A CRITICAL ANALYSIS OF CHANGING RURAL LANDSCAPE FINANCE IN INDIA

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INTRODUCTION:

In the globalization age concept of landscape is a very importance because the entry and expansion of rural formal finance in India significant changes of rural financial landscapes are reported. First, the physical features of these landscapes have been radically changed with the establishment of cooperatives, rural and semi-urban branches of commercial banks, land development banks and Regional Rural Banks: in total, just over 146,000 primary offices by 2010. Second, policies directed through these formal constituents of rural financial landscapes have combined both development and welfare objectives, by means of government directives concerning bank location and loan portfolios, and a series of poverty alleviation programs with subsidized, activity specific and target group specific credit as the main instrument. Third, dramatic changes have been reported in the relative shares and importance of formal and informal financial intermediaries. Using data from three Reserve Bank of India (RBI) decennial surveys, for 2009-10, 2010-11 and 2012, and more recently note on an all-India basis, a considerable rise in the share of formal credit in total cash debt of farmer households. A residual category "other", including insurance and provident funds, accounts for the balance in each of the reference periods. Although inter-state variations in the reported shift from informal to formal sector financial provision are acknowledged, the results of the three surveys lead (2010: 282) to note that, "The professional moneylender has virtually vanished from the villages and the role of informal credit has diminished considerably"

First, to provide an example of a ruler landscape in India, whereby the effects of entry and expansion of village bank finance upon pre-existing informal financial arrangements are assessed, by data collected from the lenders (both informal and formal) themselves. Second, to consider the implications of these data for rural surveys of financial landscapes.

DEFINING RURAL FINANCE:

The term rural finance refers to the financial transactions related to both agricultural and non-agricultural activities that take place among households and institutions in rural areas.

In some cases, rural finance has been wrongly equated with agricultural credit, based on the assumption that credit is the binding constraint to achieving project objectives related to agriculture. A more effective and comprehensive view of rural finance encompasses the full range of financial services that farmers and rural households require, not just credit

OBJECTIVES OF THE STUDY:

The main purpose of the study is to find out causes of rural poverty and the lack of access to formal and adequate financial services remains a major impediment to the socio-economic hoices of rural poor people and smallholder farmers. IFAD's target group includes small-scale producers who are engaged in on and off-farm activities and lives in rural areas of varying potential. As such, IFAD's goal is to increase the access of poor rural women and men to the rural financial services they require to meet their productive and household needs and mitigate risk.

IMPLEMENTING THE RURAL FINANCE POLICY:

Monitoring for results Mechanisms are needed to assure that all rural finance interventions, whether standalone projects or components, are identified and monitored. Performance monitoring is fundamental for ensuring that IFAD policies and procedures are implemented and are generating concrete results. Monitoring indicators to measure the performance of participating rural finance institutions need to be included in the project design document16 and in contracts with participating rural finance institutions. These indicators should include standard financial indicators and outreach measures such as portfolio at risk (PAR>30 days), operational self-sufficiency, and the numbers of borrowers and savers, all of which are tracked on the MIX Market and in the Results and Impact Management System (RIMS), IFAD's comprehensive system for results-based monitoring. Contracts with partners should be performance-based and detail an exit strategy if targets are not achieved.

RESEARCH METHODOLOGY:

The present study is based on primary and secondary data. The focus of primary data on various types of questionnaires, interview through the customer. As well as used of secondary data are information the sources of which have been compiled from different government records publication and related books articles. As well as use of various thesis.

CONCLUSION:

In this paper, a financial landscape in India has been viewed from the hedge rather than from the hill. Macro level surveys are a view from the hill, where Landscapes, for all their intricate, living detail, are forever being squeezed down to generalities' and abstractions" Prevalence of informal and formal credit is reduced to measures of stock of outstanding debt, a measure that undervalues the significance of informal credit and conceals major differences in the seasonality and timing of informal and formal loan provision. Loan purposes are reduced to broad categories of productive and consumption needs, categories which themselves include a very diverse set of individual and sometimes overlapping loan purposes. Moreover, loan purposes can be marginalized by measurement in terms of stock of debt rather than number of loans.

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