COMMERCIAL BANKS AND ECONOMIC EMPOWERMENT OF DEPRESSED CLASSES: A CASE STUDY OF MYSORE DISTRICT

K.Sivachithappa[a], M.Chowdegowda[b] and Raghava.D.H[c]

[a]*Assistant Professor of Economics, University of Mysore, PG Centre, Mandya - 02, Karnataka, India*
kscyadav@gmail.com
[b]*Associate Professor of Economics, Vijaya First Grade College, Pandavapura, Mandya District, India*
Email:dadigowda@gmail.com
[c] *Guest Faculty in Economics, Government First Grade College, Udayapura, Hassan District Karnataka, INDIA*
raghavadh@gmail.com

Abstract

In India banking system provides a unique example of blending harmoniously commercial banking with social banking. The conversion of class banking in to mass banking during the last two decades or more can be described as a correction of historical distortion. The traditional myth of banking industry based on profitability, liquidity and safety has given way to public utility. The big leaf of social control to social ownership of commercial banks brought about a social bank revolution in our country. An important landmark of social banking has been a shift from credit-worthiness of the borrower to credit worthiness of project and from security-oriented lending to purpose-oriented lending. Branch expansion programme in the places hitherto unbanked and liberal lending to designated priority sector and weaker sections of society and coverage of a large number of small borrowers through specially designed social banking measures, schemes and programmes are achievements of which the banking industry could jointly be proud. Therefore, it is high time to make an empirical evaluation of the various commercial banking schemes, aimed at generation of additional employment and income, and thus alleviation of the rural poverty, so that the various lacunae could be identified and the commercial banking (social banking) movement could be made more meaningful and be strengthened in the light of experience. An attempt is made in this paper to analyse the role of Commercial Banks in advancing the depressed classes of the society in Mysore District.

Keywords: Commercial Banks, Deprived Classes and Economic Empowerment

1. Introduction

The poverty is an issue in modern India as huge number of people is still living below the poverty line. Of course in the World many countries of Asia, Africa and Latin America have been suffering seriously about this problem. Poverty is related to basic needs like food, shelter, cloth vis-à-vis safe drinking water, health and education. So after independence, Government of India was serious to tackle the problem. Several steps were taken to eradicate poverty in the country. However, poverty is more conspicuous in rural India than urban India in terms of number of population. Ministry of Rural Development has been spending huge amount of money for the rural development where major share of money is spent on poverty eradication programmes.

Rural economy is the weaker sector of the national economy and even in the rural economy, a major segment is not only weak but in a miserable state. Banking institutions seem to be the only hope to inject strength and accelerate the growth of rural economy and ensure the development of the rural areas. Gandhiji observed that "Rural development in India is recognized as a sine qua non for faster economic development and welfare of common masses. Rural development is not merely development of rural areas but also the development of the rural people into self-reliant and self-sustaining modern little communities".

Empowerment of the Socially Disadvantaged Groups viz., the Scheduled Castes (SCs), the Other Backward Classes (OBCs) and the Minorities continues to be on the priority list of country's developmental Agenda, as they still lag behind the rest of the society due to their social and economic backwardness. Their share in the country's total population is quite substantial, as SCs account for 179.7 million, representing 17.5 per cent and Minorities being 188.9 million, representing 18.4 per cent in 2001 (projected on the basis of the trend of their decadal growth rates, in the absence of the data of 2001 Census). The population of OBCs, as estimated by the Mandal Commission, constitutes 52 per cent of country's total population (appears to be on a high side because of the possibility of certain communities of SCs and Minorities featuring in the list of OBCs).

