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INSTITUTIONAL CREDIT AND RURAL DEVELOPMENT IN INDIA

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ABSTRACT

Institutional credit and rural development are always interlinked. In India we have a well developed banking network which plays a vital role in the development process of the economy by accepting the surplus amount of the society in the form of deposits and lending loans and advances for the development of the society. Srimathi Indira Gandhi has nationalized the commercial banks on two phases i.e., on 1969 and 1980 with the intention of routing the credit from banks to the needed rural sectors. The nationalization of the bank as well as setting up of Regional Rural Banks (1975) has further strengthened the rural credit together with co-operative banks. The present study used simple tools like percentage analysis, growth rate and mean value for analyzing the role played by the commercial bank in developing the rural segment by comparing the Regional Rural Banks (RRBs) and Co-Operative Banks (COBs). From the analysis it is clear that the contribution of the banking and financial sector to the current economic growth of the Indian economy is very significant and the share of institutional credit to the rural segment have increased considerably from the nationalization.

KEYWORDS: Institutional Credit, Kisan Credit Card, Economic growth, Nationalization.