INTRODUCTION:

Man is born upon this earth for a specific purpose that is to develop his own soul and personality as well as to bring the development of his own country. I am an Indian and it is my foremost duty to contribute something for the progress of my country.

If I want the progress of my country I should study in details about the Gramin Area – like villages. Why? Because 60% of Indian populations lives in village and are young aged in Agriculture. If there is a development in agriculture the villagers will progress. If villagers are progress then only our whole nations will progress.

Considering this, the topic like, “Gramin Vikas”. I have select for my Doctorate. How there will be Gramin Vikas? If individuals. Societies, Banks and Government take interest in helping the villagers then only there will be the real Gramin Vikas.

The topic for my M. Phil was “Sindhudurg District Central Co-operative bank Vengurla – Economical and Social Study.” While doing research I found some good points as well as some Drawbacks of the banks. The main drawback was that the bank did not have much Expansion in villages. I suggested then how and why they should open there sub-branches in villages and they executed my suggestions and have converted the extension counter into bank at Aravali Tank village and peoples are very happy with the bank.

I was kindly observant about district bank and banks from rural Areas. Specially I got more information about “Vainganga Krishna Gramin Bank-Sindhudurg- Ratnagiri District.” Now as I am thinking to do my Doctoret . I thought of selecting the above bank for my detail study.

BANKING AND ECONOMIC DEVELOPMENT

The two terms, ‘banking’ and economic development must be defined before the analysis of their iter-relationship is attempted.

The Indian Companies Act of 1913, as amended in 1936, attempted a defailed definition of a Banking company as follows:
A company which carries on its principle of business, the accepting of deposits of money on current account or otherwise, subject to withdrawal by cheque, draft or order, not withstanding that it engages in any one or more of the following farms of business.

The Banking Regulation Act, 1949, defined a banking company as “a company which transacts the business of banking in any state of India”

The world ‘banking’ has been landing or investment of deposits of money from the public repayable on demand or otherwise or withdrawable by cheque, draft, order or otherwise.

This definition enumerates all the essential and principal activities, which a banking company engages in and hence, is a satisfactory definition.

Economic development is generally understood as a process in which as the per capital real income of the people increases over a period of time, during this period of transformation, there are several changes that take place in the economy simultaneously. Modernization of agriculture, expansion of industrial base, extension of transport and communication facilities to the most interior parts of the country, spread banks and other financial institutions are the important changes thus characterize the process of economic development.

Economists have used two terms “economic growth” and “economic development” interchangeably, though these terms differ in their meaning. The definition of the term ‘economic growth’ and ‘economic development’ interchangeable, though these terms differ in their meaning. The definition of the term Economic development, as given by major and Baldwin, is generally accepted as a comprehensive one. In their opinion, “Economic development is a process whereby an economy’s real national income increases over a long period of time.

Among development economists and fellow-travelling social scientists, three broad strands can be identified among those who sought a crucial variable in the economic advocates and those who suggested that socio-political causes are paramount.

The solution was simultaneous, investment in several industries. For many countries, such a ‘big-push’ was possible mainly with foreign aid. Joseph Schumpeter has given significant place to the rate of capital and credit system in his analysis of economic development.
Credit performs certain important functions in the economy.

The new channels are created in the form of new combinations of economic activity, which create a disequilibrium in the economy. In the words of Schumpeter,

...in this sense, therefore, we define the kernel of the credit in the following manner: credit is essentially the creation of purchasing power. The creation has an economic basis. It is associated with the capitalist system, which is guided by the profit motive. The profit motive results in the development of those regions where the expectations of profit are high while other regions with relatively low profit expectations remain underdeveloped. Myrdal attributed this phenomenon to the free play of market forces which tend to increase, rather than decrease, the regional inequalities.

In this way, regional inequalities are accentuated when some localities grow at the expense of the others.