The economic development of a nation depends much on the quality of its human resources. No country can advance while large segment of its population lags behind. Weaker sections in India by tradition and culture have for generations taken a self-effacing role. They have been kept down and have always been dependent on father, brother, or husband. The women (weakest section of the society) are expected to look after the home and health, be it her father's home before marriage or husband's home later. Due to the growth of industrialization, urbanization and liberal education and the democratic system in the country, the tradition bound society is now undergoing a slow change. The liberal education provided since independence has created many women engineers, doctors, scientists and the like. The breaking up of the joint family system due to the scarce employment opportunities and the resultant migration to other places has forced women to look for jobs so as to nuclear family. Today women have not only safety encodes themselves in the job situations but have also emerged as professionals and executives in many fields and found acceptance in the society.

In spite of so many hurdles and limitations the participation of weaker sections in entrepreneurial activities are steadily increasing. A high proportion of working women in India is employed in the unorganized sector mainly in agriculture, livestock, forestry etc. working women are engaged in agricultural activities like land preparation, seed grading, sowing, dibbling, planting, irrigating, threshing, winnowing, storing crops, feeding cattle, looking after milch and poultry etc. It is therefore high time that a proper assessment and evaluation were made on role of banking institution in the economic empowerment of women in the light of the needs of the fast changing and growing Indian economy.

2. Review of Literature

Sivachithappa. K (2004) in his study on "Commercial Banks and Economic Empowerment of Weaker Sections" rightly observed that the schemes designed to uplift the weaker sections should ensure that besides credit, the provision of suitable infrastructure facilities and assured supply of inputs for implementation of the schemes are duly taken care of, This strategy would achieve satisfactory results if the banks schemes are dovetailed with those of other organizations which have drawn up for the benefits of the weaker sections.

State Bank of Patiala (1989) has in its study on rural lending in Patiala district recorded that the scale of finance for crop loan is inadequate due to increased cost of inputs. The farmers are still in the clutches of money-lenders/commission agents who are charging exorbitant interest rates, ranging from 30 to 35 percent per annum. The commission agents bind down the farmers by making advance to them and exploit them at the time of purchase of their produce. It has been suggested the instead of giving capital-subsidy, the respondents should be provided kind subsidy, i.e., waiving off interest, insurance of animal, etc. It has been observed that shortage of staff at the branches leads to poor exploitation of resources in the form of deposits.

Hanumantha Rao.C.H., has pertinently argued in favour of the weaker sections of the society as to why they should not be offered lower rates of interest when he says that the demand for credit of the weaker sections being relatively inelastic, the increased availability of credit may result in lowering significantly the rates of interest charged to them by the money lender. Batliwala, S. (1994) study on The Meaning of Women's Empowerment: New Concepts from Action. Since the mid-1980s, the term empowerment has become popular in the development field, especially with reference to women. However, there is confusion as to what the term means among development actors. This paper analyses the concept of women's empowerment and outlines empowerment strategies based on insights gained through a study of grassroots programmes in South Asia.

Kumar (2007) analyzed the priority sector lending in the post reform period and suggested for a balanced approach as development agent and sustainability of directed lending's keeping in view the quantum of NPA in priority sector advances. Chikra, C.P. (1977) in the study of "Impact of institutional credit on weaker sections" observed that the scheme besides increasing the productive base of the borrowers had also increased employment, value of the productions and total income of the respondents.

Chawla (1987) in his Ph.D. work on "Nationalization and growth of Indian Banking" has highlighted the outstanding achievement in the priority sector lending in terms of quantitative targets but he has observed that, within the priority sector, the relatively well-off have got the maximum benefits, where as the poorest of the poor have remained credit- starved. Thus, there is also a need for laying down the priorities in such a manner that the poorest of the poor are benefited.

From the review of earlier studies it is revealed that not many studies based exclusively on the priority sector lending by banks. Most of the studies relate to the institutional financing, nature and problems of PSL by banks. However, the studies relating to the practices and pattern of commercial banks for PSL remained un-researched in the study area. The review of the various studies relating to the bank credit to various categories reveals that they either focused on macro perspective of outstanding credit or on some issues related to the specific category of the weaker sections at the micro level. Only few studies have taken an integrated view of the concept women as a weaker section based on outstanding as well as incremental credit and also empowerment perspective of weaker sections. So far, no research studies have been conducted by researchers about the role of banking institutions in the empowerment of weaker section in Karnataka in general and Mysore district in particular. In order to fill this research gap, the present study is undertaken.

