

## CHAPTER ONE

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## CHAPTER ONE

### I. INTRODUCTION :

Banks are the backbone of the economy of the nation. Banks have strengthened the economic conditions of the nation by the various socio-economic functions and policies. Even though, banks had played a greater role from 19th Century, they failed to balance between Urban and Rural the great sufferings and abstractions of the rural people and insufficient fight by the rural backwardness was often repeatedly cried out by the Sociologists, Economists and Government.

One of the important points of 20 points Economic programme was the Liquidation of Rural Indebtedness by Stages and to provide the provisions for operational credit to Farmers and Artisans in Rural areas. In this context, Government of India promulgated Rural Banks Ordinance on 26th Sept. 1975, then it was called as Regional Rural Banks Act of 1976. The momentous decision of Government to strengthen the Institutional Rural Credit Structure with the opening of Five Regional Rural Banks on 2nd October, 1976 (on the day of anniversary of Mahatma Gandhi) is a land mark

in the history of Rural Economy. The Regional Rural Banks are included in the 2nd Schedule of Reserve Bank of India Act and therefore, they enjoy the same previlages and facilities as the Scheduled Banks, including the central access to the central money market.

The regional Rural Banks are the latest in the chain of the credit shops, in India. The Regional Rural Banks combine the best of the commercial banks (their proffession- alised and efficient management) and the Co-operatives (their closed proximity with rural clientale and intimate knowledge of the activities and character of the borrowers. By the end of June, 1983, about 135 Regional Rural Banks with 5,200 branches in 17 states were operating successfully. These banks had mobilised deposits of Rs.380 crores against the advances of Rs.500 crores.

Considering the important role played by Regional Rural Banks in India for the upliftment of Rural People, the research has selected the Malaprabha Gramina Bank as one of the Regional Rural Banks for the study.

## II. FRAME WORK OF THE STUDY :

(A) OBJECTIVES:- The establishment of Regional Rural Banks

on 2nd October 1976 was an epoch-making event in the History of India, i.e., too for Rural people. It is a land marking step of Government. The policies must be towards the upliftment of the Rural Folkman. It is one of the main policies for which the rural people must have gratitude. The village oriented policies of the Government as against the city oriented policies are to be highly appreciated.

Actually very less water has flown over the subject of Regional Rural Banks since the establishments of this Institution in 1976. Even though the study groups and enquiry committees appointed by the Reserve Bank of India and the Government of India have concerned on the National level. Such a macro-level study will pose the very often the quantitative changes in different respects to pronounce the success of otherwise of bank's establishment. Apparent quantitative success is not all-in-all so far as the objectives of the bank's establishment is concerned. A thorough investigation into the various aspects is involved in the workings of such banks. This warranted for which a micro-level analysis is more suitable. The present study is intended to fill the void in the studies by concentrating on the micro-level analysis with emphasis on qualitative achievements in Rural Finance by the Regional Rural Banks.

In this context, the specific objectives of the study are :-

- I. The main objective of the study is to examine the role of selected five branches of Malaprabha Gramina Bank with reference to -
  - (a) Mobilisation of deposits and
  - (b) Extension of credit in the light of the Bank's objectives.
  
- II. With the meeting of the above objective the researcher wants to test the following criteria with the farmer class loanees of selected branches.
  - (a) Whether the assistance of bank had utilised by the small and marginal farmers in proper manner ?
  - (b) Were the bank staff co-operative and adjusted with the village life ?
  - (c) Are there any mediators acting in between the farmers and the bankmen ?
  - (d) Whether the follow-up action is satisfactory ? and
  - (e) Have the village people left the un-institutional borrowings ?
  
- III. To make necessary suggestions.

(B) SCOPE OF THE STUDY :-

1. Choice of the area for micro-level study:

The area of the Malaprabha Gramina Bank is Two-districts, namely Dharwad and Belgaum districts of Karnataka State. For micro-level study the researcher has selected five branches of Malaprabha Gramina Bank (which were opened in 1976 and 1977) in Dharwad district. The Branches selected

are:- 1) Dhundshi 2) Hallihal 3) Dambal 4) Hebbal and  
5) Navaloor.

## 2. Selections of period of time:

A period of five years from 1980 to 1984 is selected for the study purpose because, the selected branches have opened in 1976 and 1977. The study starts from 1980 because from the year 1976 to 1979, they are the years of initial growth. So the period selected is from 1980 to 1984. Even though the researcher is intended to study five years as a whole, the non-availability of data and scarcity of time made him to study only two years i.e. 1983 and 1984 in respect of advances made from selected branches.

## 3. Sources of data collection:

(a) Secondary data:- As the subject of our investigation is Regional Rural Banks, we could largely rely on the published data. The published data gathered from (i) Reserve Bank of India, Bombay (ii) N.A.B.A.R.D, Bombay, (iii) Malaprabha Gramina Bank, Head Office, Charwad and (iv) various reports.

(b) Primary data:- Un-published data was collected from  
(i) The staff of selected branch offices at Dhundshi, Hallihal, Dambal, Hebbal and Navaloor. (ii) Malaprabha Gramina Bank,

Head Office, Dharwad. (iii) Questionnaire prepared for the small and marginal farmers and (iv) Oral discussion with the non-customers at the branch level.

4. Preparation of Questionnaire:

To collect information from the farmer loanees, the questionnaire is prepared. A specimen of the questionnaire is given in the appendix.

5. Selection of sample of borrowers:

Out of the total number of farmer loanees of 1984, 10% of the loanees are selected to get answer to the questionnaire.

(C) LIMITATIONS:

The study " Role of Regional Rural Banks in Karnataka" though intended for his Ph.D, Thesis, he has confined it for M.Phil dissertation to only a Regional Rural Bank i.e, Malaprabha Gramina Bank with its five selected Rural Branches in Dharwad district.

As M.Phil dissertation is required to be submitted to the university by the researcher within a short time for that, the period of study is restricted to 7 years. However, a further and indepth study of Regional Rural Banks and its multi-dimentional study can be taken up as a follow-up study.

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