Banking Sector Reforms and Agricultural Crédit : An Overview

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Abstract:

A strong and aggressive banking system is required for a globally competitive financial system. The current banking system is the result of previous reforms and policy changes. The period known as post-reform phase has been divided into three distinct chronological periods. The first one lasted from around 1991 up to 1998. Second phase of reforms began from year 1998 and lasted till the commencement of the global economic downturns held in year 2008. Another one phase is ongoing. This article focuses on India's banking industry, which has attracted increasing interest since the economic reform program was implemented in 1991.

Keywords: Banking reforms, SLR, CRR, E-Banking, CAN, NPAs

INTRODUCTION

Since 1991, the Indian monetary system has undergone significant changes. Banks, monetary institutions and Non-Banking Financial Companies (NBFCs) had changed their organizational structure, ownership sample and operating areas as a result of reforms. The introduction of green and sound financial institutions markets has become the most crucial focus of changes within the financial industry. Reforms in the banking and non-banking industries aimed to create a deregulated environment, reinforce prudential requirements and supervisory systems, convert the possession sample and increase competition. Reforms in the financial industry have been identified as top issues on the global government agenda. This is due to a number of factors.

- To improve the effectiveness of mobilizing the financial resources and produce better growth levels but the improvements to the banking sector are first and foremost required.
- Second, for macro-monetary stability the reforms in banking industry are essential. India experienced its foulest economic downturns in the 1980s.

India started a phase of economic reform in 1991, and as a result, the Indian economy was liberalized, privatized, and made more global. Banking reforms were sparked by the recommendations of numerous committees, most notably the Chakravarty Committee (1985), the Vaghul Committee (1987), and the Narasimham Committee (1991), also referred to as the first Narasimham Committee. Prior to 1991, India's economy had declined into a structure that was largely disconnected to the global economic system of relaxation. Democracy is the result of a deliberate economic system model based on a Nehruvian-Fabian socialist philosophy. India began its journey toward liberalization, privatization and globalization in 1991. This threw a new morale boost into India's still-developing economy. In terms of banking, the main Narasimham Committee released a roadmap for banking reforms in 12 months. Using these suggestions as a foundation, the government released a detailed financial sector modernization strategy that included maintaining the status quo of a market-based regulatory system, reducing government interference in banking activities and liberalizing lending rates. The elimination of restrictions on foreign direct investment is yet another ultimate result of liberalization. From 1991, the economic calamity in India to its current position as the world's six largest economy in 2021, having growth rate of 8.9 percent of GDP. India has made great progress in terms of monetary development as its financial sector has also changed. The Finance Ministry of the Government of India (GOI) established a number of committees to analyze India's banking sector and adopt laws and regulations to make it more effective, aggressive and efficient in response to the changing needs of the industry. Under the chairmanship of M. Narasimham, two such professional committees have been established. They submitted their recommendations in the Narasimham Committee-I (1991) report and the Narasimham Committee-II (1998) report, both published in year 1990s. These proposals can be seen as a step toward mitigating the effects of the global financial crisis that began in 2007 and help unlock the potential of India's banking sector. Unlike the socialist-democratic technology of the 1960s and 1980s, India is not immune to the global economic system, but thanks in part to these Narasimha committees, Indian banks were able to survive the 2008 financial crisis relatively unscathed.

II. METHODOLOGY

The data for this study was gathered from a variety of secondary sources in order to review the monetary sector reform as well as unique references used. Newspaper clippings, monetary surveys and other reviews of the Indian presidency published and unpublished research works of various eminent pupils within the field.

III. NEED FOR REFORMS

In 1991, India faced a severe financial crisis. Even for two weeks, our foreign exchange reserves were insufficient to cover our imports. There were no new loans available and non- resident price ranges were being withdrawn. Lack of confidence within the Indian financial system has nearly become a global phenomenon. It was past time to implement new reforms that would rescue the economy from this disaster and put it back on the path to rapid and consistent growth.

