



CAIIB

Module-A Unit-2

Rural Banking



CAIIB Rural Banking Module A Unit 2- Characteristics Of Rural Society

Social Stratification

Rural Structure

- The rural structure is constituted by family, kinship, caste, power and religion. Divisions of labour and organic unity of the village, make it possible for everyone to perform the role assigned to them.
- This is expected to result in mutual help and co-operation. It has its own traditional mechanisms of conflict resolution and social mobilization.

Unit of Development

- The village is now recognized as a unit of development. The village is not a corporate group, but it has an identity, fixed limits (revenue and forest), village commons (Nistar land) and shared resources like, wells and tanks. It may also have temples, mosques, churches, and gurudwaras, open to all believers.

Caste Structure

- Each village has several Jati segments, which have separate ties, in some spheres. In respect of several traditional occupations, there is a system of attachment to village families, the payment for services being made in kind, or cash, or both. This system is called **Jajmani system**.

Traditional Panchayats

- Earlier, the village used to have two kinds of panchayats – **a Jati panchayat and a village panchayat**. In the village panchayats, elders from nearly all Jatis were represented. The sarpanch (i.e., headman) held office either on a hereditary basis or was elected by consensus. The Jati panchayats used to hear property and family disputes and the village panchayats disputes between two or more Jatis.
- Some states also had statutory judicial panchayats – **Nyaya Panchayats** – to administer cheap and speedy justice, in minor cases.

Factionalism

- Each faction is built, around one or more dominant individual and generally, enjoys the support of the family and kinship group. It is possible, however, for a kin group to be divided in its loyalty to different factions.
- A village may have two or three major factions, which have durability and which continue through several generations. There are also short – lived alliances, springing from a particular conflict or from some inter-related conflicts.

Dominance

- A pattern emerged in different regions by which some Jatis came to be dominant land owners – for example, the **Jats in the Punjab and Haryana; the Jats and**

the Rajputs in western Uttar Pradesh; the Bhumihars and Rajputs in Bihar; the Patidars in Gujarat, the Reddys, Velams and Kammas in Andhra Pradesh and the Vokkaligas and Lingayats in Karnataka.

Local Institutions

Set up of Panchayat Raj Institutions

- A three-tier structure of the Indian administration for rural development is called Panchayati Raj. The aim of the Panchayati Raj is to develop local self-governments in districts, zones, and villages.
- Rural development is one of the main objectives of Panchayati Raj and this has been established in all states of India (except Nagaland, Meghalaya and Mizoram), in all Union Territories (except Delhi and certain other areas).

These areas include:

- ✓ The scheduled areas and the tribal areas in the states
- ✓ The hill area of Manipur for which a district council exists and
- ✓ Darjeeling district of West Bengal for which, Darjeeling Gorkha Hill Council exists.

Evolution of Panchayati Raj system

- In the pre-independence period, the panchayats were instruments for the dominance of the upper castes over the rest of the village, which furthered the divide, based on either the socio-economic status or the caste hierarchy.
- The evolution of the Panchayati Raj System, however, got a fillip, after the attainment of independence and after the enactment of the Constitution. The Constitution of India in Article 40 enjoined: "The state shall take steps to organize village panchayats and empower them with such powers and authority as may be necessary to enable them to function as units of self-government".

