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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

MANAGEMENT OF RURAL FINANCING FOR RURAL UPLIFTMENT -AN ANALYSIS

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ABSTRACT
The present paper explains the pattern of rural finance and its role on rural development. With the view, secondary source information on various schemes programmes and studies are composed. It is observed that during the last six decades efforts were made to uplift the rural poor by various credit schemes along with welfare programmes. These are succeeded at some extent but failed in eradicate poverty in the rural areas. There is a clear case of discrimination by all the institutional credit agencies as regards the establishment of rural branches as well as credit delivery to the rural sector in the major states of India. In the reforms period, every bank is conformed to profits rather than financial support to the rural. Proper credit facilities for employment and income generation certainly improve economic power of rural and it reduces burden of government in future to provide free social amenities (education, health, housing, sanitation, safe drinking water etc). Thus, it is suggested that a decisive change in the banking policy is extremely essential to ensure increased geographical and functional reach of rural credit institutions and unbiased distribution of rural credit across the states.

KEYWORDS
Finance, development, credit, empowerment, Microfinance, Rural India.

INTRODUCTION
Rural empowerment in India is the way to nation's development because 72 percent of population living in rural and of which 29 percent is under BPL even after 63 years independence also. Rural households need credit for a variety of reasons. They need it to meet short-term requirements for working capital and for long-term investment in agriculture and other income-bearing activities like expenditure on food, housing, health and education expenses on a variety of social obligations and rituals. Access to finance has been seen as a critical factor in enabling people to transform their production and employment activities and to exit poverty.

Agriculture and allied activates are crucial sources of employment to rural mass. Since independence, the Government of India has placed increasing reliance on credit as an instrument for the creation of new rural assets and livelihoods for the poor by a number of credit schemes exist each tailored to finance a different range of investments. They all entail organizational and financial collaboration between banks and government departments, although the nature and extent of collaboration varies considerably.

OBJECTIVES AND METHODOLOGY
The main objective of the paper is to analyze the credit facilities in the rural India. Secondary source information is used in the analysis and descriptive method is followed regarding data explanation.

RESULTS AND DISCUSSION
PATTERN OF RURAL CREDIT SCHEMES
The institutional structure of rural banking today consists of a set of multi agency institutions, namely, commercial banks, regional rural banks (RRBs), cooperatives and land development banks to dispense adequate credit at cheaper rates. Recently, Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system because the formal credit delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development

CONCISE ON PERFORMANCE OF SOME RURAL CREDIT SCHEMES
A. AGRICULTURE RELATED CREDIT SCHEMES
Since independence, for agricultural advancement a multi-agency approach consisting of cooperatives, commercial banks and regional rural banks have been providing credit to the farmers. There has been a rapid growth in agriculture credit, which has helped investments in the sector adding that the gross capital formation in agriculture and allied sector as a proportion to the GDP has improved from 2.6 percent in 2004-05 to 3.4 percent in 2009-10.

Table 1 gives the quantum of credit flow to agriculture during 2005-06 to 2009-10. Total ground level credit flow increased at 25 per cent annually during this period to peak at Rs 2, 29,400 crore in 2006-07. The credit flow from cooperative system grew at 13 per cent per annum, the lowest among the agencies. As a result, the share of cooperatives in the total credit flow declined from about 31 per cent to a bit below 22 per cent during the same period.

As against the target of Rs.3, 25,000 crore of credit flow to agriculture, the banking system disbursed Rs.3, 66,919 crore (provisional) urpassing the target by 12.9 per cent. Within the banking system, Commercial banks, Co-operative banks and Regional Rural Banks disbursed Rs.2,74,963 crore, Rs.57,500 crore and Rs.34,456 crore, respectively sharing 74.9 per cent, 15.7 per cent and 9.4 per cent of the total credit flow during 2009-10.

