, if any, for improving the utilisation of resources in an optimal manner. There has been no change in the procedure for disbursement of financial assistance under IRDP and other lending programmes for the weaker sections except for the introduction in April 1986 on an experimental basis, cash disbursement of financial assistance under IRDP in 22 selected blocks all over the country. In the backdrop of increasing number of complaints regarding malpractices in the provision of IRDP assistance which resulted in the beneficiaries not receiving full benefit of the amounts disbursed, a Working Group under the Chairmanship of Shri R.K. Kaul, the then Deputy Governor, Reserve Bank of India and Chairman, NABARD was set up by RBI in November 1985 to examine the methods for streamlining the arrangements for flow of credit and supply of inputs and assets to IRDP beneficiaries. On the basis of the interim report submitted by the Study Group in December 1985, it was decided in consultation with Government of India that in 22 blocks selected all over the country, IRDP assistance in the following types of cases would be disbursed in cash to the borrowers :

- i) Assets of a standard type, make or brand name marketed by reputed suppliers.
- ii) ISB sector schemes in which a number of sundry items are to be bought and the amount of assistance is not more than Rs.3,000/-.
- iii) Purchase of animals.

The scheme was put into effect from 1st April 1986. The monitoring of the progress in these blocks and the experience under the new system is being done by the Regional Offices of Rural Planning and Credit Department. A joint study was also undertaken by the Regional Offices of RPCD and NABARD during January/February 1987.

6.2 A monitoring of the system of cash disbursement in the selected blocks revealed a mixed experience. Certain advantages such as elimination of middlemen, borrowers enjoying freedom of selection of assets at comparatively cheaper rates, cutting out delay by banks in disbursement of loans etc. accrue from the system, but there were also disadvantages such as misutilisation of loan amounts, substandard quality of assets acquired by beneficiaries, etc.

6.3 In judging the efficiency of the cash disbursement system vis-a-vis the earlier procedure of banks making direct payment to suppliers, it will be necessary to assess the extent of misutilisation/diversion observed under the two systems as also their relative merits and demerits. The results of assets verification conducted by the LDOs since the inception of the scheme till September 1987 had revealed that out of 3169 beneficiaries visited, the assistance has been properly utilised in 2121 cases (66.9%), in 525 cases (16.6%) the funds were partly utilised or beneficiaries have acquired substandard assets while in 470 cases (14.8%) the assets were not acquired or funds were fully misutilised by beneficiaries. The percentage of cases which were properly utilised, partly utilised and misutilised at the time of previous evaluation done in January 1987 were 73.6%, 14.7% and 11.7% respectively. It was also observed that the direct cash disbursement procedure has not been uniformly successful in all the blocks. Factors such as location of the block, the active involvement of the implementing agencies especially in post-disbursement follow-up and the level of awareness of the beneficiaries have played a vital role in the proper utilisation of the assistance disbursed in cash under IRDP. In the cash disbursement system, close and continuous monitoring and supervision exercised by the bank branches have been of paramount importance in ensuring proper end-use of funds. If this procedure is to be extended on a much wider scale, it will call for commensurate increase in staff of the bank branches to ensure 'timely supervision' and follow-up. The Committee, therefore, felt that it would not be advisable to increase the coverage of this system on a large scale. However, the Committee endorses the suggestion made by the bankers in the Seminar on rural lendings that the coverage may be extended to 50 blocks from the present number of 22.

6.4 In regard to administration of subsidy the procedure followed for the purpose under the three programmes viz., IRDP, SEEUY and SEPUP, is explained below :

(a) IRDP

The identified beneficiaries under this programme are eligible for capital subsidy ranging from 25% to 50% of the total outlay of the project subject to certain quantitative ceilings per family. The subsidy funds are contributed by the Central and State Governments in equal proportions. The District Rural Development Agencies (DRDAs) are administering the subsidy. For this purpose, banks have been authorised to open Savings Bank Accounts in the name of DRDAs. Subsidy funds are placed by the DRDAs in these Savings Bank Accounts and it is envisaged that the bank will debit the S.B. A/c. and provide the subsidy along with the credit component to the beneficiary.

6.5 In actual practice, however, the system has been found to be not working satisfactorily in some states. For example, the DRDAs in states do not maintain S.B. A/c. with all the banks functioning in the districts. This necessitates the other banks to obtain the subsidy funds through a bank which maintains DRDA's account. Even in the case of the latter category of banks, the outlying branches will have to receive the subsidy funds from their main or link branch at the district headquarters. These formalities result in delay in the receipt of subsidy. Also, despite instructions of the Government of India that banks should be authorised to debit the S.B. A/c. of DRDAs automatically without prior clearance from the DRDAs, it has been found that many of the State Governments have still not agreed to such a procedure. The reason put forward by them is that the banks do not submit statement of accounts, particulars of subsidy debits etc., so as to facilitate reconciliation at the DRDA level.

(b) SEEUY and SEPUP

6.6 In these two programmes the subsidy is provided entirely by the Government of India. The funds are routed through RBI to the head offices of the implementing banks. SEEUY Scheme is implemented by all Indian Scheduled Commercial Banks whereas SEPUP programme is implemented through selected branches of the public sector banks only. The head offices of these banks are required to submit subsidy claims to the Central Office of Reserve Bank of India (RPCD) at monthly intervals and the amount of subsidy is credited to the banks' head offices by the RBI on the basis of these claims. The amount of subsidy is passed on to the financing branches through the normal channels within each bank and under the

existing instructions, the banks are required to create a term-deposit for the subsidy amount favouring the borrower with effect from the date of credit of the amount to the bank's head office by the RBI.