IV. BANKING SECTOR REFORMS, PHASE ONE (1991)

The Narasimham Committee made suggestions to encourage the Indian economy, especially the financial sector, to grow healthily. Since 1991, the following measures have been implemented in accordance with the Narasimham Committee's suggestions with the support of the government:

- Lower the SLR and CRR so that more money remains with banks and can be distributed to commerce, industry, agriculture and other sectors.
- Banks were required by prudential norms to set aside 100percent of all non-performing assets. (NPAs).
- With the support of RBI, capital adequacy norms (CAN) are maintained at 8percent. (Capital adequacy ratio is the ratio of minimum capital to impaired assets)
- Due to the deregulation of interest rates, SBI and other banks no longer charge such high loan fees for normal loans of more than 0.2 million.
- New private sector banks are allowed to raise up to 20percent of their capital from foreign institutional investors and 40percent from non-residents of India. As a result, there is now more competition.

- 6 Special Recoveries Tribunals have been established to recover the debt. In addition, an Appellate Tribunal has been established in Mumbai.

V. REFORMS TO THE BANKING SECTOR IN THE SECOND PHASE (1998)

he Banking Sector Reform Committee, headed by M. Narasimhan, was established by the government to strengthen the banking sector; it submitted its second reform report in April 1998. The committee gave greater weight to structural measures and raising transparency standards and levels. Based on the committee's suggestions, the following changes were considered:

- New Instruments and Areas: New instruments and areas have emerged in insurance, credit cards, asset management, leasing, gold banking, and other areas. Interest rate swaps, forward exchange contracts and other new instruments have been spread.

- Risk Management and Technology Strengthening: Banks have formed specialized committees to assess and screen a wide range of risks. The infrastructure for charge and agreement device generation has been strengthened with the digital budget transfer, centralized fund control devices and so on.
- Raising the FDI limit for non-public banks: the FDI limit for non-public banks was raised from 49percent to 74percent.
- Adoption of international standards and information technology: best international practices in corporate administration, fee and contract structures, accounting structures and other areas are put into practice. Online banking, e-banking, net banking, mobile banking and other services are provided by banks.
- NPA management: the RBI and the government have introduced NPA control measures such as Lok Adalts, debt recovery courts and company debt restructuring (CDR).
- Anti-Money Laundering Guidelines: In recent years, international financial relations have placed greater emphasis on the prevention of money laundering. In 2004, RBI updated the standards for the application of the "Know Your Customer" (KYC) concepts.
- Prime rate system: to ensure that banks' pricing of their mortgage products accurately reflects costs, the Benchmark Prime Lending Rate (BPLR) was introduced in 2003. However, the BPLR methodology hasn't fully achieved its objective.

Since 1st July 2010s, the RBI has delivered the Base Rate device. The base price is the lowest possible price for all loans. Banks have been advised to use the marginal cost lending rate (MCLR) instead of the prime rate, which allows borrowers to benefit from changes in the repo rate, since April 2016, when banks stopped lending on this premise.

VI. ANALYSIS OF BANKING SECTOR REFORMS

Lowering SLR and CRR

It allows for a certain percentage of deposits to be saved through the use of banks in the form of liquid assets. This is saved by utilizing the financial institution itself. Government securities, treasury bills, and different securities registered with the RBI are examples of liquid assets. Banks should invest a larger portion of their deposits in certain securities when the SLR is higher, as this will reduce the amount of excess money they have available for lending. It will match in credit scoring. Similarly, banks should hold a much lower percentage of their deposits in certain securities when the SLR is significantly lower, and banks could have additional funds available for lending. SLR is constant with the help of RBI and has typically ranged between 24 and 39 percent. This ratio is now 19 percent.

