

Role of Scheduled Commercial Banks in Socio-Economic development of Scheduled Caste and Scheduled Tribes in Marathawada Region

*Mr. Gaikwad S.B.

**Mr. Anil Donde

Introduction

Indian banking industry, the backbone of the country's economy, has always played a key role in development the economic catastrophe from reaching terrible volume in the country. It has achieved enormous appreciation for its strength, particularly in the wake of the worldwide economic disasters, which pressed its worldwide counterparts to the edge of fall down. If we compare the business of top three banks in total assets and in terms of return on assets, the Indian banking system is among the healthier performers in the world. This sector is tremendously competitive and recorded as growing in the right trend. Indian banking industry has increased its total assets more than five times between March 2000 and March 2010, i.e., US\$250 billion to more than US\$1.3 trillion. This industry recorded CAGR growth of 18 percent as compared to country's average GDP growth of 7.2 percent during the same period. The commercial banking assets to GDP ratio has increased to nearly 100 percent while the ratio of bank's business to GDP has recorded nearly twofold, from 68 percent to 135 percent. The overall development has been lucrative with enhancement in banking industry efficiency and productivity. It should be underlined here is financial turmoil which hit the western economies in 2008 and the distress effect widened to the majority of the other countries but Indian banking system survived with the distress and showed the stable performance. Indian banks have remained flexible even throughout the height of the sub-prime catastrophe and the subsequent financial turmoil.

The Indian banking industry is measured as a flourishing and the secure in the banking world. The country's economy growth rate by over 9 percent since last several years and that has made it regarded as the next economic power in the world. Our banking industry is a mixture of public, private and foreign ownerships. The major dominance of commercial banks can be easily found in Indian banking, although the co-operative and regional rural banks have little business segment.

Significance and objective of the study

India is developing country. There are many social strata that need upliftment. This begins with financial aid. Banks play vital role in improvisation of such strata. SC & ST population in India is 16% and 8% respectively according to the census of India. (2001) Banks are the backbone for financial upliftment of Scheduled Caste and Scheduled Tribes.

There are so many special schemes for SC & ST in Scheduled Commercial Banks like PMEGP, SJSRY, SCP, MM, SGSY, and SLRS these schemes provides financial aid to the Scheduled Caste and Scheduled Tribes for social and economical development. Still considering total population this financial assistance is insufficient. Hence, it needs an enquired to pertain many questions that arise in such situations such as:

- What are the special schemes for Scheduled Caste & Scheduled Tribes?
- How these schemes are implemented?
- What is the Credit Deployment of such banks?
- What is the role played by these banks in the development of SC, & ST?
- Basic role of these banks and functions?

To study these and many more questions, it was felt necessary to derived for this study. Hence this paper is an important step in this area.

- 1) To study the social and economical development of SC & ST in Marathawada region.
- 2) To know the disbursement of loan provided by the scheduled commercial banks to SC & ST.

*Assistant Professor, Deptt. Of Commerce Muktanand Mahavidyalaya Gangapur

**Research Fellow Dr. B.A.M. University Aurangabad

- 3) To know the different schemes provided by the scheduled commercial banks for the development of SC & ST.
- 4) To assess the role of scheduled commercial banks in the social and economical upliftment of SC & ST.

There are different types of schemes and different types of offices, they provides fund for the upliftment to the weaker section of the society. Which include Lokshahir Annabhau Sathe Development Corporation, Mahatma Phule Backward Class Development Corporation, District Rural Development Agency, and Local self Govt. agencies, District Industrial Center, Khadi Village and Industries Board, Zilla Parishad, Nagar Parishad etc. Govt. sponsored many offices and different schemes playing vital role in developing to the weaker section of the society specially Scheduled Caste and Scheduled Tribes.

Limitations of the study

There are several schemes sponsored by state Govt. and different corporations for the development of Scheduled Caste and Scheduled Tribes communities. To access the development by Scheduled Commercial Banks Govt. sponsored schemes are selected. For the effectiveness those schemes are selected that it directly benefited to Scheduled Caste and Scheduled Tribes. It is also called as major Govt. sponsored schemes. It is the part of Lead Bank scheme. Lead Bank allots the target to the Scheduled Commercial Banks and other banks under the guidance of planning committee headed by District Hon'ble Collector. The paper covers last five year performance and Marathawada region only.