6.7 It has been found that there are certain difficulties in this mode of subsidy administration. Firstly, there is a time lag between the provision of funds to the borrower and receipt of the subsidy amount by the bank which is unavoidable. The borrower loses the benefit of interest on the subsidy deposit for the period of such delay. Secondly, the instructions issued to banks envisage that a term deposit receipt will be made out in the name of the borrower and it will be got discharged by the borrower and kept in the custody of the branch so as to facilitate adjustment of the deposit amount to the loan account of the borrower after he has repaid his own portion of the loan. In practice, however, banks find it difficult to create term deposits for each of the loan accounts, get them discharged etc. It is understood that a few banks have, therefore, done away with the procedure for making out deposit receipts, getting them discharged by the borrowers etc. Thirdly, this system gives rise to complications in the event of death of the beneficiary or his physical incapacitation due to accident etc. and the unit is required to be passed on to another person. Adjustment of the subsidy deposit is also called for wherever the final amount disbursed is less than that originally sanctioned on account of completion of the unit within a lower outlay or any other reason. Last but not least, the subsidy deposits form part of the liabilities of the bank against which it has to maintain a certain percentage by way of cash reserves, liquidity requirements etc.

6.8 In the Seminar on Rural Lending held on 9th and 10th January 1988 the subsidy administration under these programmes and how it can be improved were discussed. One of the aspects pointed out in favour of a new method is that both the systems described above have not been effective in preventing malpractice and misuse of the subsidy. It will be relevant, therefore, to have some ideas about the extent of subsidy so far disbursed under these programmes and the observations/findings of various evaluation studies as to the extent of leakage of subsidy.

6.9 Particulars regarding the number of people assisted, amount of loans sanctioned and the amount of subsidy utilised under these programmes so far are given in Annexure VI.

6.10 There have been three important evaluation studies of the IRD Programmes viz., a field study conducted by RBI (RPCD) in 1984, the study undertaken by NABARD during 1984-85 and the evaluation report of the programme evaluation organisation of the Planning Commission, Government of India, dated May 1985. The RPCD study covered 869 beneficiaries spread over 16 districts in as many states selected at random. Physical verification of the assets for which IRDP assistance was provided to the beneficiaries, was undertaken as part of the field study with a view to assessing whether the assistance provided under the programme had a long range effect in improving the income of the beneficiary. It was observed that while in 510 cases the assets were found to be in good condition, in as many as 339 cases (39%) the assets could not be located or were not productive, as under :

TABLE 2
Result of Physical Verification

Sr. No.	Result of Verification	No. of borrowers	% to total
1.	Asset found in good condition on the date of visit	510	59
2.	Asset found but not in productive condition	59	7
3.	Asset not found	280	32
4.	Borrower could not be contacted	20	2
Total :		869 =====	100 =====

6.11 The verification revealed that in respect of 280 (32%) borrowers, the relative assets, mostly milch animals, could not be located which is indeed a serious matter. A majority of these borrowers reported that the animals had died and pending their claims under cattle insurance scheme, they were not able to get finance from banks for purchase of another animal.

6.12 The NABARD study covered 1429 beneficiaries from 15 states; 2 districts in each state were selected, 1 each from two important agro-climatic zones and 2 blocks from each district were taken. The study undertook an assessment of the percentage of beneficiaries who had maintained the assets in good condition. Details about functional and non-functional units, loans misutilised, assets sold and death of animals were collected as part of the study. These data vide table below shows that nearly 20% of the sample farm sector units were non-functional, while under ISB the non-functional units constituted about 10%.

TABLE 3

Condition of Assets of Sample Beneficiaries
and the Extent of Leakages

Sr. No.	Type of investment	No. of sample beneficiaries	Condition of assets		Leakages		
			Functional	Non-functional	Loan mis-utilised	Assets sold	Death of animal
1.	2.	3.	4.	5.	6.	7.	8.
A. Farm Sector							
1.	Minor Irrigation	158	149	9	-	9	-
2.	Dairy	397	273*	60	3	31	26
3.	Sheep and goats	171	98*	59	9	9	41
4.	Bullocks, Camels etc.	58	45	13	-	13	-
5.	Bullocks, Bullock-carts, other animal husbandry investments	137	92	45	8	19	18
6.	Inland fisheries	40	27	13	3	-	10
7.	Agriculture	57	52	5	3	-	2
Sub-Total :		1018	736	204	26	81	97
B. ISB Sector							
1.	Small scale industries	18	18	-	-	-	-
2.	Weaving	62	59	3	-	3	-
3.	Other services	22	21	1	1	-	-
4.	Tailoring	38	30	8	-	8	-
5.	Transport	24	22	2	-	2	-
6.	Business shop/trade	162	128*	12	8	4	-
7.	Rural artisans	46	41	5	4	1	-
8.	Others	39	30	9	9	-	-
Sub-Total :		411	349	40	20	18	-
Total :		1429	1085	244	46	99	97

* Details not available in all the cases.

6.13 Of the non-functional units under farm sector, in 13% of cases loans had been misutilised, in 40% of the cases assets had been sold and in the remaining 47% of the cases animals had died. In the case of ISB, in 55% of the non-functional units, the loans were misutilised and in 45% of the cases the assets had been disposed of.