TABLE -1: CREDIT FLOW TO AGRICULTURE AND ALLIED SECTORS (Rs. in crore)

	Sector/Sub-Sector	2005-06	2006-07	2007-08	2008-09	2009-10
I.	Crop Loan (ST-Production Credit)	105350	138455	181393	210461	NA
II	Term Loans (MT & LT Investment Credit)	75136	90945	73265	91447	NA
	i. Minor Irrigation	8663	8566	2840	3180	-
	ii. Land Development	1749	2285	2553	2887	-
	iii. Farm Mechanization	9695	10113	8303	8334	-
	iv. Plantation & Horticulture	4481	5266	5910	6045	-
	v. Animal Husbandry	7341	8045	9034	10398	-
	vi. Fisheries	1019	1424	1248	1281	-
	vii. Hi-tech agriculture	9737	21498	33325	41694	-
	viii. Others	32451	33748	10052	17628	-
	Total (I + II)	180486	229400	254658	301908	366919

Source: NABARD, 2009-10.

B. KISAN CREDIT CARD SCHEME (KCCS)

Two innovations, *viz*., micro-finance and KCCS have emerged as the major policy developments in addressing the infirmities associated with the distributional aspects of credit in the recent years issued by various banks in terms of the timeliness, hassle-free operations as also adequacy of credit with minimum of transaction costs and documentation. Around 9.4 crore thousands KCCs and Rs 4, 27,748 cores were issued in 2010 for this purpose.

With regard to KCCS, there is a need to upscale its outreach to cover all the eligible farmers by creating greater awareness and giving greater publicity to the scheme. Upgradation of land records and sensitization of bank staff through training programmes will further add to the spread of the scheme. The exercise of preparing special agricultural credit plans with higher component of direct finance with a special thrust on small and marginal farmers should also receive high priority.

The success of KCC scheme depends on less stipulated norms. High value agriculture needs higher working capital and also entails higher risks. Facilitating credit through processors, input dealers, NGOs that are vertically integrated with the farmers, including through contract farming, for providing them critical inputs or processing their produce, could increase the credit flow to agriculture significantly.

C. SERICULTURE

A special package of credit announced as a separate wing to Sericulture which has about 400 years of history and the industry flourished as an agro-industry. Over the last six decades relentless efforts of thousands of dedicated persons in the fields of research and extension have helped in this context. Over six million families spread over in some 59,000 villages across the country. The export earnings stood at Rs. 3,338 crores during 2006-07. Involvement of women in different activities of sericulture is about 53 percent and their contribution in the on-farm activities.

Some other agricultural credit schemes like service area approach-new strategy for rural lending service, rural infrastructure development fund, national agricultural insurance scheme etc have been implemented. Major role in this regard had play by NABARD. Unfortunately these were benefited to the medium and large operational holdings only.

D. POULTRY DEVELOPMENT

Poultry development is one of the most resilient sectors in the rural economy, fast adapting itself to the changing bio-security, health, and food safety needs. The poultry meat production is estimated to be 1.85 million tonnes in 2008-09.

Fish production increased from 7.14 million tonnes in 2007-08 to 7.85 million tones in 2009-10. Fishing, aquaculture, and allied activities are reported to have provided livelihood to over 14 million persons in 2008-09.

E. IMPACT OF CREDIT ON CROP YIELDS

It is found from the study of NABARD conducted in Various Regions of India' on the impact of credit on fertilizer consumption and crop that one per cent increase in credit supply increased fertilizer consumption by 0.30 per cent and one per cent increase in fertilizer consumption increased crop yields in the range of 0.14 per cent to 1.13 per cent. Main crops considered for the analysis were paddy, wheat, maize, bajra, Masur, Bengal gram, rapeseed and mustard, jute, cotton, sunflower, onion and potato. *When market density, number of villages electrified, literacy rate and credit supply were regressed on crop yields, it was found that the role of credit in influencing crop yield was quite positive and significant*. The elasticity coefficients of credit were 0.28 for paddy and 0.55 for wheat.

However, the growth of direct finance to agriculture and allied activities witnessed a decline in the 1990s (12 per cent) as compared to the 1980s (14 per cent) and 1970s (around 16 per cent). Furthermore, a comparative analysis of direct credit to agriculture and allied activities during 1980s and since 1990s reveals the fact that the average share of long-term credit in the total direct finance has not only been much lower but has also decelerated (from over 38 per cent to around 36 per cent), which could have dampening effect on the agricultural investment for future growth process.

Further, an assessment of agriculture credit situation brings out the fact that the credit delivery to the agriculture sector continues to be inadequate than demand side. The present pattern schemes were failed to provide assistance. It is evidence that more than 17,500 farmers a year killed (suicide) themselves between 2002 and 2006 due to failure of indebtedness through use of Bt Cotton and crop failure over the nation.