Committees on Panchayati Raj

Balwant Rai Mehta Committee (1957)	<p>Three-tier Panchayati Raj system: Gram Panchayat, Panchayat Samiti and Zila Parishad.</p> <p>Directly elected representatives to constitute the gram panchayat and indirectly elected representatives to constitute the Panchayat Samiti and Zila Parishad.</p> <p>Planning and development are the primary objectives of the Panchayati Raj system.</p> <p>Panchayat Samiti should be the executive body and Zila Parishad will act as the advisory and supervisory body.</p> <p>District Collector to be made the chairman of the Zila Parishad.</p> <p>It also requested for provisioning resources so as to help them discharge their duties and responsibilities.</p> <p>The Balwant Rai Mehta Committee further revitalized the development of panchayats in the country, the report recommended that the Panchayati raj institutions can play a substantial role in community development programs throughout the country. The objective of the Panchayats thus was the democratic decentralization through the effective participation of locals with the help of well-planned programs. Even the then Prime Minister of India, Pandit Jawaharlal Nehru, defended the panchayat system by saying, "... authority and power must be given to the people in the villages Let us give power to the panchayats."</p>
Ashok Mehta Committee (1977)	<p>The three-tier system should be replaced with a two-tier system: Zila Parishad (district level) and the Mandal Panchayat (a group of villages).</p> <p>District level as the first level of supervision after the state level.</p> <p>Zila Parishad should be the executive body and responsible for planning at the district level.</p> <p>The institutions (Zila Parishad and the Mandal Panchayat) to have compulsory taxation powers to mobilize their own financial resources.</p>
GVK Rao Committee (1985)	<p>Zila Parishad to be the most important body in the scheme of democratic decentralization. Zila Parishad to be the principal body to manage the developmental programs at the district level.</p> <p>The district and the lower levels of the Panchayati Raj system to be assigned with specific planning, implementation and monitoring of the rural developmental programs.</p> <p>Post of District Development Commissioner to be created. He will be the chief executive officer of the Zila Parishad.</p> <p>Elections to the levels of Panchayati Raj systems should be held regularly.</p>
L M Singhvi Committee (1986)	<p>The committee recommended that the Panchayati Raj systems should be constitutionally recognized. It also recommended constitutional provisions to recognize free and fair elections for the Panchayati Raj systems.</p> <p>The committee recommended reorganization of villages to make the gram panchayat more viable.</p> <p>It recommended that village panchayats should have more finances for their activities.</p> <p>Judicial tribunals to be set up in each state to adjudicate matters relating to the elections to the Panchayati Raj institutions and other matters relating to their functioning.</p>

Constitutional Amendment Act of 1992

- The Act added Part IX to the Constitution, "The Panchayats" and also added the Eleventh Schedule, which consists of the 29 functional items of the panchayats.
- Amendment Act provides shape to Article 40 of the Constitution, (directive principles of state policy), which directs the state to organize the village panchayats and provide them powers and authority so that they can function as self-government.
- With the Act, Panchayati Raj systems come under the purview of the justiciable part of the Constitution and mandates states to adopt the system. Further, the election process in the Panchayati Raj institutions will be held independent of the state government's will.

Salient Features of Act

- **Gram Sabha:** Gram Sabha is the primary body of the Panchayati Raj system. It is a village assembly, consisting of all the registered voters, within the area of the panchayat. It will exercise powers and perform such functions as may be determined by the state legislature.
- **Three-tier system:** The Act provides for the establishment of the three-tier system of Panchayati Raj in the states (**village, intermediate and district level**). States with a population of less than 20 lakhs, may not constitute the intermediate level.
- **Election of members and chairperson:** The members to all the levels of the Panchayati Raj are elected directly and the chairpersons to the intermediate and the district level are elected indirectly from the elected members and at the village level, the Chairperson is elected, as determined by the state government.

Reservation of seats:

- ✓ **For SC and ST:** Reservation to be provided at all the three tiers, in accordance with their population percentage.
- ✓ **For women:** Not less than one-third of the total number of seats to be reserved for women; further, not less than one-third of the total number of offices for chairperson at all levels of the panchayat to be reserved for women.
- ✓ The state legislatures are also given the provision to decide on the reservation of seats in any level of panchayat or office of chairperson in favour of backward classes.

Duration of Panchayat:

- ✓ The Act provides for a five-year term of office to all the levels of the panchayat. But, fresh elections to constitute the new panchayat shall be completed, before the expiry of its five-year duration, in case of dissolution, before the expiry of a period of six months, from the date of its dissolution.

Disqualification:

A person shall be disqualified for being chosen as or for being a member of panchayat, if he is so disqualified -

- ✓ Under any law for the time being in force, for the purpose of elections to the legislature of the state concerned
- ✓ Under any law made by the state legislature.
- ✓ No person shall be disqualified on the ground that he is less than 25 years of age, if he has attained the age of 21 years

State election commission:

- ✓ The commission is responsible for superintendence, direction and control of the preparation of electoral rolls and conducting elections for the panchayat.