6.14 The evaluation study of the Planning Commission did not cover the maintenance of assets by all the selected households. However, the study did collect information on the broad manner of utilisation of the assistance provided in cash to such beneficiaries for certain schemes such as petty shops, under the guidelines of the Government of India. The particulars in regard to 225 households which received the assistance partially or wholly in cash stated above revealed that 2.7 per cent of such households had utilised the assistance for consumption purposes, another 2.2 per cent for repayment of old debts and about 0.9 per cent for other purposes not admissible under the scheme.

6.15 Besides the above studies, the Government of India has instituted a system of concurrent evaluation of IRDP. The main findings of the survey for the period January-June 1987 revealed that in about 28 per cent of the sample cases, the assets were not intact i.e. they were either sold, had perished or were defective.

6.16 At the instance of the Government of India an evaluation study of the SEEUY Scheme was carried out in 1985 and it covered all the cases sanctioned under the scheme upto 31 March 1984 where disbursement had taken place. Overall, units had been set up by the beneficiaries in 76% of the cases where loan amount had been disbursed by the banks. Since the evaluation was carried out in 1985 and the coverage was limited to loans sanctioned upto 31 March 1984 it could be reasonably assumed that in the remaining 25% of the cases the assistance had been misutilised either wholly or partially since the units had not come up.

6.17 As regards SEPUP, there has so far been no evaluation study and as such, the extent of misuse/leakage of assistance is not known.

6.18 The Committee feels that there is a need for improving the procedure for disbursement of subsidy under these programmes in order to minimise misuse and leakages. Ideally, the benefit of subsidy should be given when the borrower has acquired the asset, used it properly and repaid his portion of the assistance. Therefore, the subsidy should be made available towards adjustment of the last instalment/s of the loan. Viewed from this point, the procedure of subsidy adjustment followed under SEEUY/SEPUP would seem to be more desirable even in the case of IRDP. However, considering the magnitude of IRDP, involving millions of borrowers, the feasibility of adoption of this procedure needs careful consideration. We, therefore, recommend that the Reserve Bank of India may examine the matter in consultation with Government of India.

CHAPTER VII

OTHER RELATED ASPECTS

7.1 We have so far dealt with the reorientation needed in the rural credit delivery system for ensuring accelerated rural development. The success of any system or innovation largely depends upon the human factor entrusted with the responsibility of implementing. The field visits in rural areas and the discussions that followed in the Seminar on Rural Lending gave an impression that for any major effort to be attempted in the rural areas, banks should have the right kind of people, properly trained and motivated to man the rural branches. It is necessary that a sense of pride in the job of rural development should be inculcated in them. Towards this end, the banks would have to evolve appropriate training modules. Besides, in the deployment of staff, the needs of rural branches should be given due consideration.

7.2 At present, there is no uniformity among the banks in regard to the facilities available for rural branch managers. Hardships of rural life, for a person not accustomed to such conditions of life, coupled with absence of adequate incentives to compensate for such hardships or non-uniformity in the facilities admissible for rural branch managers of different banks, were said to be among the factors which contributed to avoiding postings in rural areas and where this was not possible, absence of a sense of involvement in the job. Further, the government stipulation prescribing service in a rural branch for minimum period of 2 years for eligibility for promotion in the officers scale was also reported to be affecting involvement in the job because officers had necessarily to be changed from rural centres after 2 years in order to make way for others. The Seminar, therefore, concluded that the Indian Banks Association might examine these and other related aspects with regard to service conditions of rural branch managers and make suitable recommendations for motivating them, which could be uniformly applied to all banks. We are given to understand that at the instance of the RBI, the Indian Banks Association had appointed a Committee for the purpose, which has since submitted its recommendations to the RBI. The Committee hopes that the recommendations of the Indian Banks Association would receive the due consideration of the RBI and Government of India.

Sd/-
P.D. OJHA
Chairman

Sd/-
D.N. GHOSH
Member

Sd/-
B. RATNAKAR
Member

Sd/-
M.N. GOIPORIA
Member

Sd/-
R. SRINIVASAN
Member

Sd/-
J.S. VARSHNEYA
Member

Sd/-
U.K. SARMA
Member

Sd/-
P.K. PARTHASARATHY
Member-Secretary

Bombay
24 February, 1988

ANNEXURE I

**Statement showing the No. of Offices of Commercial Banks, Regional Rural Banks
and Primary Agricultural Credit Societies in each State as at the end of June 1987**

Sr. No.	Name of the State	Commercial Banks			Regional Rural Banks			Primary Agricultural Credit Societies (as on 30.6.1986)	Number of	
		Rural	Semi Urban	Total	Rural	Semi-Urban	Total		Viable Societies (as on 30.6.1981)	Dormant Societies
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1.	Andhra Pradesh	1,505	747	2,252	950	62	1,012	7,051	6,326	210
2.	Assam	374	189	563	269	30	319	2,232	589	1,929
3.	Bihar	1,520	513	2,033	1,663	101	1,764	6,757	504	-
4.	Gujarat	1,214	678	1,892	294	10	304	6,839	4,687	777
5.	Haryana	425	225	650	224	6	230	2,339	2,298	10
6.	Himachal Pradesh	395	74	469	97	5	102	2,110	626	48
7.	Jammu & Kashmir	282	55	337	243	10	253	687	N.A.	72
8.	Karnataka	1,218	701	1,919	950	45	995	4,911	4,277	191
9.	Kerala	487	1,545	2,032	120	141	261	1,574	1,338	26
10.	Madhya Pradesh	1,201	579	1,780	1,393	76	1,469	5,573	3,680	11
11.	Maharashtra	1,639	750	2,389	444	15	459	18,374	4,918	320
12.	Manipur	17	8	25	20	1	21	685	147	557
13.	Meghalaya	55	11	66	39	2	41	180	180	-
14.	Nagaland	36	23	59	7	1	8	298	28	98
15.	Orissa	580	210	790	731	49	780	2,796	2,322	14

(Contd...)