Research Methodology

To analyze the performance for Scheduled Commercial Banks and access the development secondary data are used. Due certain limitations it was not possible to access more than one year performance. There are many Govt. sponsored schemes and development scheme for the SC ST communities so only major six schemes are selected.

Secondary data has collected from different publications of RBI such as follows

- 1) Basic statistical returns. (BSR)
- 2) Report of currency and finance.
- 3) Report of trend and progress of banking in India.
- 4) Statistical tables relating to banks in India
- 5) Monthly RBI bulletins.
- 6) Indian Banks Association reports.
- 7) CMIE (center for monitoring Indian Economy Pvt. Ltd. Monthly review of Indian economy.
- 8) EPW (Economic and Political Weekly).

And other related publications with related web sites.

Socialization of Scheduled commercial Banks

As a sequel to the debate on a non-official resolution calling for nationalization, 1967 the essential idea under the concept of social control implies that while there was a need for stimulating saving and attracting them into the banking system, at the same time, a powerful and equitable distribution of credit has to be ensured. Thus, social control of banks means there greater participation under the effective guidance of the state in the mobilization of deposit and allocation of credit to the socially desirable sectors of the economy which would ensure enlarge material benefits to the nation at large, in the form increased output, employment and income.

The scheme of social central of banks, however introduced by the Government on December, 14, 1967, under the banking laws (Amendment) 1968, the major scheduled commercial banks come under social control, when the then Finance Minister Morarji Desai made a statement in the Loksabha while explaining its objectives, main features and the mode of functioning. In his statement, Mr. Desai categorically stated that there was no need for nationalizing banks at those times, and social control measures alone would efficient serve the purpose.

The important objectives¹ of the social control of banks were:

1. To strengthen the banking system by preventing banks failures and thus to sustain public confidence in banking and to promote the growth of banking on sound lines.

2. To produce a uniform and all round development of the banking structure by appropriate expansion, co-ordination and integration of all allied banking institutions.
3. To check concentration of economic power through equitable distribution of banks credit.
4. To stress the need for extending banking services in the rural sector.
5. To make bank finance available for essential productive purposes in the priority sector such as agriculture, small scale industries and exports etc.

Target for social banking

For this 47 percent of the resources, the objectives for credit deployment to meet the objectives of social banking (i.e. social banking target)² are as under

1. Banks are required to deploy not less than 40 percent of the total advances to priority sector.
2. 10 percent of total bank credit of 25 percent of the total priority sector credit to be given to weaker sections such as small and marginal farmers landless labourers., shre-croppers etc. artisans and village and cottage industries and beneficiaries belonging to SCs/STs.
3. 18 percent of total banks credit provided as direct finance to agriculture and allied activities by March. 1989.
4. 1 percent of total bank credit has to be given under the scheme of Differential Rates of Investment (DRI) at 4 percent.

Within the above statutory pre-emption and targets for social- banking, banks have to ensure³

1. Minimum C-D ratio of 60 percent, both at rural and semi-urban branches.
2. Removal of regional/inter-state imbalances in respect of deployment of credit.
3. That production of no sector/unit suffers due to inadequacy of credit.

Table No. 1.1

Major Govt. sponsored schemes

Sr. No.	Scheme
1	SGSY
2	PMRY
3	MPBCDC SCP
	MPBCDC MM
	MPBCDC SLRS
4	LASDC SCP
	LASDC MM
5	SJSRY
6	KVIB SCP
	KVIB MM

Source: Annual Credit Plan Aurangabad district 2010

Table no. 1.8 shows the major Govt. sponsored schemes which has selected for the study purpose. Mainly there are 6 schemes and it includes 4 another substitute scheme called as Margin Money scheme. The details of these schemes with statistical analysis are discussed below. But for clearance of research methodology and techniques of the research this information stated before the stakeholders.

