

Problems and Prospects of District Credit Plan

Dr. Kamal Kumar

M.Com., Ph.D. (Commerce)

B.R.A. Bihar University, Muzaffarpur (Bihar)

Planning for development in India to improve the economic and social conditions of a large number of rural people, who live below poverty line is the most pressing problem of today. They include landless labourers, small farmers, artisans and other weaker sections of the society. In the planned process of growth, initiated after independence, top priority has been given to eradication of poverty reduction of inequalities and elimination of privileges, to the emancipation of rural people but the results achieved so far do not give much hope to the rural areas. In the early part of the post independence era development efforts were based on Macro level sectorial planning which gave sufficient evidences of overall national economic development but created vast spatial economic and social imbalance, only a few metropolitan and urban centres become the target of upward movement.

While the tract remained economically and socially depressed. in order to tackle the problem of regional disparities, inequalities and eradication of poverty to rural population, under the directive of the Govt. of India and the Reserve Bank of India, Micro level credit planning at district level have been prepared. as a result three rounds of district credit plan/ annual action plan have been successfully launched and implemented which has resulted in a significant development. in each district. a large number of beneficiaries of weaker section have been availing finance year after year and this has made visible impact on the living conditions habitate vis-a-vis district development. Since launching of district credit planning in a large number of beneficiaries have been assisted by the financing institutions.

The first round of district credit plan in Muzaffarpur district was prepared by the Central Bank of India and launched by the local bank for implementation on 1st September 1977. The period of the plan was from September 1977 to 30 June 1979.

On review of the progress made by different banks upto June 1979, it was observed that the achievement under the land development. Minor Irrigation and Community betterment schemes exceeded the targets fixed. However, the targets fixed for crop loan, allied activities and 5.5.1 could not be achieved to the full extent. The following bottlenecks were experienced in implementation of first Round District Credit planning:-

- a. There was lack of proper co-ordination between the blocks and the banks.
- b. Lack of awareness of the lead Bank scheme and the effective rule to be played by the Govt. officials and the banks and lack of proper monitoring.
- c. While preparing the district credit plan all the participating agencies were not involved which resulted for not participation in the implementation of the plan with full seal.
- d. Though bankwise allotment was made but the further allocation branchwise was not made by some of the banks. Similarly Blockwise allocation was also not made.
- e. Poor recovery position and non-disposal of the pending certificate cases by the district officials was the discouraging factor for the banks in making further advances. Poor disposal of award cases under the State Co-operative Act held up the financing of crop loans by the Central Co-operative Bank.
- f. The district being devoid of agencies like the SEDA, DRDA is also one of the cause for slow pace of progress under the allied activities sector.
- g. Lack of proper marketing facilities for milk, fisheries and industrial products is one of the main cause for poor advancement of loan by the different banks under allied agricultural activities and S.S.I. Sectors.

An important feature suggested by the Reserve Bank of India in the implementation of the Second Round of District Credit Plan (1980-82) was the formulation of Annual Action Plan. These Annual Action plans were the formulated year wise and each preceding plan should be formulated on the basis of the former. The Sector wise Bank wise achievement under the Annual Action Plan 1981 was thoroughly reviewed in the special D.C.C. meeting held on 08.01.1982. During the review, it was observed that the total achievement under the agriculture sector was slightly less than the credit quality under agricultural sector, whereas the achievement under the activities allied to agriculture surpassed the targets, thus compensating the shortfall noticed under the agriculture sector. Achievement under the S.S.I. Sector continued to fall short like previous year considerably for want of support from the

implementing agencies. However, the performance under the service sector was quite upto the mark.

Taking the bankwise performance into consideration, the State Bank of India, Central Bank of India, Canara Bank, Vaishali Kshetriya Gramin Bank (RRB), Co-operative Bank and the Land Development Bank have failed well. However, the percentage of achievement in respect to Bank of Baroda, UCO Bank, Allahabad Bank and Bank of India showed poor results.

The main reasons put forward by Bank of Baroda, Bank of India and UCO Bank was the lack of availability of the field staff at their braches which has resulted in poor performance under the Annual Action Plan 1981.

The Allahabad Bank reported that due to their limited area of operation and change in allocation of its Panchayati to the Vaishali Kshetriya Gramin Bank, Muzaffarpur during the year 1981, it could not achieve the targets fixed. But the reason did not hold good when compared to the past performance.

Besides, the bankers are not getting the subsidy for the loans disbursed to the large number of beneficiaries sponsored by the blocks under the ground water exploitation programme and I.R.D. Programme in time have discouraged their tempo in making further advances. Lack of proper marketing facilities for milk through the dairy development corporation and provision of better price to the benefited produces of milk are the major handicaps in promoting milk production in the area and realisation of installment due from the beneficiaries financed by the banks.

References:

1. Agrawal, Bhagwati Prasad, "Commercial Banking in India, Classical Publishing Company, New Delhi, 1981.
2. Agrawal, G.D. " Economic Problem of Indian Agriculture, 1961.
3. Almost all the sectors like- Agriculture, Industry and service sectors have been given equal priority under this scheme.
4. Many of the respondents are the middle age group people, most of the customers to SBI bank are young people.

5. Prasad, P.H.(1986), 'Land Reforms in Bihar : A Case Study' (mimeo), A.N.Sinha Institute, Patna.
6. The interest rates fixed for different types of loans by the banks are considered to be average and agreeable by the respondents.
7. Majority of the respondents come to know about this scheme through village extension officer