ANNEXURE I (Contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
16.	Punjab	977	464	1,441	131	6	137	3,058	2,838	10
17.	Rajasthan	848	451	1,299	887	72	959	5,267	4,631	139
18.	Sikkim	15	4	19	-	-	-	36	N.A.	N.A.
19.	Tamil Nadu	1,523	990	2,513	149	7	156	4,674	4,077	84
20.	Tripura	29	11	40	63	10	73	374	205	161
21.	Uttar Pradesh	2,244	974	3,218	2,640	156	2,796	8,601	6,866	379
22.	West Bengal	1,072	481	1,553	640	72	712	7,719	6,328	1,050
23.	Andaman & Nicobar Islands	9	5	14	-	-	-	44	-	2
24.	Arunachal Pradesh	40	1	41	15	-	15	19	15	3
25.	Chandigarh	13	5	18	-	-	-	33	-	6
26.	Dadra & Nagar Haveli	6	-	6	-	-	-	10	-	-
27.	Delhi	73	5	78	-	-	-	-	-	-
28.	Goa, Daman & Diu	162	98	260	-	-	-	100	49	15
29.	Lakshadweep	5	-	5	-	-	-	7	7	-
30.	Mizoram	12	6	18	30	2	32	-	-	N.A.
31.	Pondicherry	27	10	37	-	-	-	60	5	-
ALL INDIA		18,003	9,813	27,816	12,019	879	12,898	92,408	58,356	6,159

ANNEXURE II

**Outstanding Advances (Direct) for Agricultural Purposes (as at the end of June)
from Commercial Banks, RRBs and Co-operatives**

(Rs. Crores)

Sr. No.	Name of State	1984				1985				1986			
		Comm.Bks.	RRBs	Co-op.	Total	Comm.Bks.	RRBs	Co-op.	Total	Comm.Bks.	RRBs	Co-op.	Total
1.	Andhra Pradesh	685.65	61.08	502.03	1248.76	869.44	90.36	529.09	1488.89	1051.48	119.92	625.91	1797.31
2.	Assam	23.38	4.86	14.41	42.65	40.00	8.28	14.41	62.69	66.80	11.29	14.41	92.30
3.	Bihar	212.88	64.66	151.80	429.34	269.91	82.93	164.13	516.97	328.14	92.71	172.86	593.71
4.	Gujarat	281.46	3.33	409.00	693.79	356.46	6.42	373.11	735.98	564.10	11.03	476.53	1050.66
5.	Haryana	242.90	14.64	324.84	582.38	286.51	18.36	357.53	662.40	343.68	24.33	393.73	761.74
6.	Himachal Pradesh	15.79	3.09	25.27	44.15	27.60	4.21	28.28	60.09	33.43	4.84	33.15	71.42
7.	Jammu & Kashmir	22.05	5.28	13.27	40.60	28.75	6.29	9.38	44.42	19.39	7.04	9.38	35.81
8.	Karnataka	428.91	55.61	351.27	835.79	580.91	82.19	400.99	1064.09	732.45	113.43	464.69	1310.57
9.	Kerala	254.03	24.96	437.40	716.39	322.39	32.19	529.39	883.97	369.17	40.46	684.20	1093.83
10.	Madhya Pradesh	276.30	34.35	384.32	694.97	324.83	53.39	399.58	777.80	442.62	64.68	490.73	998.03
11.	Maharashtra	484.35	8.00	814.45	1306.80	618.78	14.11	952.90	1585.79	614.79	24.32	1026.28	1865.39
12.	Manipur	1.28	0.09	3.71	5.08	1.72	0.15	3.71	5.58	3.00	0.15	3.71	6.86
13.	Meghalaya	5.17	0.20	2.03	7.40	5.85	0.83	4.00	10.68	7.24	1.55	2.39	11.18
14.	Nagaland	2.32	-	0.09	2.41	6.75	0.07	-	6.92	6.74	0.13	1.18	10.05
15.	Orissa	124.48	52.19	223.65	400.32	154.76	60.46	216.83	432.05	207.49	71.86	237.06	516.41
16.	Punjab	505.18	0.21	449.95	955.34	539.51	1.44	456.35	997.30	636.60	3.94	428.52	1069.06
17.	Rajasthan	248.42	46.55	316.50	611.47	291.52	58.37	351.08	700.97	405.75	70.34	379.61	855.70

(Contd.)

ANNEXURE II (Contd.)

