

## CHAPTER 'I'

### INTRODUCTION

After 40 years of independence, India could achieve the average annual growth rate of 5%. The efforts of economic developments during the planned period particularly in the field of agricultural development have been fruitful in terms of land reforms; self-sufficiency in food grains and the green revolution etc. But these development efforts have created inequality of income and wealth particularly in rural areas. As a result the problem of rural poverty and the unemployment of masses took a very serious turn and attached the attention of the economists, planner and policy makers as well.

The draft of the 6th five years plan authentically recognised the intensity of rural poverty coined as below poverty line population (BPL) concept and it became the sinequa non of the strategy of economic planning of India.

Accordingly several area development programmes were incorporated like. Small Farmers development Agency (1969) Marginal Farmers & Agricultural Labourers (1971), Drought Prone Area Programme (1970), Hill Area Development Programme (1972), Canal Area Development (1979), Special Live stock production Programme (1975), minimum needs Programme (1977) and Antyodaya etc. However, all these programme due to their adhoc and piecemeal nature and low quantum subsidy have not been much effective in removal of massive problem of rural poverty and unemployment.

### To Launch a Massive Onslaught

On the problem of object rural poverty and unemployment, the government, therefore, came out with a new strategy of integrated Rural Development Programme in the year 1978-79. Unlike earlier efforts, governments attention is focused on targeted population. The IRDP is based on microlevel planning and offers a package of action programmes covering marginal and small farmers, landless labourers, subistence, farmers, share croppers, artisans- SCs and STs, Women, Unemployed youths and Ex-Servicemen etc. IRDP is a multi-level, multi-sector and multi-section programme-covering a mutually supporting projects and activities concerned with different sectors or rural communities. It involves a process of changing in rural sub-systems and their interaction, leading to desired improvements in rural incomes and income distribution, employment opportunities, rural welfare and other aspects of rural life. This strategy has been designed on the principles of area planning and target group planning for maximum possible exploitation of endowment and resource potentials (both natural and human) in respect to local needs. Initially the programme was started at 2300 blocks in the country. Subsequently from October, 2, 1980, the programme was extended to all over the country. This approach was given top priority in the sixth five year plan with particular emphasis on increasing the earnings of the underprivileged.

The main objectives of IRDP were to increase the productivity of agriculture and other sectors to provide the

income generating assets, to build local capacity for sustained area development. It also aims to the creation and expansion of employment opportunities in village handicrafts, animal husbandary mainly dairying, poultry farming, piggery etc. agro based industries, in primary, secondary and Tertiary sectors of industries under ISB and TRYSEM. And lastly, its target is the alleviation of rural poverty.

The Seventh Five year plan has very rightly allocated approximately 40 percent of the total outlay on rural development. The fourfold increase in allocation on IRDP i.e. Rs.16,000 crores itself is symptomatic of growing realisation of serious problems of mass poverty and massive unemployment. It aims at reducing the percentage of peoples below the poverty line, from 39.9 percent to 28.2. percent by 1989-90.

20 Million households are expected to be provided assistance under IRDP. Seventh plan's major emphasis is on: spatial planning in the forms of district and block level planning; development bureaucracy operating at local and higher level of administration; health and education; family planning etc.

In fact the strategy of IRDP could be divided in to two phases.

In the first phase (1970 to 1978) the IRDP included all programmes like SFDA, MFAL, Antyodaya etc. independently there lack of integration.

In the Second phase (1978 onwards) all IRDP programme were integrated together focusing on the target group of

family household under BPL. Thus the IADP with this new target group of BPL household started functioning particularly in the year 1983-84.

Credit is an important input for rural/agricultural development. As a result of Reserve Bank of India's efforts is having a broad based network of an efficient rural credit delivery system. The organisational structure of institutional agricultural finance in our country is so firmly well established that, if issued wisely, it can be the acceptance of multi-agency - approach - in the agricultural finance is an rural banking in India. Accordingly all rural areas are to be covered by a network of viable co-operative credit institutions with other agencies such as commercial banks and Regional Rural Banks have necessarily to play a supplementary role, until the co-operatives at the field level are well established and placed on a viable footing. The commercial banks and Regional Rural Banks will have to supplement the credit disbursement of the weak co-operative and also finance such other rural development activities not normally undertaken by them. In areas covered by primary agricultural credit societies (with varying capacity of their own or of the higher co-operative credit agencies), the commercial banks and the Regional Rural Banks may lend directly to farmers wherever necessary but without entering into competition among themselves. In doing so it shall be the duty of the commercial banks and Regional Rural Banks concerned to ensure that they do not finance members of the co-operative structure. In any case the commercial banks and regional Rural Banks concerned should take care to see that the drive for co-operative membership is not jeopardized.

According to the recommendation of the committee appointed by the Reserve Bank of India to review arrangements a powerful instrument for removal of poverty and unemployment of the masses.

The institution of rural credit has gone through many changes particularly after nationalisation of commercial bank in 1969. Before that there was a three - tier co-operative credit structure primary agricultures Credit Society (PACS) of village level, district, central, co-operative Bank (DCB) and state co-operative Banks at apex level for the supply of crop loan and other short term and medium term agricultural credit. Now the nationalised commercial bank have entered into the agricultural credit was channelised through the agricultural credit development of the rural bank of India till 1982. The entry of nationalised commercial bank into agricultural credit was not a substitute for co-operative Credit but it was an addition to meet the credit gap.

Now it goes without saying that the rural banking must actively assist in raising agricultural production and in improving the income earning capacity of the rural poor. In order to meet the challenge the Reserve Bank of India has made many efforts through the appointments of many committees such as the Rural Review Committee (1966) called as B Venkatpala Committee. The banking commission called as Saraiya Commission and committee to Review to Arrangement for Institutional credit for Agricultural and Rural Development (CRAFICARD-1981) for institutional credit for agriculture and rural development; the regional rural bank was established as a small man's bank.

Regional Rural Bank of Act in 1976 was passed. RRBs are expected to meet the credit needs mainly of the weaker section of the society to implement the rural development programmes like IRDP.

The present research work is a small effort to study the impact of IRDP on economic condition of the BPL households in Solapur District of Maharashtra.

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### OBJECTIVES

1. To study the working and overall performance of IRDP in Solapur District.
2. To study the working and performance of Regional rural bank in Solapur district sponsored by Bank of India. It is called as Solapur Gramin Bank.
3. To analysis the impact of IRDP on economic conditions of identified BPL households in Solapur District.
4. To suggest some remedies for more efficient working of the Gramin Bank for helping the poor.

### METHODOLOGY

The Akkalkot taluka was is our study area and we have selected the Karajgi branch of Solapur Gramin Bank was taken as a case study for analysing the impact of IRDP.

A sample of one hundred (100) beneficiaries of Karajgi branch was randomly selected with forms 10% of the total beneficiaries. The period of study was three years 1985-87.

In order to analysis the impact of IRDP loan we have made a comparison between the economic condition of 100 BPL nouseholds before IRDP finance period and after IRDP loans.

LIMITATIONS OF STUDY

As the said study covered less than 10% of the beneficiaries; the findings can not be generalised. But our observations and findings would be useful to the policy maker, planners, in the field of agricultural finance in general and to the authorities of regional rural banks or Gramin banks in Maharashtra.

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