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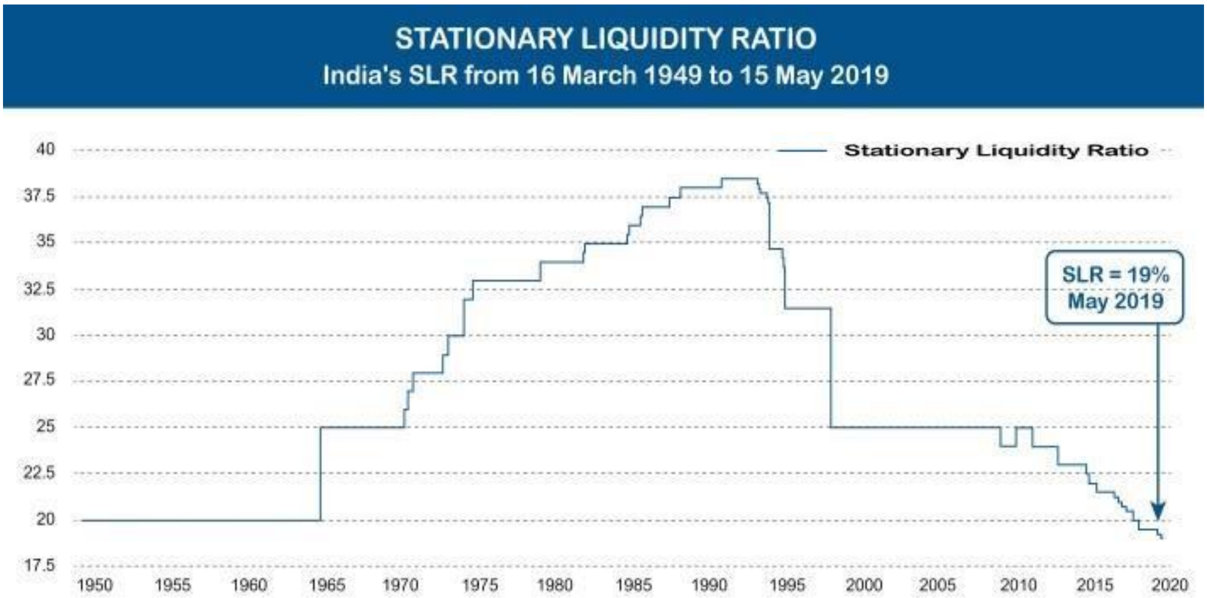
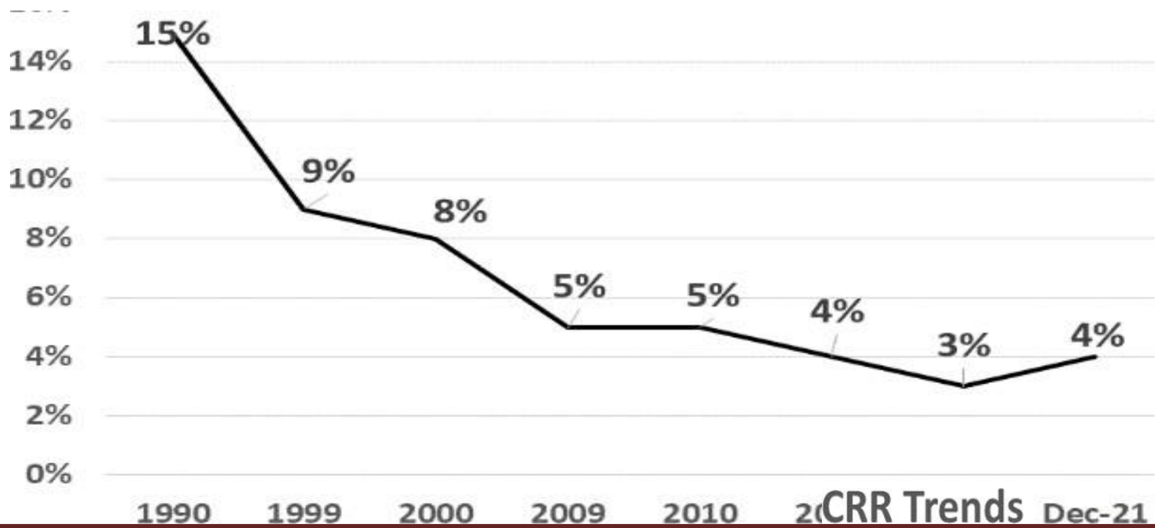
CRR (Cash Reserve Ratio): The Reserve Financial Institution is responsible for regulating the cash reserve ratio that commercial banks must maintain. The CRR is the minimum cash reserve that each financial institution is required to maintain with the primary financial institution, the RBI. If the RBI raises the CRR, banks will have to hold more cash with the RBI, reducing their mortgage lending capacity. As a result, a higher CRR will result in a higher credit score. If the RBI lowers the CRR, banks will have to hold much less cash with the RBI and banks may have extra cash for loan granting. As a result, a low CRR will result in a higher credit score. In 1993, the CRR rose to a historic high of 14percent.