(Rs. Crores)

Sr. No.	Name of State	1984				1985				1986			
		Comm.Bks.	RRBs	Co-op.	Total	Comm.Bks.	RRBs	Co-op.	Total	Comm.Bks.	RRBs	Co-op.	Total
18.	Tamil Nadu	566.13	15.10	391.27	972.50	725.11	18.84	597.73	1341.68	884.07	15.55	555.23	1454.85
19.	Tripura	5.89	5.03	5.04	16.06	8.64	6.38	5.31	20.33	11.82	9.03	5.99	26.84
20.	Uttar Pradesh	583.89	86.74	691.90	1362.53	713.58	117.77	746.64	1577.99	896.63	145.82	759.10	1801.55
21.	West Bengal	198.61	23.43	215.95	437.99	253.26	30.94	219.95	504.15	350.41	37.81	177.79	566.01
22.	Andaman & Nicobar Islands	0.92	-	0.20	1.12	1.10	-	0.22	1.32	1.40	-	0.36	1.76
23.	Arunachal Pradesh	0.41	0.01	0.12	0.54	0.48	0.02	0.21	0.71	0.60	0.05	0.25	0.90
24.	Chandigarh	53.55	-	0.13	53.68	121.49	-	0.13	121.62	158.37	-	0.14	158.51
25.	Dadra & Nagar Haveli	0.15	-	0.09	0.24	0.23	-	0.07	0.30	0.19	-	0.03	0.22
26.	Delhi	23.70	-	2.17	25.87	23.91	-	2.17	26.08	33.96	-	-	33.96
27.	Goa, Daman & Diu	14.75	-	1.30	16.05	19.51	-	1.26	20.77	21.87	-	1.34	23.21
28.	Lakshadweep	0.06	-	0.21	0.27	0.24	-	0.24	0.48	0.37	-	0.27	0.64
29.	Mizoram	0.33	-	-	0.33	0.50	0.28	-	0.78	0.60	0.79	-	1.39
30.	Pondicherry	15.96	-	2.23	18.21	18.14	-	2.37	20.51	19.68	-	3.99	23.67
31.	Sikkim	0.90	-	-	0.90	1.01	-	-	1.01	1.41	-	0.25	1.66
ALL INDIA		5279.92	509.41	5734.60	11523.93	6612.88	694.28	6367.06	13874.22	8416.05	871.07	6948.08	16235.20

ANNEXURE III

Particulars of Agricultural Production and Consumption of Fertilisers

(in lakh tons)

Sr. No.	Name of the State	Agricultural Production (Foodgrains only)			Growth (%)	Fertiliser Consumption			Growth (%)
		1983-84	1984-85	1985-86		1983-84	1984-85	1985-86	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Andhra Pradesh	118.81	96.15	104.71	-	9.09	9.80	8.88	-
2.	Assam	27.09	26.70	30.30	11.8	0.17	0.13	0.17	-
3.	Bihar	98.75	103.28	112.40	13.8	2.92	3.82	5.01	71.6
4.	Gujarat	57.44	52.57	27.72	-	5.02	5.04	4.21	-
5.	Haryana	65.85	67.29	79.74	21.1	3.26	3.37	3.72	14.1
6.	Jammu & Kashmir	11.13	12.44	13.00	16.8	0.16	0.29	0.36	125.0
7.	Karnataka	72.52	67.25	57.38	-	4.87	5.91	5.55	14.0
8.	Kerala	12.32	12.80	11.87	-	1.29	1.27	1.41	9.3
9.	Madhya Pradesh	157.04	132.95	154.80	-	3.15	3.73	4.37	38.7
10.	Maharashtra	109.52	97.36	87.79	-	6.42	5.81	6.68	4.0
11.	Manipur	2.65	3.45	3.47	30.9	0.04	0.04	0.05	25.0
12.	Orissa	70.16	56.19	67.38	-	1.03	1.14	1.40	35.9
13.	Punjab	147.81	160.91	171.87	16.3	9.92	10.48	10.98	10.7
14.	Rajasthan	100.76	67.92	74.75	-	2.10	2.06	2.21	5.2

(Contd...)

ANNEXURE III (Contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
15.	Tamil Nadu	61.84	68.95	75.64	22.3	5.87	6.91	6.68	13.8
16.	Tripura	3.87	3.79	3.95	2.1	0.03	0.03	0.05	66.6
17.	Uttar Pradesh	291.82	298.88	313.09	7.3	16.43	16.13	19.72	20.0
18.	West Bengal	91.70	92.23	87.66	-	3.69	4.06	4.09	10.0
19.	Nagaland	1.10	1.24	1.52	38.2	-	-	-	-
20.	Himachal Pradesh	10.51	10.07	10.02	-	0.19	0.22	0.23	21.0
21.	Meghalaya	1.63	1.60	1.60	-	0.03	0.03	0.03	-
22.	Sikkim	-	-	-	-	0.01	0.01	0.01	-
	ALL INDIA	1523.74	1455.39	1504.69	-	77.10	82.11	87.37	13.3

ANNEXURE IV

RESERVE BANK OF INDIA CENTRAL OFFICE BOMBAY.

January 25, 1988.

MEMORANDUM

At the seminar on rural lending organised by the Reserve Bank of India on 9 and 10 January 1988 several suggestions for strengthening the existing rural credit delivery structure with a view to improving the quality of lending and production, productivity and income levels were made. In order to examine the operational aspects of the suggestions and to make specific recommendations for implementation, the Reserve Bank of India appoints a Committee as under :

- | | | |
|----|---|----------|
| 1. | Dr. P.D. Ojha
Deputy Governor
Reserve Bank of India
Bombay. | Chairman |
| 2. | Shri D.N. Ghosh
Chairman
State Bank of India
Bombay. | Member |
| 3. | Shri M.N. Goiporia
Chairman
Central Bank of India
Bombay. | Member |
| 4. | Shri J.S. Varshneya
Chairman
Punjab National Bank
New Delhi. | Member |
| 5. | Shri B. Ratnakar
Chairman
Canara Bank
Bangalore. | Member |

