

Role of Banking in Rural Development

Money, everybody knows, makes the mare go. The banking industry, is therefore, the real backbone of any country because it controls the entire economy. It was some twenty years after the attainment of independence in this country that the national leaders thought of involving the banks in a big way in the development plants of the country.

Banking industry in India has come a long way from the time when banks used to be mere deposit-taking and money-lending institutions. The aim of the bankers at that time was maximum profits with minimum risk. 'Class banking' and not 'mass banking' was the motto of the people managing the banks. But with the nationalization of banks in 1969, the concept and attitude of the bankers got totally changed. Banks became institutions with social responsibility. They decided to go to weaker sections of the society and help them in achieving their aspirations. Rural areas which hitherto were untouched by banks became the special targets of the banks. Opening of branches in rural areas assumed new significance. As a consequence, more than 40% of the branches of nationalized banks are in rural areas. In spite of rapid industrialization and development of cities, more than 70 percent of the people live in rural areas. It is therefore, clear that India can't progress without making an earnest effort to improve their lot. Rural populace has to be involved in the mainstream of the nation in one form or another.

Banks have contributed a lot in developing in rural India. Banks were entrusted with this Herculean task immediately after nationalization. The target was to provide at least one bank for every 17,00 of population in rural and semi-urban areas. Thanks to the dedicated work under its apex organization for agriculture, NABARD, banks have already achieved this target. NABARD regulates the flow of credit, monitors growth of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. Regional rural banks were also created to meet the credit requirements of only weaker sections and small entrepreneurs. A lot has been done by the banks for the above classes of people residing in rural India.

Rural indebtedness had taken deep roots in the country. It constituted a serious economic, social and political problem. Banks came to the rescues of the rural population as a 'messiah' and gave them a new sense of dignity. The picture of rural India has changed in a big way during the last two decades. There has been no scheme or development project in which banks have not been directly involved. Be it IRDP, RLEGP, TRYSEM, SEP UP or POP, banks have always been in the forefront. Banks, it can be claimed, have

achieved almost all the targets for priority sector advances fixed for them in the last few years. Banks are not only giving loans for purchase of tractors, seeds or for digging of wells, but also becoming active participants in bringing new technology to the farmers and in educating them.

In fact, it is through the banks only that the Indian farmer is reaching out to the latest advances in the field of agriculture. The day is not far off when the face of India will be changed beyond recognition. In that respect, the major share of the credit would certainly belong to the banking industry in the country.