3. Objectives of the Study

- To evaluate the role of banks in empowerment of weaker sections in Karnataka in general Hassan District in particular.
- To evaluate the economic impact of bank credit on production levels, asset creation levels, food security and standard of living.
- To ascertain whether SHG Bank linkage programme leads to employment generation and reduction in poverty.
- To offer suggestions for improving the performance of banks in financing the weaker sections.

4. Study Design

The study is based on primary source of data. For the filed study 450 respondents have been selected from Hassan district through simple random sampling method. The data has been collected from 2001-02 to 2010-11.

5. Results and Discussion

Age-wise Distribution of Respondents

Generally in social science research, age is considered to be an important determinant of the progressive nature of a person. And it is also considered as one of the important variables which determine the participation of the weaker sections especially women in decision making process. It is generally felt that after attaining a certain age, a person may not be responsive to the new ideas and become somewhat conservative. This statement has been tested later in this very chapter, but age wise distribution of the sample respondents details can be had from the Table- 1. Data in the table reveals that, in all 14.67 percent of the sample respondents are in the age group less than 30; 40.66 percent fall in the age group of 30-40; and 32.44 percent came under the age group 40-50; and 12.22 percent of beneficiaries are in the highest age group 50 and above. The analysis brings out that agriculture is pursued mainly by the higher age-group farmers as the mean age of agricultural sector respondents (44.75 years) is the highest among all the activities.

Table – 1: Age-wise Distribution of Sample Respondents

Age Group (in Years)	Activity					
	Agriculture	Allied Activities	Business	Village & Cottage Industries	Services	Total
Below 30	1	14	25	15	1	66 (14.67)
30-40	16	43	34	43	47	183 (40.66)
40-50	44	25	18	30	29	146 (32.44)
50 and above	20	9	5	10	11	55 (12.22)

Among the agricultural sector respondents, 50 percent of the beneficiaries are above the age of 45 (the median) and the same percentage below it. Statistically, mean age of agricultural respondents is significantly different from the mean age of beneficiaries of other sectors. There is a significant difference between mean age of beneficiaries of business sector and that of all other sectors. It is the business sector in which the 71.95 percent beneficiaries are below 40, whereas in agriculture sector 79.01 percent beneficiaries are above 40. There is no significant difference of mean age between the beneficiaries of allied activities and those of village and cottage industries as well as of the service sector, or between beneficiaries of village and cottage industries and the beneficiaries of service sector. This may primarily for the reason that agriculture has reached a Stage of stagnation and younger generation has started shifting towards other activities instead of depending upon the traditional family activity.

6. Loans Disbursed to Respondents

The details of the amount of loan availed of by various respondents are given in Table – 2. Out of 450 respondents, 44.67 percent of the respondents obtained loan up to Rs.5000 and 33.11 percent from Rs.5000 to Rs. 10,000. Thus, in all 77.78 percent beneficiaries are recipients of loan for an amount not exceeding Rs. 10,000. This is, perhaps, because agricultural loans up to Rs. 10,000 are advanced without any cortège of property as security of loan; sore over under most of the loans sponsored by various agencies, the project cost does not exceed Rs.10,000. There is no significant difference in 'mean' amount of loan between various sectors, except the agriculture sector. There is a high degree of variation in terms of amount of loan in the agriculture sector as compared to other activity.