- | | | |
|-----------|---|-------------------------|
| 6. | Shri R. Srinivasan
Chairman
Bank of India
Bombay. | Member |
| 7. | Shri U.K. Sarma
Executive Director
Reserve Bank of India
Bombay. | Member |
| 8. | Shri P.K. Parthasarathy
Chief Officer
Rural Planning & Credit Department
Reserve Bank of India
Bombay. | Member-Secretary |

2. The Committee will have the following terms of reference :

- i) To consider the modalities of implementing a system of area allocation to the rural bank branches within which they will operate for developing productive credit.**
- ii) To examine and recommend the necessary procedures for effective coordination between the three institutional agencies viz. Commercial Banks, Regional Rural Banks and Co-operatives under the new area approach.**
- iii) To examine the modifications, if any, that may be necessary in the exercise of credit planning under the Lead Bank Scheme in the light of the new approach.**
- iv) To examine and recommend measures to improve coordination with developmental agencies at the District/Block/Village levels with a view to improving the quality of lending.**
- v) To examine the mode of disbursement of loan and subsidy for IRDP and other subsidy-based programmes and recommend modifications, if any, for improving the utilisation of resources in an optimal manner.**
- vi) Any other aspect germane to the above terms of reference.**

3. The Committee will submit its report within a period of one month.

4. The Secretariat of the Committee will be provided by the Rural Planning and Credit Department of the Reserve Bank of India, Bombay.

Sd/-
R. N. Malhotra
Governor

ANNEXURE V

**Branch Command Area Survey -
Proforma of Survey Report**

Name of Village : _____ **Branch :** _____

Revenue Circle No : _____ **District :** _____

Taluka/Panchayat Samiti : _____

1. Distance from the Branch : _____ **By pucca road Kms.**
By kachha road Kms. _____

2. Is the village accessible throughout the year ? _____

3. Facilities available : _____ **Whether located in the village covered** _____ **If not, nearest place where available and distance** _____

Post Office : Yes / No

Telegraph Office : Yes / No

Telephone Office : Yes / No

Medical Dispensary : Yes / No

Veterinary Aid Centre : Yes / No

Artificial Insemination Centre : Yes / No

High School : Yes / No

Talathi : Yes / No

Gram Sevak : Yes / No

Agricultural Assistant : Yes / No

Gram Panchayat : Yes / No

Kharedi Vikri Sangh : Yes / No

Primary Credit Co-operative Society : Yes / No

Custom Service Unit : Yes / No

Agro Service Centre : Yes / No

Dairy Society : Yes / No

Poultry Society : Yes / No

Land Development Bank : Yes / No

Commercial Bank : Yes / No

Is the village electrified ? : Yes / No

Men Women Children Total

4. Population of the village : _____

5. (a) Landless labourers : _____

(b) Khatedars : **No.** _____ **Area owned in hectares**

0 to 1 hectare

1 to 2 hectares

2 to 4 hectares

Above 4 hectares

Total

- 6. Sources of Irrigation : No. Area under command**
- (i) Tube wells
 - (ii) Dug-wells : Not used for irrigation
Useful for irrigation
- Dug-wells in use for irrigation with :
- (a) Mhots
 - (b) Oil engines
 - (c) Electric motors
- (iii) Tanks/Percolation tanks
 - (iv) Cultivators using lifts on rivers/streams
Perennial
Seasonal
 - (v) Canal irrigation
- 7. Soil types**
- Black soils
 - Medium soils
 - Shallow soils
- 8. Drainage : Good / Fair / Bad**
- 9. (a) Average annual rainfall :
(b) Rainfall in monsoon months :**
- 10. Special Development Programme : Whether Yes or No**
- (i) Tribal Sub-plan
 - (ii) Special drought prone area projects
 - (iii) Special projects for
pulses / oilseeds / dairy /
fishery development
 - (iv) Other Agricultural Development
Programmes
 - (v) Ayacut Development Programme
 - (vi) Bunding Works
 - (vii) Dry Farming Works
- 11. (a) Whether the area is susceptible
to any long term endemic
problems such as : Whether Yes or No**
- (i) droughts :
 - (ii) floods :
 - (iii) sporadic animal diseases :
 - (iv) crop pests and diseases
- (b) If so, give details of such
natural calamities, if any,
during last 3 years
 - (c) Mention measures taken to
overcome the above problems
and by whom?
- 12. Nearest market centre**

13. Financing by other institutions : No. of farmers Loan No. of defaulters
- (i) Co-operative Societies
- (ii) Land Development Bank
- (iii) Other Commercial Banks
14. (a) Has any loan already been granted by our Bank in the village? Also please indicate the number of accounts, total limits sanctioned and present aggregate outstandings:
- (b) Total area cultivated by borrowers of Co-operative Society :
15. Are the various inputs like pesticides, fertilisers etc. locally available? If not, where available? :
16. (a) The group water shed in which village is located as per GSDA :
- (b) No. of additional feasible wells in the group water shed as recommended by GSDA (Information from GSDA at District level) :
17. Availability of ground water :
- Three representative wells in the village should be surveyed : Well No.1 Well No.2 Well No.3
- (i) Farmer's name :
- (ii) Survey No. in which located :
- (iii) Width :
- (iv) Depth :
- (v) Underground strata :
(Depth in ft.)
- | | | | | |
|----------------|------|-----|----|-----|
| (a) Loose soil | from | mt. | to | mt. |
| (b) Murum | from | mt. | to | mt. |
| (c) Soft rock | from | mt. | to | mt. |
| (d) Hard rock | from | mt. | to | mt. |
- (vi) Present estimate of digging cost Rs. mt. from ground level
- (vii) Depth at which water level is struck
- (viii) Water level in summer from ground level
- (ix) Fitted with electric motor/oil engine/mhot
- (x) Area irrigated : Season
- Kharif
- Rabi
- Summer