SUCCESS STORY OF MICRO CREDIT SCHEME

Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households.

A massive expansion has been apprehended in micro credit in India. The cumulative progress indicate that 16 lakh SHGs, with an estimated membership of 197 million poor people, have saving accounts in the banks, with aggregate bank balance of Rs. 62 billion ($1.35 billion). Over 4.85 million SHGs have loan accounts with total loan outstanding of Rs. 280 billion ($6 billion). Loan disbursement was rose from Rs 8849.26 crore to Rs 14453.50 crores during 2007-08 and 2009-10. The similar growth has found in case found in case of bank linkage varied from Rs 1970.15 crore to 8026.74 crore (table-2).

Surprisingly, non Performing Assets in 2010 stood at 2.94 per cent as a lowest compared to the other schemes. NABARD continued its efforts in the formation and nurturing of quality SHGs. Now all the commercial banks are treating SHGs as their instant source of business and expanding credit at micro level for their consumption and productive purpose.

TABLE-2: STATUS OF MICRO CREDIT IN INDIA (Rs in crores)

particulars	2007-08		2008-09		2009-10	
	No. of SHGs	Amount	No. of SHGs	No. of SHGs	No. of SHGs	Amount
Bank loan disbursed to SHGs including of SGSY	1227770	8849.26	1609586	12253.51	1586822	14453.50
MFI-Bank linkage	518	1970.15	581	3732.33	691	8062.74
MFIs supported by SI DBI					88	2665.75
Bank Loans outstanding with SHG including of SGSY	3625941	16999.91	4224338	22679.84	4851356	28038.28
Bank Loans outstanding with MFIs	1109	2748.84	1915	5009.09	1513	10147.54

Source: page v, table 1 of Status of Micro Finance in India of NABARD report 2009-10.

As per the one study conducted by the author(Dr.T.V.Ramana, 2010), it is found that the credit scheme has been performing occupational mobility of women mainly from agricultural to non-agricultural activities taken place and the share of women contribution to the family income is increased by 53.17 percent after getting microfinance for IGAs. They have significant role in family decision-making and built self-confidence and made face-to-face discussions with the concerned officials

SGSY- MICRO CREDIT SCHEME

In April 1999, the Integrated Rural Development Programme (IRDP) was restructured and combined with Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tools for Rural Artisans (SITRA), Ganga Kalyan Yojana, Million Wells Scheme (MWS) and Development of Women and Children in Rural Areas (DWCRA), and a single self-employment programme known as *Swarnajayanti Gram Swarojgar Yojana* (SGSY) was put in place.

The scheme is succeeded at some extent in promote self employment among the poor families with aim to bring them above Poverty line through bank credit, government subsidy, proper training for several enterprises at grass root level belong to the IRDP accounts of the DRDAs. About 50 percent of the benefits are reserved for Schedule Caste/Schedule Tribe, 40 percent for women and 3 percent for disabled persons. Credit is providing through banks and 30 percent subsidy providing by the DRDAs.

This low level of investment might be the reason for the low income gains accrued to swarjgaris engaged in enterprise activities catering to local markets. Most of the assets (46 per cent) created under SGSY were livestock assets. About 67 per cent of the beneficiaries were women, and 47 per cent were from the social group of SC/ST and physically handicapped were 2.4 per cent and 46 per cent SHGs achieved improvement in their incomes through SGSY activities.

The performance of SGSY was unsatisfactory in the states with high incidence of poverty such as Assam, Madhya Pradesh, Orissa, Jharkhand, Chattisgarh, West Bengal and Bihar. Results of evaluation of the SGSY (Planning Commission, *Mid- Term Appraisal of 10th Five Year Plan,* Government of India, 2005, pp.238-242) show as an inadequate infrastructure and insufficient capacity building as main constraints. Most of the factors responsible for its poor performance relate to weaknesses in delivery systems. Cluster approach has also been a non-starter in many of the states. DRDAs and the line departments of most of the state governments have failed in providing non-credit inputs to the *swarojgaris*.