Table 2: Distribution of Respondents According to Amount of Loan

Sector	Activity					
	Agriculture	Allied Activities	Business	Village & Cottage Industries	Services	All Sectors
Up to 5000	11 (13.58)	60 (65.93)	50 (60.98)	54 (55.10)	2l6 (26.53)	201 (44.67)
5001 to10,000	30 (37.04)	19 (20.88)	13 (15.85	28 (28.57)	59 (d60.21)	149 (33.11)
10,001 to 15,000	10 (12.35)	2 (22.20)	7 (8.54)	9 99.18)	10 (10.20)	38 (8.44)
15,001 to 20,000	2 (2.47)	7 (7.69)	12 (14.63)	2 (2.04)	0 (0.00)	23 95.11)
20,001 to 25,000	8 (9.87)	3 (3.30)	0 (0.00)	0 (0.00)	D1 (1.02)	12 (2.67)
Above 25,000	20 (24.69)	0 (0.00)	0 (0.00)	5 (5.10)	2 (2.04)	27 (6.00)

7. Impact of Bank Credit

Creation of employment opportunities and generation of adequate income for the beneficiates is the theme of all social banking programmes. The Endeavour is to lift the weakest among the weaker sections of society above the poverty line on a permanent basis.

8. Impact of Bank Credit on Respondents of Agriculture Sector

It is evident from Table – 3 that average amount of post-loan Income is substantially higher than pre-loan income for all the live sectors. In agriculture sector, average pre-loan income is Rs.20,376,54 which has risen to Rs. 26.54 in the post –loan period. There is only one beneficiary with pre-loan income up to Rs. 3600 who is not able to come above the old poverty line (Rs. 3600). There are 2 beneficiaries in the income range Rs.36016400 who were able to cross the poverty line of Rs. 6400. The number of beneficiaries in the income ranges Rs.4601-10,000 and Rs.11001-15,000 have been reduced from 13 And 25 to 5 and 14 respectively is the post loan period. There is increase in the number of beneficiaries in the higher income levels in the post loan period in comparison to the pre loan period.

Table 3: Beneficiary According to Pre-Loan and Post-Loan Income

Source Income Levels (Rs.)	Activity									
	Agriculture		Allied Activities		Business		Village & Cottage Industries		Services	
	Pre loan	Post loan	Pre loan	Post loan	Pre loan	Post loan	Pre loan	Post loan	Pre loan	Post loan
Up to 3600	1 (1.23)	1 (1.23)	4 (4.40)	1 (1.10)	14 (17.07)	4 (4.88)	1 (1.02)	1 (1.02)	10 (10.20)	1 (1.02)
3601---6400	2 (2.47)	0 (0.00)	70 (76.92)	34 37.36)	50 (60.98)	23 (28.05)	75 (76.53)	27 (27.55)	79 (80.61	17 (17.35
11001---15000	25 (30.87)	14 (17.28)	0 (0.00)	14 (15.38)	0 (0.00)	15 (18.29)	0 (0.00)	30 (30.61)	0 (0.00)	39 (39.79)
15001-20000	9 (11.11)	21 (25.93)	0 (0.00)	2 (2.20)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)
Above 20000	31 (38.27)	40 (49.38)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)

Out of 450 respondents, there were 11.11 percent beneficiaries in the income range Rs. 15001-20,000 in the pre-loan period which increased to 25.93 percent in the post loan period, similarly there were 38.27percent beneficiaries having income above Rs. 20,000 which increased to 49.38 percent in the post loan period. Median income of agricultural beneficiaries indicate that 50 percent of the beneficiaries of this sector were getting income above Rs.15,000 in the pre- loan period but in the post can period half of the beneficiaries are gating income above Rs.15,000 in the pre loan period but in the post can period half of the beneficiaries are getting income above Rs. 19.000. The mean income of agricultural respondents is significantly different from those of other sectors, both in the pre-loan period as well as post loan period. The dispersion in income of the beneficiaries is slightly higher in the post loan period as compared to the pre-loan period. The data concerning change in post-loan income as compared to pre-loan income are given in Table – 4. One can see that, in agriculture sector average (mean) amount of increase in income is Rs.6100 but the median value (Rs. 2500) indicates that half of the respondents were able to increase their income up to rs.2500 only. Among these beneficiaries, a majority, rather almost all, are respondents of crop loans. The increase in income of these beneficiaries actually represents the saving of interest amount.