Table No. 1.2
Scheme wise performance of Marathwada region
 (Year 2010) (Rs. in lakh)

Description			General			SC/ST			Gener al adv. % To sc/st
Sr. No	District	Implementi ng agency	Advanc es	Recover y	% of recover y	Advanc es	Recover y	% of recover y	
1	Aurangaba d	PMEGP	7386.82	180.40	2.44	1187.46	29.00	2.44	16.08
		KVIB	9542.15	2772.69	29.06	598.97	169.94	28.37	6.28
		MPBCDC SCP	2494.11	725.50	29.09	210.26	64.45	30.65	8.43
		MPBCDC MM	3361.63	360.68	10.73	265.01	22.46	8.48	7.88
		LASDC SCP	2850.87	412.50	14.47	332.27	42.46	12.78	11.66
		LASDC MM	2080.46	174.88	8.41	239.32	19.15	8.00	11.50
2	Beed	KVIB	6805.10	1201.83	17.66	501.69	115.08	22.94	7.37
		MPBCDC SCP	297.13	78.54	26.43	18.23	10.85	59.52	6.14
		MPBCDC MM	1214.39	27.74	2.28	166.55	4.02	2.41	13.71
		LASDC SCP	83.74	0.00	0.00	4.30	0.00	0.00	5.13
3	Jalna	PMEGP	98588.2 4	8920.40	9.05	7294.67	477.97	6.55	7.40
		KVIB	7479.42	1408.31	18.83	602.60	136.97	22.73	8.06
		MPBCDC SCP	8054.42	626.82	7.78	1609.74	74.08	4.60	19.99
		MPBCDC MM	28697.7 2	2089.87	7.28	810.50	83.24	10.27	2.82
		LASDC SCP	1710.28	0.00	0.00	56.04	0.00	0.00	3.28
		LASDC MM	5070.31	476.71	9.40	633.44	54.08	8.54	12.49
4	Latur	PMEGP	28831.1 9	6464.67	22.42	3958.82	676.04	17.08	13.73
		KVIB	18371.9 1	4776.86	26.00	2158.49	373.78	17.32	11.75
		MPBCDC SCP	3514.22	934.14	26.58	317.10	71.59	22.58	9.02
		MPBCDC MM	4157.79	715.59	17.21	497.23	94.91	19.09	11.96
		LASDC SCP	1348.19	6465.67	479.58	116.46	24.32	20.88	8.64
5	Nanded	PMEGP	18872.8 1	1891.26	10.02	3488.72	598.66	17.16	18.49
		KVIB	113.71	0.00	0.00	46.49	0.00	0.00	40.88

		MPBCDC SCP	209.94	688.79	328.09	54.88	274.78	500.69	26.14
		MPBCDC MM	1566.26	838.57	53.54	575.90	286.68	49.78	36.77
		LASDC SCP	1106.42	943.07	85.24	362.58	318.73	87.91	32.77
		LASDC MM	316.04	0.00	0.00	21.98	0.00	0.00	6.95
6	Osmanaba d	PMEGP	11333.0 3	14107.9 7	124.49	1264.86	2038.15	161.14	11.16
		MPBCDC SCP	77.82	22.39	28.77	24.24	6.97	28.75	31.15
		MPBCDC MM	5228.35	1707.44	32.66	912.51	314.13	34.42	17.45
		SLRS	275.74	349.27	126.67	19.17	24.29	126.71	6.95
		LASDC SCP	665.63	615.08	92.41	105.61	57.21	54.17	15.87
		LASDC MM	1185.47	417.24	35.20	220.58	74.52	33.78	18.61
7	Parbhani	PMEGP	17340.1 2	3337.48	19.25	4655.59	367.67	7.90	26.85
		KVIB	6797.62	509.52	7.50	531.95	132.13	24.84	7.83
		MPBCDC SCP	4259.55	3348.82	78.62	1314.60	908.83	69.13	30.86
		MPBCDC MM	7002.95	2240.57	31.99	1086.10	331.50	30.52	15.51
		LASDC SCP	328.34	1225.09	373.12	96.62	308.28	319.06	29.43
		LASDC MM	2037.07	239.95	11.78	215.80	25.42	11.78	10.59

