PREFACE

One of the basic objective to nationalise the major commercial banks in India was to convert them from "class banking" to "mass banking". It was during the post nationalisation period that priority sector lending and social banking concepts have been crystalised and adopted for the purpose of credit deployment. The word "priority sector" is used for those activities which have national importance and have been assigned priority for development but which had not received due attention from the private sector commercial banks. Hence, in the scheme of social control, emphasis was laid on larger allocation of bank credit mainly to three important sectors, namely, agriculture, small scale industries and exports which were termed as 'priority sector'.

The scope of priority sector was subsequently broadened so as to include other sectors such as small business, retail trade, road & water transport operators, professional & self-employed persons, industrial estates etc. Over a period of three decades since nationalisation, the composition of priority sector has undergone some modification and segments like consumption loans, housing, education, people belonging to weaker section, funds provided to RRB's, loans to SHGs/NGOs etc., came under the purview of the 'priority sector'.

It has been recognised that the distribution of priority sector advances of scheduled commercial bank has not been equitable among the different segments of priority sector. So some sub-targets were fixed by the Reserve Bank of India within the overall target of 40 percent of priority sector lending.

Since nationalisation, the scheduled commercial banks have been engaged in the task of bringing about the desired change in the attitude and approach of banks in regard to their priorities vis-a-vis the services rendered by them. No doubt, the
quantitative changes are perceptible in this regard, but the qualitative changes have not been assessed in terms of pronounced policies.

An attempt has been made through the present study to assess the impact of priority sector lending in Assam in general and both the districts of Golaghat and Jorhat in particular, in terms of Reserve Bank of India's stipulated overall target and sub-targets fixed for priority sector lending including extension of credit to various sectors like agriculture, small scale industries, and other priority sectors.

This study has been divided into nine chapters. Chapter-I deals with early history of commercial banking in Assam and its development during post-nationalisation period. Chapter-II deals with some conceptual issues related to priority sector lending including the composition and the lending target and sub-targets fixed by the Reserve Bank of India from time to time.

Chapter-III deals with the evolution and growth of priority sector lending in India as a whole and Assam in particular. In Chapter-IV, a brief profile of the two districts, i.e. Golaghat and Jorhat, which we have selected for the field survey have been incorporated.

The detail analysis of priority sector lending in the spheres of credit deployment by commercial banks in agricultural, small scale industrial sector and other priority sector (OPS) of Assam and both the districts have been discussed in the Chapters V, VI and VII respectively.

Chapter-VIII deals with the recovery of priority sector dues and problems associated with prompt recovery in Assam. And finally, summary of the findings and recommendations are incorporated in Chapter-IX.