Powers and Functions:

Scheme may contain provisions related to Gram Panchayat work with respect to:

- ✓ The preparation of plans for economic development and social justice.
- ✓ The implementation of schemes for economic development and social justice as may be entrusted to them, including those in relation to the 29 matters listed in the Eleventh Schedule.

Finances: The state legislature may –

- ✓ Authorize a panchayat to levy, collect and appropriate taxes, duties, tolls and fees.
- ✓ Assign to a panchayat taxes, duties, tolls and fees levied and collected by the state government.
- ✓ Provide for making grants-in-aid to the panchayats from the consolidated fund of the state.
- ✓ Provide for the constitution of funds for crediting all money of the panchayats.

Bar to interference by courts:

The Act bars the courts from interfering in the electoral matters of panchayats.

Panchayats (Extension to Scheduled Areas) Act 1996 – PESA Act

The objectives of the PESA Act are as under:

- To extend the provisions of Part IX to the scheduled areas.
- To provide self-rule for the tribal population.
- To have village governance with participatory democracy.
- To evolve participatory governance consistent with the traditional practices.
- To preserve and safeguard traditions and customs of tribal population.
- To empower panchayats with powers conducive to tribal requirements.
- To prevent panchayats at a higher level from assuming powers and authority of panchayats at a lower level.

Zila Parishad – District Level Body

Functions and Powers of Zila Parishad

- It coordinates all the developmental activities of the Panchayats, such as minor irrigation works, vocational and industrial schools, village industries, sanitation, public health etc.
- It is responsible for giving proper advice to Gram Panchayats and Block Samitis and assist in their functioning
- It acts as a connecting link between state government and bodies at the lower level
- It overlooks the implementation of the Five-year plans
- It has power to do all acts necessary for or incidental to the carrying out of the functions entrusted or delegated to it
- It may, by resolution, delegate to Chief Executive Officer or any officer any of the powers conferred under the Act

- It has powers to impose penalty on any person who has disobeyed a general order passed by it
- It has powers to acquire, hold and dispose of property and to enter into contracts as required towards the development projects assigned to it by the Govt.

Finances: Panchayat Raj bodies receive funds from state Government in the form of grants. They can also earn by imposing taxes, tolls and fees on the commodities falling within their purview. Every five years the state Finance Commission reviews the financial position of panchayats and recommends principles governing distribution of taxes and grants-in-aid to Panchayat Raj bodies.

Rashtriya Gram Swaraj Abhiyan (RGSA)

- The Union Finance Minister in his budget speech for 2016-17, announced the launch of the new restructured scheme called Rashtriya Gram Swaraj Abhiyan (RGSA), for developing and strengthening the capacities of Panchayati Raj Institutions (PRIs) for rural local governance to become more responsive towards local development needs.
- **Enhance capacities and effectiveness of Panchayats and the Gram Sabhas**
- **Enable democratic decision-making and accountability in Panchayats and promote people's participation**
- **Strengthen the institutional structure for knowledge creation and capacity building of Panchayats**
- **Promote devolution of powers and responsibilities to Panchayats according to the spirit of the Constitution and PESA Act**
- **Strengthen Gram Sabhas to function effectively as the basic forum of people's participation, transparency and accountability within the Panchayat system**
- **Create and strengthen democratic local self-government in areas where Panchayats do not exist**
- **Strengthen the constitutionally mandated framework on which Panchayats are founded.**
- In the subsequent year i.e., 2017-18, GOI had announced to undertake a Mission Antyodaya to bring one crore households out of poverty, in order to make 50,000 Gram Panchayats poverty-free.

National Institute of Rural Development and Panchayati Raj core functions

- ✓ Organize training programs, conferences, seminars and workshops for senior level development managers, elected representatives, bankers, NGOs and other stakeholders.
- ✓ Undertake, aid, promote and coordinate research.
- ✓ Study the functioning of the Panchayati Raj Institutions and rural development programs across the States.

- ✓ Analyze and propose solutions to problems in planning and implementation of the programs for rural development.
- ✓ Develop content and disseminate information through periodicals, reports, e-modules and other publications.

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