

**ORGANIZATIONAL FRAMEWORK
FOR THE IMPLEMENTATION OF
SOCIAL OBJECTIVES**

**REPORT OF A STUDY GROUP
OF THE NATIONAL CREDIT COUNCIL**

**ORGANIZATIONAL FRAMEWORK FOR THE
IMPLEMENTATION OF SOCIAL OBJECTIVES**

ORGANIZATIONAL FRAMEWORK FOR THE IMPLEMENTATION OF SOCIAL OBJECTIVES

**REPORT OF A STUDY GROUP
OF THE NATIONAL CREDIT COUNCIL**

**OCTOBER
1969**

Copies can be had from :

THE ADMINISTRATIVE OFFICER,
ECONOMIC DEPARTMENT,
RESERVE BANK OF INDIA,
POST BOX NO. 1036,
BOMBAY-1.

Printed by Rev. Theodore A. Pereira at the Examiner Press, Bombay, India and Published by
Shri A. Raman, Director, National Credit Council Unit, Reserve Bank of India, Bombay.

NATIONAL CREDIT COUNCIL

STUDY GROUP ON ORGANIZATIONAL FRAMEWORK FOR THE IMPLEMENTATION OF SOCIAL OBJECTIVES

D. R. GADGIL *Chairman*
Deputy Chairman,
Planning Commission,
New Delhi.

N. M. CHOKSHI,
Bank of Baroda,
Bombay.

T. A. PAI,
Syndicate Bank,
Manipal.

P. N. DAMRY,
Deputy Governor,
Reserve Bank of India,
Bombay.

P. C. BOROOAH,
Member,
National Credit Council.

B. K. DUTT,
United Bank of India,
Calcutta.

R. R. MORARKA,
Member,
National Credit Council.

M. Y. GHORPADE,
Sandur,
Mysore State.

MAGANBHAI R. PATEL,
Chairman,
All-India State Co-operative
Banks' Federation,
Bombay.

ARVIND N. MAFATLAL,
Mafatlal House,
Bombay.

P. NATESAN,
General Secretary,
Tamil Nadu Co-operative Union Ltd.,
Madras.

B. N. ADARKAR *Convener*
Deputy Governor,
Reserve Bank of India,
Bombay.

SECRETARIAT

A. RAMAN,
Director of Research,
Reserve Bank of India,
Bombay.

A. HASIB,
Director of Research,
Reserve Bank of India,
Bombay.

CONTENTS

INTRODUCTION

	Page
Constitution of the Study Group	ix
The Problem before the Group	x
Acknowledgements	xi

PART I—STRUCTURE OF THE BANKING SYSTEM

Structure of the Indian Economy	1
Structure of Organised Banking	3
(a) Commercial Banks	3
(b) Co-operative Banks	11
(i) Agricultural Credit Societies	13
(ii) Long-term Agricultural Credit Structure—Land Development Banks	18
(iii) Non-Agricultural Credit Societies	20
—Employees' Co-operative Credit Societies	21
—Urban Co-operative Banks	22
(iv) Industrial Co-operative Banks	25
A Study in Contrast : Maharashtra-Gujarat <i>vs.</i> Bihar-Orissa	27

PART II—CREDIT GAPS

An Assessment of Institutional Credit Facilities to Major Economic Sectors	33
(i) Agriculture	33
(ii) Industry (Large and Medium)	35
(iii) Small-scale Industries	35
(iv) Trading Companies	36
Sectoral Distribution of Credit	36
Non-Availability of Institutional Credit to Small Borrowers—Findings of Case Studies	38
(i) Case of Gold Loans	39
(ii) Small Artisans	41

(iii) Fishermen	44
(iv) Small Farmers	46
(v) Credit Problem of a Backward Class—Adivasis	48
(vi) Retail Traders	49
(vii) Consumer Credit	52
Banks' Role in Emergencies	55
A Brief Resume	55

PART III—GROUP'S APPROACH TO THE PROBLEMS OF CREDIT GAPS

The Problem of Credit Gaps and the Adequacy of Existing Institutional Agencies—Implications for Evolving New National Credit Policy	56
Adoption of An Area Approach	61
(i) Institutional and Functional Co-ordination under Area Approach	61
(ii) Area Approach—District to be the Basic Unit	62
(iii) Integration of Credit Plan with Other Activities in a District	62
(iv) Three Aspects of a District Plan	63
—Establishment of Branches or New Units	63
—Dynamic Inter-relationship between Different Credit Agencies	64
—Formulation of Proper Policies and Procedures	70
Correlating Savings with Lending Operations	72
Programme of Action—	
(i) District or Zonal Committees	74
(ii) An All-India Machinery : Standing Advisory Committee on Credit Assistance	74
(iii) Setting up of a Credit Planning Department in the Reserve Bank of India	74

PART IV—SUMMARY OF THE REPORT 77

Annexure I—Mutual Arrangement Scheme for Co-operative Banks in Maharashtra	93
Annexure II—Guarantee Scheme for Financing Wholesale Consumer Co-operatives	95
Statistical Appendix	97
Appendix—Papers and Studies.	