18. Village land utilisation statistics :

- (i) Total geographical area**
- (ii) Total cropped area**
- (iii) (a) Double cropped area**
 - (b) Area irrigated by**
 - (1) Tanks**
 - (2) Wells**
 - (3) Canals**
 - (4) Other sources**

19. Crops grown :

Season	Crop	Area	Imp.Crops (Specify)	Area	Special features
1	2	3	4	5	6

Kharif

- Cereals**
- Pulses**
- Oil seeds**
- Vegetables**
- Spices**
- Fruits**
- Total**

Rabi

- Cereals**
- Pulses**
- Oil seeds**
- Vegetables**
- Total**

Summer

- Vegetables**
- Other Crops**
- Total**

Perennials

- Fruits**
- Sugarcane**
- Banana**
- Total**
- GRAND TOTAL**

20. Other Statistics :

- Animals :** (i) **Bullocks**
(ii) **Buffaloes of breedable age**
(iii) **Cows of breedable age**
- Appliances :** (i) **Tractors, (ii) Oil engines**
(iii) **Electric motors, (iv) Cane crushers,**
(v) **Threshing machines, (vi) Sprayers/**
dusters, (vii) Other appliances

21. Present level of production costs and income per hectare of some principal crops in the village :

Item	Names of crops (specify)	Unit per hectare
Expenses on :		
Seed		
Fertilisers		
Pesticides		
Labour costs		
Other costs		
Total cost		
Income :		
Average yield		
Rate		
Total receipts		
Surplus per hectare		
Remarks		

22. Broad indication of the purpose for which the loans are required and their approximate quantum : (Estimate of loans that can be advanced in the next two years should be indicated)

Nature of Development	Unit cost	No. of units	Total cost	Participants' contribution	Loan required
(i) Sinking of new wells					
(ii) Renovation of old wells					
(iii) Electric motors/pumpsets/ oil engines pumpsets					
(iv) Purchase of tractors					
(v) Purchase of milch animals					
(vi) Other term loan items not covered above					
(vii) Crop loans					

23. Other comments and recommendations :

- (i)
- (ii)
- (iii)
- (iv)

-----Branch

Date.....

BRANCH MANAGER

VILLAGE REGISTER

1. Name of the Village	Panchayat	Taluka	District	State
2. Location (indicating nearest Town and distance from the Bank's Branch)				
3. Area and land use :		(acres)		
Total extent	:			(A)
Out of (A) :				
(a) Irrigated land area	:			River Tank Wells Total (A)
(b) Unirrigated cultivated land area : (i.e. rainfed)				
(c) Cultivable waste i.e. land fit : for cultivation but not taken up or not cultivated for some years				
(d) Area not available for cultivation : (i.e. barren and uncultivable land and land put to non-agricultural use viz. occupied by buildings, roads, etc. Also include forest land)				

4. Type and nature of soil :
5. Land holdings
- (a) Upto 2.5 acres :
2.5 to 5.0 acres :
above 5.0 acres :
- (b) Break-up of total land : Wet* acres
holdings : Dry@ acres
* lands having irrigation facilities for raising 2 crops in a year.
@ lands having irrigation facilities for raising one crop in a year.
- (c) Land value (present market : Wet Rs.
value per acre) : Dry Rs.
6. Cropping pattern & season (with extent of important crops raised in the area - Kharif/Rabi/Summer)
7. Irrigation Potential : (future)
New wells :
Lift irrigation, etc. :
Any scheme to extend flow irrigation in the near future (details regarding availability of groundwater, survey reports and their findings, if available)
8. Rainfall : Season-wise :
Kharif-Rabi-Summer for the last 10 years with details of drought and other unusual conditions, if any.
9. Population :
Total : Male : Female :
No. of households :
Scheduled castes/Scheduled tribes:

Literate and educated persons :
 Workers - Primary activities (cultivation)
 Agricultural labourers :
 Other workers engaged in allied
 agricultural activities such as
 livestock, fishery, plantations,
 orchards, etc. Others (specify)
 i.e. manufacturing, servicing,
 repairs, transport, storage,
 fabrication etc.
 Non-workers

10. Staple Food : (of majority of the
 population for major portion of
 the year - locally grown or
 imported-deficit or surplus-
 distribution arrangements)
11. Level of agricultural operations and
 services rendered by outside agencies : Input Quantity
 Availability of inputs (ordinary :
 and improved seeds, chemical
 fertilisers, pesticides, agricultural
 implements, etc.)
12. Pattern of cultivation :
 - (a) Mechanisation and Labour-intensive
 (No. of tractors, power tillers,
 sprayers, etc. already available)
 - (b) Knowledge of improved methods :
 of cultivation
 - (c) Land (irrigated) utilisation-
 efficiency level/water levels in
 wells in May & November :
 - (d) Cultivation of food crops and
 commercial crops - package
 or practices followed :