Currently, CRR is 4 percent. Quantitative regulations are implemented concurrently with interest rate deregulation. In 1990s, 40 percent of the credit score of financial institutions was directed toward priority sectors. The reserve requirement pre-emoted more than 40 percent of the banking sector's net demand and time liabilities. The amount of money available at banks for credit scores has shrunk dramatically.
The reserve requirement is gradually reduced over time.

Figure 1





Source: RBI, Chronology of SLR, CRR charge in India

According to this graph of figure 1, India's Statutory Liquidity Ratio was reported at 19 percent on May 15, 2019. This remained unchanged from the previous figure of 19 percent for the 14th of May 2019. The Statutory Liquidity Ratio in India is updated daily, averaging 25 percent from March 1949 to May 15, 2019, with 25628 observations. The data peaked at 38.5 percent on January 8, 1993 and peaked at 19 percent on May 15, 2019. The Statutory Liquidity Ratio for India is provided by the Reserve Bank of India. A reform of the Statutory Liquidity Ratio is currently underway with the aim of gradually reducing the ratio so that banks can lend more to the private sector.

It was concluded that the statutory liquidity ratio (SLR) was reduced from 25 percent in 1998 to 19 percent in 2019. Now the rate of SLR is 18 percent. The cash reserve ratio (CRR), which was 10.5percent in 1998 and will be 4 percent in 2022, was steadily decreased.

REPO (repurchase auction rate) and REVERSE REPO (opposite repurchase auctionrate)

The primary financial coverage rates are repo and reverse repo. The interest rate at which commercial banks can borrow from the RBI is comparable to the repo rate. The rate of interest offered by the RBI on deposits of commercial banks with it is comparable to the reverse repo rate. The credit rating will increase due to the increase in repo fees as commercial banks will now receive money at a lower interest rate from the RBI. As an increase in one repo fee increases creditworthiness, an increase in the other repo fee will encourage commercial banks to deposit more money with the RBI in exchange for a higher interest rate. If commercial banks deposit a larger budget with the RBI, their ability to borrow money for mortgages will be constrained. The current year's repo rate is 4 percent, and the reverse repo charge is 3.35 percent.

Table1. REPO RATE issued for banks in India.

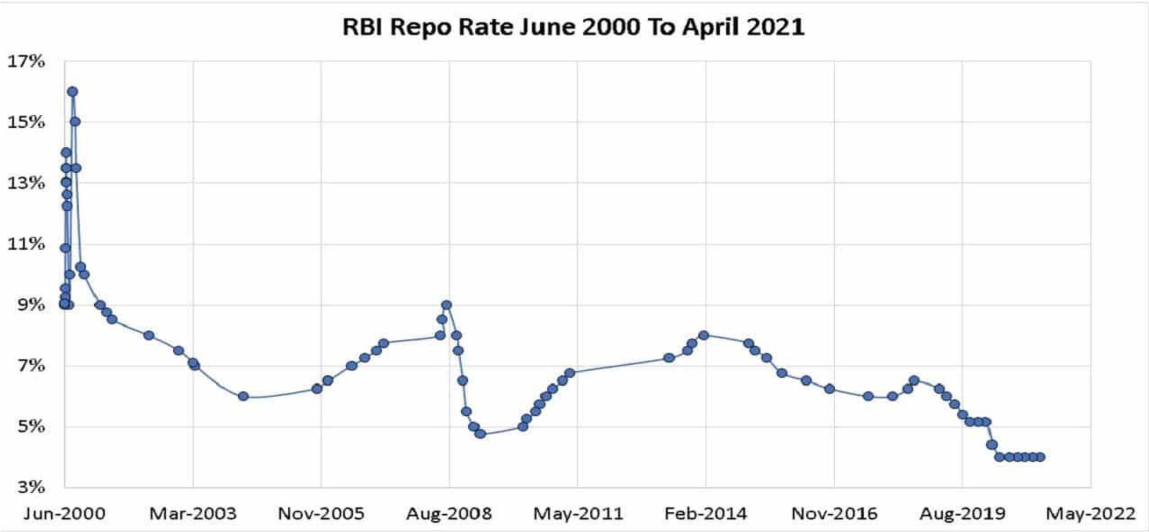
Date	RBI Repo Rate (percent)	Date	RBI Repo Rate(percent)	Date	RBI Repo Rate(percent)	Date	RBI Repo Rate(percent)
28-03-2002	8.00	02-07-2010	5.50	04-10-2019	5.15	08-04-2022	4.00
07-06-2001	8.50	20-04-2010	5.25	07-08-2019	5.40	10-02-2022	4.00