Source: Bank of Maharashtra, Head office, Pune

Table No. 1.2 highlights of Scheme wise performance in Marathwada Region excluding Hingoli district. Aurangabad is in leading in disbursement of loan through different schemes. It is expected too. While considered total population of SC and ST and overall financial position of banks and district economy. No doubt Aurangabad is the fastest growing industrial hub in Asia. But it is also needed to develop in all sectors. While framing annual credit plan of particular district it is nice thing that bank has given more importance to the weaker section but other hand it looks like a big star. Because star reflects on corner side but if we avoid flashing corners. Then it can found a big gap inside the center point. This way Aurangabad is leading in disbursement but inside part of recovery whole increasing broader and broader. Means in future it will be harmful to bank and overall economy. In Aurangabad district 7386.82 lakh disbursed under PMEGP scheme. Only 2.44 percent recovery was showed. Both the KVIB and PMEGP showed good recovery rate with compare to other schemes. In Beed district 2.4 percent amount was recovered under MPBCDC MM scheme. While disbursing to the SC, ST 13.71 percent is the difference in SC, ST disbursement and general. 98588.24 lakh advances was disbursed to the general caste means other than SC, ST. Out of 7294.67 lakh was disbursed to SC, ST under PMEGP scheme in Jalna district. LASDC SCP noted clearly zero recovery in the year 2010. It is bad remark for the bank and LASDC Corporation. Out of total advances only 17.8 percent amount was recovered in Latur district under PMEGP scheme. The difference calculated 13.73 percent in same scheme. Nanded is leading while disbursing to the SC, ST followed by Aurangabad district. Under KVIB scheme corporation not succeed to delivered good service and disbursement. Osmanabad and Parbhani both the district are backward in Marathawada region. Looking at the overall digits it clearly noted that the performance of overall schemes was not so satisfactory but need to growth in recovery.

Concluding Remark

India is a welfare State, committed to the welfare and development of its people and of vulnerable sections in particular. The preamble, Directive Principles of State Policy, Fundamental Rights and specific sections, viz., Articles 38, 39 and 46 in the Constitution of India, stand testimony to the commitment of the State to its people. Socially disadvantaged groups of Scheduled Castes/ Scheduled Tribes have received special focus over the years for their social and economic advancement. Government has taken several steps for framing appropriate policies needed to design and implement various welfare programmes for achieving the objective of creating favorable environment to ensure speedy socio economic development of SCs/ STs. For the well being of these communities, special target-oriented programmes are being implemented by earmarking funds, providing subsidies, offering reservations in employment and educational institutions etc.

While planning SLBC and DLBC gave more emphasis on these sectors. Worried point is recovery rate. Study strongly recommended that there must be growth in recovery rate. The role of manager is important in recovery, they should notice that it is his prior duty to guide the beneficiary and make them aware to repay the loan in time.

References

1. S.G. panandikar, D.M. Mithani (1975) "Banking in India" Orient Longman, Ltd. New Delhi, P.572-73.
2. R. Srinivasan, (1991) 'Evaluation of Priority Sector', lending in the book "Financial System of India' Vol.1 edited by Ghonasgi and Anagol, Himalaya Publishing house, Bombay, P.115.
3. K.C. chakrabarty,(1990) "Development of resources under the constraints of credit policy", Research paper published in 'bank economists' conference proceeding book , P.318.
4. L.M. Bhole, (1982) "financial market and institution", Tata MC Gargaw hill publishing company limited, New Delhi, P.47.
5. Dr. Y.V. Reddy (2002), "Monetary and Financial Sector Reforms in India: A Practitioner's Perspective", The Indian Economy Conference, Program on Comparative Economic Development (PCED) at Cornell University, USA.
6. Committee on welfare of SC & ST Ministry of finance presented to Loksabha 24/4/2007.
7. Article 46, 'Indian constitution.'
8. Dr.Anwar Akther & Dr.M.A.Raffey., (2010)"Fundamentals to decision support system", pacific publication, New Delhi India
9. Dr.Anwar Akther & Dr.M.A.Raffey., (2013) "Fundamentals of Computer", Excel Publication house, Aurangabad,.
- 10.Dr.M.A.Raffey., (2013) "Strategic Supply Chain Management", Pearl Books, New Delhi.
11. W.K.Sarwade(2009) Consumer behaviour and marketing trends of consumer durables in Aurangabad district, International Journal of Commerce and Business Management,Vol. 3 Issue 1,pp.129-133
12. Sarwade W.K (2012), "Conceptual Development Of Green Marketing In India". Journal Of Engineering Technology And Management Science. Vol.1, No.2.
13. Sarwade W.K (2012), "Conceptual Development Of Green Marketing In India". Journal. Of Engineering Technology And Management Science. Vol.1, No.2.

#####