

ABSTRACT OF THE THESIS

Being India as a rural based country, the role of Commercial Banks has main importance in the development of agricultural sector. To channalise the volume of credit to the appropriate sectors of the society, the concept of priority sector was formulated as early in 1968 before the scheme of social control over the Commercial Banks was launched. After the nationalisation of 14 major Commercial Banks, in 1969 there has been a drastic change in the advances to rural sector giving the most priority on them.

In the present study, it has been tried to analyse "**The Role of Bank Credit in Rural development (A Case Study of Muzaffarnagar District)**". The area proposed for the study is one of the most prosperous districts of India i.e. Muzaffarnagar District. According to the census (2011), 72 percent of the total population of Muzaffarnagar belongs to the rural areas. Since the many early years, it has been noted that the agriculture remained the pre-dominance of the rural sector in the district. The Commercial Banks have advanced mainly to priority sector in the district, that is more than 100 percent of the targets allotted to them in the recent years, and the major portion has been advanced for the agriculture (mainly sugarcane) sector for the rural development point of

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view.150 beneficiaries have been selected as the sample beneficiaries for the study in which 30 are small farmers, 20 are marginal farmers, 50 are in landless labourers and 50 are in other than agriculture sector.

It has been found that all the farmers do not need the financial assistance. Some of them have their own resources. Some of them are too small to make a gainful borrowing and a large number of farmers do not or can not use optimum input. So they require the credit facility from the banks. It is not easy to work out the total requirement of rural finance in the district. One can always make a rough but reasonable estimate to find out. As against the above estimate demands, the district credit plan has made a tentative proposed financial resources availability of Commercial Banks. These resources are as under: -

1. Bank deposits
2. Recycling of funds,
3. National Bank for Agriculture and Rural Development (NABARD)

Regarding the bank deposits, it has been noticed that the trend of deposits is increasing in the last five years. The percentage of recovery of Commercial Banks has also been above

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58 percent in the last three years. The availability of refinance from NABARD is also satisfactory. In this way the availability of resources for the Commercial Banks in the district is in a comfortable position to meet their credit requirements under the targets set by the Lead Bank in the annual action plans.

There are 148 branches functioning in the entire district and providing credit facility to all the sectors. In the direct financing, the Commercial Banks have provided the finance to agriculture and allied sectors. Under agriculture sector, the Commercial Banks have achieved their targets from 73 percent to 99 percent from the year 2014 to 2019. It shows the best performance of the Commercial Banks in this aspect. Under agriculture sector, the Commercial Banks have financed for the crop loan to the farmers and achieved their targets from 52 percent to 137 percent in the years from 2014 to 2019.

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