By availing bank credit and paying interest at a lower rate than they would have paid, had they borrowed the same amount from agricultural money-lenders. The respondents of tractor loans, on the other hand, were able to increase their income to a great extent. The coefficient of correlation between the amount of loan and the incremental income has been found to be significant which fact makes it clear that those who were given higher amount of loan and the incremental income has been found to be significant which face makes it clear that those who were given higher amount of loan were able to get higher incremental income in the agricultural sector.

Table 4: Change in Income of Respondents in Post-loan Period over Pre-Loan Period

Incremental Income (Rs.)	Agriculture No.	Agriculture %	Allied Activities No.	Allied Activities %	Business No.	Business %	Village &Cottage Industries No.	Village &Cottage Industries %	Services No.	Services %
Less than 0	1	1.23	9	9.89	14	14.29	14	14.29	3	3.06
0 to 2000	29	35.80	41.76	32	23	23.47	23	23.47	17	17.35
2000 to 40000	17	20.99	21.98	18	19	19.39	19	19.39	23	23.47
4000 to 60000	10	12.35	15.38	25	31	31.63	31	31.63	37	37.76
6000 to 10000	6	7.41	10.00	3	11	11.22	11	11.22	16	18.37
10000 to 20000	10	12.35	0.00	0	0	0.00	0	0.00	0	0.00
above 20000	8	9.88	0.00	1	0	0.00	0	0.00	1	0.00
	81	100.00	91	100.00	82	100.00	98	100.00	98	100.00

Our analysis brings out that there is a significantly negative correlation between age and income of the respondents both in the pre-loan and post-loan period. It implies that younger farmers were able to get more incremental income than the older ones. There has been no correlation between the family size and change in income of the respondents. But the level of assets of the family does have a significant correlation with incremental income. It means that those who own personal assets of higher value were able to get more incremental income than those with assets of lesser value. It is perhaps because those owning assets of higher values were able to supplement more amount to make bank loan more productive. The significantly positive correlation between the number of literates in the family and the incremental income makes it crystal clear that literacy level affects intelligent use of bank credit and helps the respondents get more return out of the bank assistance.

Debts of the family, were found to have no relationship with the incremental income to the respondents. A significantly positive correlation between pre-loan income and post-loan income establishes the point that that those who had higher pre-loan income had higher income in the post-loan period as well. It can be inferred that those respondents who were using their own resources in the best possible canner and getting higher income were also in a position to earn a lot by using bank assistance. Moreover, those who supplemented bank loan from their personal resources or by borrowing from institutional or non-institutional sources were able to increase their income.

9. Impact of Bank Credit in Allied Activities

In this sector, above 85 percent respondents pertain to dairy loans and thee rest belong to other activities allied to agriculture, namely piggery, fishery and poultry. As mentioned earlier, dairy has the most prominent place in every poverty alleviation programme and constitutes a major part of loans sponsored by various sponsoring agencies.

A perusal of Tables- 5 and 5.39 elaborates that in 9.89 percent cases of allied activities, the respondents reported decline in income in the post-loan period as compared to the income in the pre-loan period and, in 37.36 percent cases, bank credit had no effect on the income level of the respondents. A study of reasons for low/non accrual of incremental income points out that the most significant reason for non accrual of incremental income is diversion of loan. In 26.37 percent cases the diversion of bank credit and in 10.99 percent cases, lack of veterinary facilities affected the accrual of income from bank loan.

