

Editorial

RURAL CREDIT PLAN

Representatives of commercial and cooperative banks agreed that there was scope for both of them to function side-by-side in the field on agricultural credit in view of the enormous credit gap existing at present.

The meeting of these bank was convened by the Finance Minister, Mr. Y.B. Chavan, to discuss three policy issues : (1) The role of commercial banks in agricultural credit and coordination with cooperative banks; (2) Organisation of farmers' service societies, recommended by the National Commission on Agriculture and (3) policy for grant of taccavi loans and institutional credit for agriculture. Giani Zail Singh, Chief Minister of Punjab, the Union Minister of State for Agriculture, Mr. A.P. Shinde, and many ministers of cooperation from several States attended this meeting.

It was agreed that in areas, served by strong central cooperative banks, commercial banks may finance non-members of the cooperative within the area of operation of their branches and also provide finance for those purposes which are not covered by the cooperatives in the area. Commercial banks should also serve weak, pockets not adequately served by central cooperative banks.

In areas where central cooperative banks are weak, commercial banks may utilise primary agricultural credit societies and canalise agricultural credit through these societies. In areas where there are no societies or are defunct societies commercial banks may undertake direct lending to farmers and help in the organisation of new viable primary agricultural credit societies.

In the organisation of farmers' service societies recommended by the National Commission on Agriculture, it was agreed that both commercial and cooperative banks should be involved in this process.

In his address Mr. Y.B. Chavan said that the credit requirements of rural areas were so vast that both cooperative banks and commercial banks had almost unlimited opportunities to function simultaneously for many years to come.

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