

ABSTRACT

The agriculture has always been the backbone of the Indian economy. The agricultural sector in India was underdeveloped in the pre-independence period, but it still occupied a place of pride. As it is a fundamental instrument for economic development and poverty reduction, the Government of India has taken various initiatives to develop Indian agriculture. On the other side, the banking system is one of the most dominant segments of the financial sector in India. It plays an important role in promoting economic development by channeling savings into investments as well as improves the allocative efficiency of resources.

In India, there is an immense need for adequate agricultural credit as majority of Indian farmers are very poor. The institutional credit has been considered to play one of the most important roles in the agricultural development of India. Therefore, the Government of India encouraged Commercial Banks to provide more and more credit to agriculture sector and ensuring access to institutional credit in rural areas. In order to improve this situation, the Commercial Banks do have a greater role to play in supplying credit for agricultural development through production, storage and marketing facilities.

On the basis of above context, we have made an attempt to investigate the role of the Commercial Banks in agricultural development in India in the 21st century at macro level. We have also chosen the Jalpaiguri District, West Bengal as an area of our case study to assess the prevailing situation at present existing here.

The present study is entirely based on secondary data for the period of 2001-02 to 2018-19 and various statistical tools have been used to analyse the data. It has been observed throughout the study that the growth performance of Cooperative Banks has lost their share of Ground Level Credit (GLC) to agriculture sector in India and the Commercial Banks have played the dominant role. The growth performance of Crop Loan has not found satisfactory during the study period and the Term Loan has started improving from 2012-13.

In order to assess the progress of agricultural credit in India, the growth rate of agriculture and allied sectors in GVA at factor cost, production and productivity of major crops, Gross Capital Formation (GCF) in agriculture have been taken into consideration. It is found from our study that the agricultural growth rate was quite low and AAGR of production as well as productivity of major agricultural crops were not satisfactory during the study period. The performance of share of public investment in GCF has been dominated by share private investment in agriculture and allied sector during the study period.

With an aim to evaluate the role of institutional credit to agriculture infrastructure, we have examined the RIDF in our study and it is found that the RIDF has emerged as an important, dependable and timely source of funding for almost all the state governments for building up rural infrastructure. The present study also pointed out the active role of different credit institutions to generate productivity, profitability and sustainability of agriculture through Self-Help Groups and financial cooperatives.

The present study also carried out a case study on an area of Jalpaiguri District, West Bengal during the period of 2009-10 to 2018-19. It is witnessed in our study that the Commercial Banks are taking lead role in terms of GLC flow but, the growth performance of Cooperative Banks has not found satisfactory and the performance of Term Loan was also not satisfactory in the district. In Jalpaiguri, the institutional credit has made a significant impact to the agricultural production as well as productivity during the study period. All the Scheduled Commercial Banks have made a great effort to improve agricultural infrastructure and self employment through FPOs, SHGs and JLGs in the Jalpaiguri District.

Finally, some major recommendations have been made in order to improve the efficiency of Commercial Banks to serve the institutional credit flow in agriculture sector in India. The present study reveals that still in 21st century the agriculture sectors do have a greater role to play for economic development in India and the Commercial Banks are the key factor to develop the agriculture and allied sector.