Table 5: Change in the standard of Respondents

Standard of living	Activity					
	Agriculture	Allied Activities	Business	Village& Cottage Industries	Services	Total
Improved	76 (93.83)	48 (52.75)	48 (58.54)	60 (61.22)	79 (80.61)	311 (69.11)
Remained The same	5 (6.17	34 (37.36)	30 (36.59)	24 (24.49)	16 (16.33)	109 (24.22)
Full down	0 (0.00)	9 (9.89)	4 (4.88	14. (14.29)	3 (3.06)	30 (6.67)

Another striking reason for low incremental income in this sector is poor quality of assets purchased. In almost all the cases, the purchase of buffalo was made through cattle fair where borrowers get very little time for selection of buffalo. As a result of this, quality of animal cannot be properly tested in a short period. Moreover a loanee belonging to weaker sections, who is living below the poverty line, is taxed heavily while purchasing cattle in a fair as he has to pay mandi-fee (which is 4 percent on the price of cattle in the case of non-yellow card holders and 2 percent in the case of yellow card holders. Moreover getting health certificate from a veterinary doctor becomes rather taxing for a poor person as it is very rare that any loan is spared payment of hush money ranging from Rs. 50 to Rs.500. Direct purchase of cattle by a loan can save him from payment of mandi-fee and rather high gratification which according to the present study work out on an average, to Rs.102.91 (median Rs.97.14). Poor quality of asset purchased has in some cases resulted in negative impact on the income level of the respondents.

Table 6: Distribution of Respondents on the Basis of impact of Bank Credit on Standard of living of the Respondents

Sl No.	Impact	Activity					
		Agriculture	Allied Activities	Business	Village & Cottage Industries	Services	Total
1.	Improvement In housing	57 (70.37)	40 (43.95)	14 (17.07)	49 (50.00)	58 (59.180	219 (48.44)
2.	Purchase of Durable assets	10 (12.35)	5 (4.49)	1 (1.22)	4 (4.08)	8 (8.16)	28 (6.22)
3.	Extension of business	0 (0.00)	0 (0.00)	24 (29.27)	0 (0.00)	0 (0.00)	24 (5.33)
4.	Increase in savings	6 (7.40)	2 (2.20)	6 (7.32)	4 (4.08)	3 (3.06)	21 (4.67)
5.	Improvement In housing	3 (3.70)	0 (1.10)	3 (3.66)	3 (3.06)	10 (10.20)	20 (4.44)
6.	No favorable impact	5 (6.17)	43 (47.25)	34 (41.46)	38 (38.78)	19 (19.39)	139 (30.89)

Marketing problem is also one of the important reasons for low incremental income. It is very difficult for a beneficiary to go to urban centres to sell his 7 to 10 kgs of milk to get remunerative price as they have to keep their own margin. Establishment of milk centers, where there are none can be beneficial to the dairy farmers, but it is equally important that prompt payment is made to the beneficiaries for the milk suppiied.
It has been observed during the course of the study that in cases of direct financing by banks for the purchase of two buffaloes giving a gap of 6 months thee respondents were able to get a continuous flow of income, resulting in repayment of loans and better income effect on the beneficiary.

10. Major Findings of the Study

1. The analysis of the impact of bank credit on the income level of the respondents brought out that in 69.11 percent cases the respondents were benefited by obtaining loan as it resulted in increase in the level of their income, in 24.22 percent cases, the level of income of the respondents remained the same and in 6.67 percent cases the income of the respondents fell from their pre-loan income.
2. Among the agricultural respondents, 92.83 percent were able to raise the level of income and, in 6.17 percent cases, the income remained as before. Thus, 70.37 percent of the agricultural respondents were able to improve the quality of food; 12.35 percent purchased durable assets; 7.40 percent made extra savings and 3.7 percent made improvement in housing out of the incremental income resulting from the loan.
3. Among the respondents of allied activities, 52.75 percent beneficiaries were able to increase their income; in 37.36 percent cases, the level of income remained the same and in 9.89 percent cases, the beneficiaries reported decline in income in the post loan period as compared to the pre-loan income.
4. Among the beneficiaries of business sector, in 58.54 percent cases the income level was improved; in 36.59 percent cases; it remained as before and in 4.88 percent cases it was lower in the post loan period. With the incremental income, 29.27 percent beneficiaries made extension in their business; 17.07 percent were able to improve their quality of food; 7.32 percent made extra savings; 3.66 percent improved their housing conditions and 1.22 percent purchased durable assets.
5. In the case of village and cottage industries, 61.22 per beneficiaries were able to get additional income; 24.49 per beneficiaries remained at the old income level and the income of 14.29 percent beneficiaries slipped down after bank loan. By the incremental income 50 percent beneficiaries of this sector were able to improve the quality of food; 4.08 percent purchased durable assets; 4.08 percent increased their savings and 3.06 percent made improvement in their housing conditions.
6. As regards the respondents of services sector, 80.61 percent beneficiaries registered improvement in their income; 16.33percent reported no incremental income whereas 3.06 percent beneficiaries record decline in income. With the incremental income, 59.18 percent beneficiaries of this sector made improvement in the quality of food, 10.2 percent made improvement in their dwelling house; 8.16 percent purchased durable assets and 3.06 percent saved the incremental income.