30-04-2001	8.75	19-03-2010	5.00	06-06-2019	5.75	08-12-2021	4.00
09-03-2001	9.00	21-04-2009	4.75	04-04-2019	6	09-10-2021	4.00
06-11-2000	10.00	05-03-2009	5.00	07-02-2019	6.25	06-08-2021	4.00
13-10-2000	10.25	05-01-2009	5.50	01-08-2018	6.50	04-06-2021	4.00
06-09-2000	13.50	08-12-2008	6.50	06-06-2018	6.25	07-04-2021	4.00
30-08-2000	15.00	03-11-2008	7.50	07-02-2018	6.00	05-02-2021	4.00
09-08-2000	16.00	20-10-2008	8.00	02-08-2017	6.00	04-12-2020	4.00
21-07-2000	10.00	30-07-2008	9.00	04-10-2016	6.25	09-10-2020	4.00
13-07-2000	9.00	25-06-2008	8.50	05-04-2016	6.50	06-08-2020	4.00
28-06-2000	12.25	12-06-2008	8.00	29-09-2015	6.75	22-05-2020	4.00
27-06-2000	12.60	30-03-2007	7.75	02-06-2015	7.25	27-03-2020	4.40

23-06-2000	13.05	31-01-2007	7.50	04-03-2015	7.50	06-02-2020	5.15
22-06-2000	13.00	30-10-2006	7.25	15-01-2015	7.75	05-12-2019	5.15
21-06-2000	13.50	25-07-2006	7.00	28-01-2014	8.00		
20-06-2000	14.00	24-01-2006	6.50	29-10-2013	7.75		
19-06-2000	13.50	24-01-2006	6.50	20-09-2013	7.50		
14-06-2000	10.85	26-10-2005	6.25	03-05-2013	7.25		
13-06-2000	9.55	26-10-2005	6.25	17-03-2011	6.75		
12-06-2000	9.25	31-03-2004	6.00	25-01-2011	6.50		
09-06-2000	9.05	19-03-2003	7.00	02-11-2010	6.25		
07-06-2000	9.00	07-03-2003	7.10	16-09-2010	6.00		
05-06-2000	9.05	12-11-2002	7.50	27-07-2010	5.75		

Source: RBI, Chronology of RBI repo charge in India

Figure 2



Source: RBI, Chronology of repo charge in India

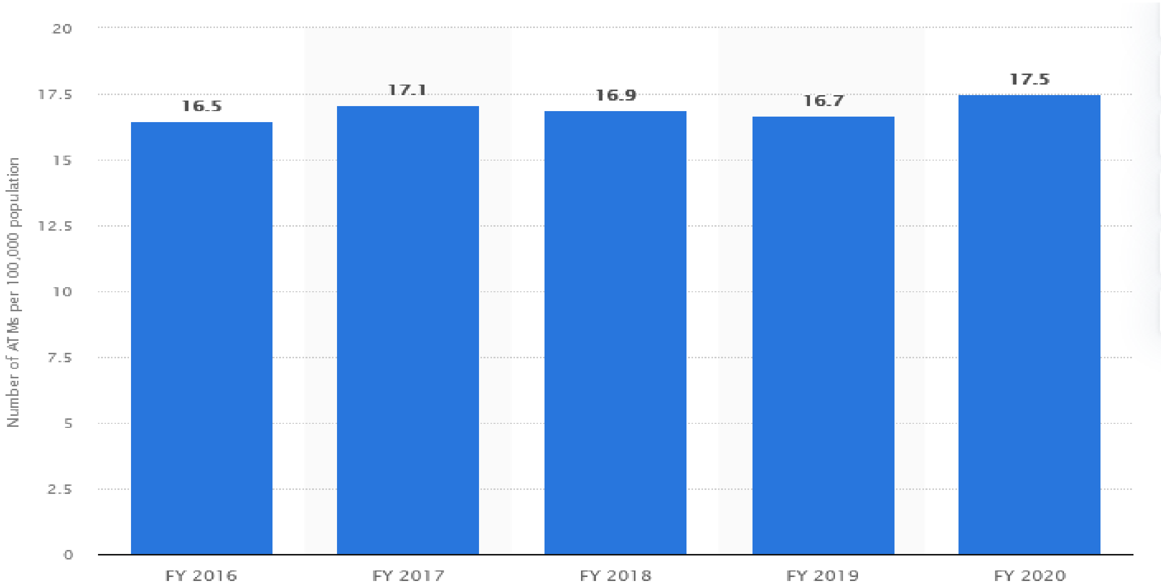
This graph indicates that the RBI modifies REPO and REVERSE REPO on a regular basis to govern commercial bank credits in order to increase and develop them.