- (e) Cost of cultivation for different types of crops and wage structure for labour :
13. Village-level Workers/Agricultural Extension Supervisor/Block Development Officer/Tahsildar/Sub divisional Officer/Collector and others concerned with the development of the area (where stationed, how often visited, what assistance generally offered to villagers and co-operation in general) :
14. Existence of Demonstration Farm etc. :
15. Facilities available for soil testing and water analysis :
16. Facilities available for storage/cold storage plants-State/Central/Private warehousing facilities :
17. Procuring and Processing agencies in the area Public and Private such as sugarmills, tobacco companies etc. :
18. Other allied agricultural activities :
- No. of cattle : Buffaloes
Cows
Cross bred animals
- Average milk yield : Buffaloes
Cows
Cross bred animals
- Sheep
- Poultry
- Average ruling price for cattle/sheep etc. and their products :

Marketing arrangements both for buying and selling animals and products :

19. Credit Agencies, Credit dispensation and Deposit Mobilisation

- a) Details on the working of village credit societies- working or dormant- whether they cover total eligible members in the area of operation, actual members, borrowing members, having paid secretary or not, level of credit distributed during the last three years, recovery position etc.
- b) Land mortgage banks/other commercial banks - with details of deposits and advances of each institution, if available.
- c) Post office and other savings schemes
- d) Loan facilities made available (as on
 - (i) No. of farmers :
 - (ii) Total limits with outstandings categorywise :
 - (iii) Deposits mobilised : (SB A/c, C A/c, TD and others)

20. Civic Amenities, Recreation & Security

- (a) Education, Primary-middle, Higher Secondary/College
- (b) Communication-road (type and connected to), Railways, Post Office, Telegraph Office, Others, if any.

- (c) Electricity-whether village is electrified and energisation is available for agricultural purposes
- (d) Number of house-holds electrified and number of pumpsets energised
- (e) Medical
Primary Health Centre, Subsidiary Health Centre, Dispensary, Hospitals (if any), Nursing Homes Doctors or nearest place where medical facilities are available.
Veterinary hospital and facilities available for artificial insemination etc.
- (f) Drinking water - available facility-quality
- (g) Police station/outpost, Civil courts etc. (where situated) and local law and order situation.
- (h) Community Radio/Television/Village library, etc.
- (i) Availability of newspapers
No. subscribed or distributed (English and Vernacular)
- (j) Cinema house
- (k) Repair facilities-Cycle shops, engine repairs, electrical repairs, etc.
- (l) Nearest point where oil and petrol are available
- (m) Provision shops, tea stall, hotel etc.

21. General Information

- (a) Village Politics, party affiliation/ domination/important political leaders and civil servants hailing from the area.

- (b) Social service - voluntary organisations like NSS etc.
- (c) Names of Panchayat President/
Village School Headmaster/
Talathi - Patwari/Priest
minister-religious/organisations.
- (d) Level of employment in the village-
particulars of persons, if any,
employed abroad and their
addresses.
- (e) Details of past village feuds,
litigations etc. if any.
- (f) Particulars of revenue recovery
proceedings initiated by the local
co-operatives, if any, in the past
3 years. Drought-relief work etc.
- (g) Whether people are addicted to
drinks - details of country liquor
shops in the village

AREA APPROACH - APPENDICES

- (h) Whether any national or State
level programme is being
implemented e.g. sugarcane pilot
project, tribal sub-plan etc.
- (i) Whether the village has been
adopted by any organisation
like Rotary, Lions Club,
University, etc.
- (j) Particulars of village industries,
brick manufacturing, cotton
ginning, groundnut decorticators,
basket-making, handicrafts etc.
(no. of artisans may also be
furnished).
- (k) Other important particulars, if any.

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FARMER REGISTER

1. Name of Farmer :
2. Son/Wife of :
3. Age :
4. Address :
5. No. of dependants
or family members :
6. Whether Scheduled caste/
Scheduled tribe :
7. Level of education self and other
members of the family :
8. Details of land holdings (owned and
leased, if any) :
 - (a) Survey nos. :
 - (b) Extent :
 - (c) Classification Wet Garden Dry
 - (d) Market value :
 - (e) Encumbrance, if any :
 - (f) Area actually cultivated
with crop particulars during
the last 3 years :
 - (g) Yearly family expenditure :
9. Particulars of assets with present
market value (movable and immovable)
other than landed properties
vide item (8) .:

10. Liabilities

- Agency** :
 - Purpose** :
 - Amount** :
 - Repayment programme/security offered/repayment behaviour** :
- 11. Future plan of developmental activities and borrowing programmes** :
- 12. Local report on standing of the farmer.**

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ANNEXURE VI

Integrated Rural Development Programme

	No. of beneficiaries (in lakhs)	Term credit provided (Rs. in crores)	Subsidy utilised (Rs.in crores)
VI Plan total	165.62	3101.61	1661.17
VII Plan			
1985-86	30.61	730.15	441.10
1986-87	37.47	1014.88	613.38
1987-88 (Upto Oct.'87)	15.29	393.67	253.46

Source : Ministry of Agriculture, Govt. of India.

(Amount in crores of rupees)

	SEEUY*			SEPUP®		
	No. of beneficiaries	Loans sanctioned	Subsidy disbursed	No. of beneficiaries	Loans sanctioned	Subsidy disbursed
1983-84	2,42,405	401.54	89.66			
1984-85	2,28,800	429.53	93.44			
1985-86	2,20,724	429.99	83.57			
1986-87	2,19,308	455.13	66.92	3,41,306	116.37	27.39
1987-88® (As available on 10.2.1988)	13,806	26.02	1.10	1,50,313	51.86	6.59

Source : * Development Commissioner (SSI), Govt. of India.

® Data furnished by banks.