11. Suggestions

The suggestions are listed as follows:

1. Credit is only one of the number of inputs that go to the activity to raise the standard of life of the poor though this fact is sometimes not recognized. It has to be conceded that credit is not the magic wand to create wonders overnight by turning the poor to rich. It is one of the inputs that has to be integrated with other inputs such as training, expert counseling, transportation, marketing etc.,
2. As per the existing practice, banks directly enter the field, identify the credit gap and operate various lending programmes, whereas for the provision of other inputs, there are a number of agencies including different departments of the State Government, Instead of directly lending to the weaker sections, it is suggested that the Banks may make available the needed funds as per identified credit gap to one or more agency either in formal or informal [NGO's] systems., which in turn can purvey all necessary inputs directly to the respondents. Such an integrated approach with formal as well as informal systems can help ensure continuous monitoring of the activity thus

paving the way for proper end use and return of banks money and recycling.

3. The elimination of multiple intermediaries will save a lot of time and effort for the poor. The saved time can be used productively for increasing his income.
4. For rural development, the field level rural units like DRDA & BDO are functioning and all the infrastructural needs for rural areas are taken care of by them besides subsidy. Although credit [Priority] is an essential component for rural development and poverty alleviation, as already stated it is not the only input. It is one among the inputs for the said purpose.
5. It is emphasized that once the poor people are able to raise the standard of living, it is imperative that the higher level of living should be sustained for which both credit and non credit inputs should go together continuously, Towards this end it is suggested that these institutions such as D.R.D.A. or the Block Level Office may be entrusted with the task of conducting Bank credit on behalf of the banks along with other development inputs. The above single agency can also coordinate the various funds that are now being operated by bodies such as Khadi & Village Industries.

References

Sen, A. (1976). "Poverty: An Ordinal Approach to Measurement", Econometrica, 44(2).

Sharma. D.P. (1983). Explaining Poverty in India" MARGIN17.

Shete, N.B (2002) *Priority Sector Advances By Public Sector Banks during the Post Reform Period (1992-93 to 2000-01).* Working Paper, NIBM, Pune, March 2002.

Singh, Inderjit (1979). "Small farmers and landless in South Asia" World Bank Staff Working Paper No. 320.

Nayyar, Rohini (1996). "New Initiatives for Poverty Alleviation in Rural India", in C.H. Hanumantha Rao and Hans Linnemann (Eds.). Economic Reforms and Poverty Alleviation in India, New Delhi: Sage Publications.

Patel & Shete.,(1984) Some Aspects of Recovery of Loans of Weaker Sections under Priority Sector Lending, Prajanan,Vol. XIII, No.1 (Jan-March 1984).

Patel, S.G. (1996) *Role of Commercial Banks' Lending to Priority Sector in Gujarat - An Evaluation,* Finance India, X(2): 389-393

Patel. Sulekha, (1996). "Social Indicators of Development", Finance and Development, Washington.

Rahman, Hossain Zillur (1995). "Rethinking the Poverty Debate" in Hossain Zillur Rahman and Mahabub Hossain (Eds.,) Rethinking Rural Poverty – Bangladesh as a case study, New Delhi: Sage Publications.