E-BANKING

A digital payment system called online banking, also called net banking, e-banking, or virtual banking, allows customers of banks and other financial institutions to conduct a variety of financial transactions through the bank's website. The online banking device is usually connected to or part of a financial institution's central banking system. This is in contrast to branch banking, where customers traditionally use banking services. Online banking, net banking and e-banking are identical in terms of appearance and functionality. In India, e-banking is still a comparatively new phenomenon. Branch banking was the standard banking paradigm. Early of year 1990s, financial services were offered outside branches for the first time. The precise old guiding structures on which Indian banking relied for centuries now seem to have no place. ICICI Bank is credited with introducing net banking to India. In year 1999, the Citibank and HDFC Bank both were introduced net banking services firstly in market. Both the Indian government and the central bank i.e., RBI have launched several initiatives to promote the growth of e-banking in India. Effective October 17, 2000, the Government of India introduced the Information Technology (IT) Act, 2000s, which criminalizes digital transactions and various approaches to digital commerce. To ensure that e-banking can develop on a sound basis and that the difficulties it faces do not jeopardise monetary stability, the central bank of India continuously monitors and reviews the basic requirements and other prerequisites for e-banking. The "IT Vision Document- 2011-17" for the central bank and other banks has been prepared by a high-level committee headed by Dr. K.C. Chakraborty and includes representatives from IIM, IDRBT, IIT, some banks and the central bank i.e., RBI. This document provides a general roadmap for the increased use of IT in the banking sector. The following electronic financial services are offered to customers by Indian banks:

- **ATMs:** Automated teller machines (ATMs) are telecommunications tools that let clients of financial institutions carry out financial operations in a public setting. A study indicates that there are more ATM users in India every day.

Figure 3



Source: The global financial institution IBRD-IDA record

- **NEFT (National Electronic Funds Transfer):** NEFT is a national payment method that allows funds to be transferred from one person to another. Anyone who has an account at a financial institution in the country participating in the programme can easily send money to another person in the country participating in the programme who has an account at a different financial institution. The costs that may be imposed on the buyer for NEFT are broken down as follows:

a) Inward transactions at destination financial institution branches (for credit to beneficiary accounts) – free; beneficiaries will not be charged.

b) Outward transactions at originating financial institution branches - fees that the remitter should be aware of:

i) For transactions up to Rs 10,000, the fee is no longer more than Rs 2.50 (+ Service Tax).

ii) For transactions of more than Rs 10,000 but less than 0.1 million, the fee is no longer more than Rs 5 (+ Service Tax).

iii) For transactions of more than 0.1 million but less than 0.2 million, the fee is no longer more than Rs 15 (+ Service Tax).

iv) For transactions over 0.2 million, the fee is now Rs 25 (+ Service Tax).

Since July 1, 2011, sending institutions have to pay a small transmission fee of 25 paisa to the clearing house and the target financial institution for each transaction. However, banks cannot pass on these fees directly to customers.

The beneficiary can expect to receive a credit from the place where the transaction was settled for NEFT transactions during business hours.