Despite significant progress of micro credit scheme, about 70 percent of poor families are yet to be covered. The SHG bank linkage is gaining momentum, but it has to grow still farter. Only four states (Andhra Pradesh (40 percent), Tamilnadu, Karnataka and UP (combined 30 percent)) covered 70 percent of SHGs and 80 percent of bank loans (annual report of SGSY, 2010).

CAPART

Council for Advancement of People's Action and Rural Technology (CAPART) is involved in catalyzing and co-coordinating the emerging partnership between Voluntary Organizations and the Government of India for sustainable development of Rural Areas by made useful contribution towards the implementation of the programmes/schemes of Jawahar Rozgar Yojana , DWCRA/SHGs, IRDP, Million Well Scheme, Accelerated Rural Water Supply Programme etc. Its role is remarkable in implementation of government schemes at prolific level.

RURAL ARTISANS - NABARD

The report of National Commission for Enterprises in the Unorganized Sector (NCEUS) states that 836 million Indians (77% of total population) live on an income less than Rs 20/day. The irony is that 50% of this huge number constitutes 92% of our workforce (457.5 million), which implies that 422.7 million people work and are supporting dependants with income less than Rs 20/day without any job security or social security (2007).

During the last three years, 4,172 Handloom Weavers' Groups (HWG) were formed by banks in 12 states, viz., Orissa (1,366), Andhra Pradesh (1,220), Jharkhand (500), Karnataka (498), Assam (272), Madhya Pradesh (103), West Bengal (88), Bihar (82) and other States (43). Of these, 1,781 HWG have been credit linked.

3.39 In order to provide meaningful link between development and credit planning to support agriculture and rural development, NABARD prepared Potential Linked Credit Plans (PLP) for 623 districts that served as a guide in credit planning exercise and infrastructure development for 2010-11. The sector-wise credit flow projections captured in the PLPs were utilized for arriving at the credit flow target for agriculture and priority sector

KHADI AND VILLAGE INDUSTRIES

Khadi and Village Industries have creating self-reliance amongst the poor and building up of a strong rural community spirit. KVIC launched Rural Employment Generation Programme (REGP) or Gramodyog Rojgar Yojana for creating two million jobs under the KVI sector in the rural areas of the country and generating new avenues of employment for rural unemployed people. Individuals, Institutions, Cooperative societies, Trusts & Self Help Groups (SHGs) and Public Limited companies owned by State/Central Government are benefited under the scheme. Under the *Workshed Scheme* (2008-09) for Khadi Artisans to carry out spinning and weaving works more effectively assistance to 11076 artisans have been provided. Keeping in mind the success of the scheme, targets of work sheds as well as of artisans have been increased for the year 2010-11.

PRIME MINISTER ROZGAR YOJANA -SUCCESS STORY

As a part of SGSY, the Prime Minister Rozgar Yojana (PMRY) has providing self-employed opportunities to one million educated unemployed youth in the country. The scheme brings happiness in the lives of many of unemployed youth through providing credit to group of individuals.

Success Story: Harinath of Gadwal in Mahabubnagar district aged 39 years passed I.T.I. in Electrical in the year 1995 in First Division. He immediately submitted an application to the concerned authorities under PMRY without wasting time in job searching. In 2006, he was sanctioned a loan assistance of Rs. 50,000 by the local State Bank of India with which he started a shop. With the business flourishing, he is now earning Rs. 30,000/- per month. Besides, he has provided livelihood to two more unemployed giving a monthly salary of Rs. 3000/- each. (Press information bureau government of India)

A comparative analysis of the nationwide performance under the scheme reveals that Gujarat tops the list of States in terms of average percentage of groundings in relation to targets. While Gujarat averaged 70 per cent, among the southern States, Kerala with 62.76 per cent and Karnataka with 60.61 per cent were the leaders. In regard to recovery, Andhra Pradesh has been producing good results, with the recovery rate touching 38.80 per cent, as against the all-India average of 28.80 per cent during the first half of the last fiscal.

Whatever, insufficient financing support, delays in sanction and disbursement of loan, diversion of funds to other unproductive purpose, political interference in selection of beneficiaries are some major drawback of this programme.

