

Development of Financial Institutions especially in the East Champaran: A Perspective

Dr. Mritunjay Kumar Srivatav

Chakkar Chowk, Muzaffarpur, (Bihar) India

Abstract

Commercial banking was introduced in the 18th century. It was introduced by a British agency named 'Alexander & co' in 1770 and named Bank of Hindustan to meet the requirement of the British Trading Community. During the Swadeshi movement, some Indians established Commercial Banks. Before Independence, Commercial Banks lent to Commercial sector in urban areas. They had ignored the agricultural sector. After Independence, Government started taking steps to make Commercial Banks to extend their financial help to agriculturists also. The first step that it took was the formation of State Bank of India by nationalizing the imperial Bank of India in 1955. The State Bank of India was formed to that it could financially help the rural people, particularly the agriculturists.

Key Words:- Commercial, Industrial, financial institutions, Professional, agriculture

A Commercial Bank lends its funds to Commercial sector of economy i.e. to traders and merchants. It would be appropriate to keep into the types of Banking that existed before Commercial banking came in to existence.

The S.B.I. lends funds to people to two ways.

(a) By extending funds to Co-operative Banks so that the latter could get sufficient funds to lend in turn to rural people.

(b) To extend funds directly to rural people.

But this step was not sufficient. The government thought that the other Commercial Bank should also financially help the people. The government took second step of merging State Bank of princely states in the seven subsidiaries of S.B.I. in 1959-60. The government took third step to involve Commercial Banks other than S.B.I. in development process. The Commercial Banks were debarred

from making advances to their directors and to the industries in which these directors had their interests so that the funds could be spared and utilized for mainly agriculture.

Under the social control scheme National credit council was set up to identify the sectors' the priority sectors are such the financing of which was neglected b the Commercial Banks. Therefore, the priority sectors are the neglected sectors and should be given priority in matter o financial help. The priority sectors are:-

- (i) Agriculture
- (ii) Small Scale Industries.
- (iii) Small Road transport operator.
- (iv) Professional and self-employed.
- (v) Retail Traders
- (vi) Education Loan for needy people.

Development of Banking in East Champaran:

State Bank of India is the oldest Bank in East Champaran district. It is the biggest Commercial Bank in the district. At

present 39 branches of State Bank of India & branches of Punjab National Bank, 6 branches of Allahabad Bank, 2 branches of Canara Bank, 3 branches of Bank of Baroda, 1 branches of India Overseas Bank, 1 branch of United Bank of India are working in the East Champaran district. Besides these, 70 branches of Champaran Kshetriya Gramin Bank, 8 branches of Land Development Bank, 9 District Central Co-operative Banks are working.

The total branches of Commercial Banks and Champaran Kshetriya Gramin Banks, Co-operative Banks, and hand development Banks are 176.

Financing activities in East Champaran:

The financing activities of the Commercial banks in East Champaran are not satisfactory. There are today more than 176 branches of different nationalized Banks in the district. They have succeeded in calculating the banking habits in the people as it proved by the Increasing deposits. District credit plan reveal that the total deposits of Banks in the district rose from 41869 lacks in March 1998 to Rs 60882 lacks in March 2000. But the credit given by the banks increases from Rs 12571 lacks in March, 1998 to Rs 17099 lacks in March 2000.⁷ the percentage of credit was 38 percent of the total deposit amount in 1998 and in 2000. It was only 28% of total deposit amount.

Thus the level of financing achievement by banks in East Champaran is very low. The indicator credit deposit ratio is an important index to judge the performance of Commercial banks. At present, for every Rs 100 received by the banks as

deposit in East Champaran the credit advanced by them is a mere Rs 28.

The nationalization of 14 Commercial banks in 1969 and 6 banks in 1980 was expected to bring about far reaching changes in the priorities of lending. A part from lending to the lost deprived section, that banks were intended to bring special disparities and usher in regional industrialization. The sanction and disbursement of working capital become, thus the most important factor rejuvenating the industrial atmosphere and insulating industries from sickness. The commercial banks have taken been a dismal failure in the twin task of ushering in the regional industrialization and as a conduct for bringing in industrial health. Instead Industrial regeneration, we witness an epidemic of industrial sickness.

Development of other financial Institution in the district:

Financial Institutions of the East Champaran district is playing a catalytic role in the improvement of agriculture and allied sectors it is boosting of the confidence of young unemployed people to stand on their own business. It is improving the present condition of agriculture and industry of the East Champaran.

The development of other financial Institution is satisfactory. Other than State Bank of India and Commercial Banks there are 70 Champaran Kshetriya Gramin Banks, 8 hand Development Banks, 9 Co-operative Banks in East Champaran district.

The table shows the Block wise branches of the Champaran Kshetriya Gramin Banks in the district of East Champaran.

Table

| S. No | Name of Blocks | Place | Total |
|--------------|----------------|--|-----------|
| 1. | Adapur | (i) Nakardei (ii) Bishunpurwa (iii) Adapur | 3 |
| 2. | Areraj | (i) Bhawanipur (ii) Dumariaghat (iii) Dariyapur (iv) Sirni (v) Sangrampur (vi) Areraj | 6 |
| 3. | Chakia | (i) Bherkhia (ii) Damodarpur | 2 |
| 4. | Chiraiya | (i) Chiraiya (ii) Damodarpur | 5 |
| 5. | Chhauradana | (i) Narkatia (ii) Chhaurandano | 2 |
| 6. | Dhaka | (i) Gurhanwa (ii) Kundwa chanipur (iii) Kusumahwa (iv) Pakaria | 4 |
| 7. | Ghorasohan | (i) Jaimurti Nagar (ii) Jamunia (iii) Baghi Bhela (iv) Pakaria | 4 |
| 8. | Harsidhi | (i) Ma Chhargawa (ii) Olha Bazar (iii) Gaighat | 6 |
| 9. | Kalayanpur | (i) Puran chhapra (ii) Dilwarpur (iii) Kalyanpur (iv) Kotawa Bazar (v) Rajpur Bazar (vi) Siswa Patna | 6 |
| 10. | Keshria | (i) Bhopatpur (ii) Dilwarpur (iii) Hussaini (iv) Kesaria | 4 |
| 11. | Meshi | (i) Rajepur (ii) Mehsi | 2 |
| 12. | Motihari | (i) Motihari | 1 |
| 13. | Patahi | (i) Bakhari (ii) Jihuli (iii) Patahi | 3 |
| 14. | Paharpur | (i) English (ii) Siswa | 2 |
| 15. | Pakaridya | (i) Pakaridyal (ii) Nawada (iii) Fenhara | 3 |
| 16. | Ramgarwa | (i) Ram garhwa (ii) Champapur (iii) jaitapur | 3 |
| 17. | Raxul | (i) Raxul (ii) Bhelahi | 2 |
| 18. | Sugauli | (i) Bhataha (ii) Chhawa Bazar (iii) Ragunathpur | 3 |
| 19. | Turuulia | (i) Ajgari (ii) Bairia Bazar (iii) Pipra Kothi (iv) Semrahat (v) Raghunathpur | 5 |
| 20. | Madhuban | (i) Bishunpur (ii) Garhaia (iii) jogaulia tola Belwa (iv) Tetaria Bazar | |
| Total | | | 70 |

Conclusion

Nationalization of fourteen major banks in 1969 and six banks in 1980 has changed basic nature and objectives of the industry as well as agriculture many steps has been taken by government for full filling the financial requirement of the farmers Kisan credit card loans for seeds, fertilizers and also for lands reforms. For small scale and

cottage industry banks also providing loans. Dairy farming and poultry farming are also growing well by the financial help of banks. The attached table suggested lateral dispersal of rural banks in the region. However banking in theory and in practice still lacks proper linkage. Hopefully with growing literacy and awareness things may look up in coming days.

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