RYS & **(CMEY) IN ANDHRA PRADESH**

For hundreds of unemployed youth in the state of AndhraPradesh, the **Chief Minister's Empowerment of Youth** (CMEY) programme has helped in realising their dreams - a dream of setting up their own business. Further, launched the `Rajiv Yuva Shakthi' (RYS), a Rs. 321-crore self-employment scheme for one lakh youth the scheme would be scaled up to a Rs. 1000- crore programme covering three lakh youth next year. Rs. 321-crore outlay for the RYS, the banks sanction was Rs. 221 crores as loans.

The State Government's subsidy component was Rs. 70 crores and Rs. 30 crores was the beneficiary's contribution as margin money. In the budget for 2008-09 the state government provided Rs.175 crore as against Rs.140 crore of last year for the Rajiv Yuva shakti program. Majority of the youth trained in various trades were being absorbed in Dr.Reddy's Foundation, CAP foundation, CED, GMR foundation etc.

CREDIT-CUM-SUBSIDY FOR CONSTRUCTION / UP GRADATION OF RURAL HOUSES

Housing is one of the basic requirements for human survival. For a normal citizen owning a house provides significant economic and social security and status in society. Approximately 5 lakh families were housed in various centres mainly located in Northern India. As per the announcement made by the Government of India in June 1985, a part of the RLEGP fund was earmarked for the construction of houses for SCs/STs and freed bonded labourers. As a result, Indira Awaas Yojana (IAY) was launched during 1985-86 as a sub-scheme of RLEGP. IAY, thereafter, continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching in April, 1989.

In rural areas, in the recent housing construction has taken place at higher level. From 1st April 2008, the ceiling on construction assistance under IAY was enhanced from Rs. 25,000 to Rs. 35,000 per unit in the plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas. The financial assistance for upgradation of kutcha house was also enhanced from Rs. 12,500 to Rs. 15,000 per unit. . In addition to the unit assistance availed under IAY, a beneficiary can also borrow a top-up loan up to Rs. 20,000/- from any nationalized Bank at 4% interest per annum under Differential Rate of Interest (DRI) Scheme.

In addition to the assistance provided under the IAY, an IAY beneficiary can avail himself of a loan of upto Rs.20,000/- per housing unit under differential rate of interest (DRI) scheme at an interest rate of 4% per annum. During 2010-11 out of a Central Allocation of Rs. 10053.70 crore, Rs. 4070.98 crore has been utilized and of the targeted 29.09 lakh houses 9.04 lakh houses have been constructed till September 2010 (Ministry of Rural development, 2010).

This scheme has been very much useful to the rural in build own house. But due to rise in inputs costs rural poor are unable in this regard. Hence, construction should be under control until complete the house.

CONCLUSIONS

During the last six decades efforts were made to uplift the rural poor by various credit schemes along with welfare programmes. These are seceded at some extent but failed in eradicate poverty in the rural areas in the country. There is a clear case of discrimination by all the institutional credit agencies as regards the establishment of rural branches as well as credit delivery to the rural sector in the major states of India. In the reforms period, every bank is conformed to profits rather than financial support to the rural. On the other, there are some states, viz. West Bengal, Assam, Bihar and Uttar Pradesh which was neglected both in terms of rural banking infrastructure development as well as credit disbursement to the rural areas (K.J.S. Satyasai). The 'report of the advisory committee on flow of credit to agriculture and related activities from the banking system' (2004) has also mentioned that, "there are also significant regional disparities in the disbursement of agriculture credit. A decisive change in the banking policy is extremely essential to ensure increased geographical and functional reach of rural credit institutions and unbiased distribution of rural credit across the states.

Proper credit facilities for employment and income generation certainly improve economic power of rural and it reduces burden of government in future to provide free social amenities (education, health, housing, sanitation, safe drinking water etc). Development of entrepreneurs' skills, enhanced credit flow to women and other weaker sections, supporting tiny, cottage and village industries and coverage of wide variety of service sector activities would require larger and wider role of rural financial institutions. While increase purchasing power of the rural population throw enormous demand for goods and services will boost the national economy tremendously. Then, the day will see the reverse migration of people from the urban slums back to the villages. Subsequently, the statement of Darling (1925) that "the Indian peasant is born in debt, lives in debt and bequeaths debt" still remains true for the great majority of working households in the country side can disappear from the rural India.

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