- **Smart Card:** Smart Cards are small, credit card-sized devices with integrated microprocessors and another circuitry. They are also known as Integrated Circuit Cards (ICC). These devices typically consist of synthetic plastic and serve the various purposes. These chips, which are used in ATM and credit score cards, store a person's Personal Identification Number (PIN) and account details. They are used in SIMs, which need to be inwardly positioned as some cell telecom cell smartphone in order to compile a community provider's products. They can be utilized as digital money and as a charging method at a variety of sources. They are accepted for many types of public transit. They can be used in business organizations for identification and time logging purposes. When a character is looking for medical facilities, they can provide a ton of information and specifics about that person, which has many advantages. They are acceptable as identification in a large number of international locations. They may be used to store information about military personnel, and access to this information requires special military smart card scanners. What makes it such a renowned method of data distribution is the community protection provided by the microcontroller on the cardboard. The scanner and notebook can communicate with the microprocessor plainly and access its data as a result. This serves as the main distinction between a smart card and every other piece of equipment used in a data storage.

- **Mobile banking:** Mobile banking is a service offered by a bank or other financial institution that enables its customers to conduct various financial transactions remotely using a mobile device, such as a smartphone or tablet, and the use of software, commonly referred to as an app, provided by the financial group for the purpose. Typically, mobile banking is available around-the-clock. Some financial institutions have restrictions on which accounts can be reached through mobile banking as well as a cap on the amount that can be exchanged. Since its launch on January 11, 2008, ICICI Bank has grown to become the second-largest financial organization in India thanks to its entirely original mobile banking platform.

Capital Adequacy Norms

Banks also place a premium on dissolvability in addition to output and wellbeing. The concept of dissolvability refers to a circumstance in which assets are equal to or more significant than liabilities. In order to protect the interests of investors and donors, a financial institution must choose its properties carefully. In 1991, the Government of India (GOI) opted the power source the Narasimham Advisory Group to demonstrate improvements in the financial sector. Every bank is anticipated to have a base capital of 8percent to the risk-weighted assets of the banks, according to the Narasimham Panel's most inspiring report from 1992–1993. It's referred to as the ratio of capital to risk asset ratio (CRAR). Up until March 1997, all 27 of India's public sector banks (aside from UCO and Indian Bank) had adhered to the capital adequacy standard of 8percent. In the years 1998–1999, the Narasimham Committee's Second Report was delivered. It advocated for the gradual increase of the CRAR to 10percent. It encouraged the implementation of an intermediate minimum target of 9 percent through the year 2000 and 10 percent through the year 2002.The CAR (Capital Adequacy Ratio) measures the financial strength of an organisation by comparing its capital (net well worth and subordinate debt) to its risk-weighted credit exposure. (loans). The capital to risk-weighted assets ratio (CRAR) is another name for it. The Reserve Bank of India (RBI), which is better than the globally recommended percentage of 8percent, currently requires a minimum capital of 9percent of the hazard-weighted property. The Basel III standards called for a capital to risk weighted assets ratio of 8percemt, but most Indian banks, particularly those in the public sector, keep capital adequacy levels of greater than or equal to 12percent. A financial organisation with higher capital adequacy is regarded as being more secure because even if its loans fail miserably, it may make up for it with its net worth.

NPAs (non-performing assets)

Non-Performing Assets (NPA) Non-Performing Assets (NPA) or horrifying loans are the names for the assets owned by banks that don't perform (i.e., don't provide any yield). Loans that have outstanding interest or principal payments that have been past due for more than 90 days following the end of a particular quarter are considered non-performing assets, according to the RBI. Provisioning Coverage Ratio for each mortgage given out, the banks maintain apart a few more budgets to cowl up losses if something is going incorrect with the one's loans. This is referred to as provisioning.

Table 2

Types of assets	**Provision insurance ratio**
Standard property (which never NPA)	0.40 percent
Sub-trendy property (which NPA much less than 12 months)	15 percent for secured loans 25 percent for unsecured loans
Doubtful property (which NPA greater than12 months)	Up to 1 year with25 percent 1 to 3 years with 40 percent More than 3 years with 100 percent
Loss assets (which always NPA)	100 percent

Almost twenty months into the Modi government's tenure, it wouldn't be misleading to contend that state-owned financial institutions are in danger of failing because of their excessive NPAs, which represent more than 90 percent of the company's horrifying amount of outstanding debts. It surprised analysts that many of them cited losses from significant NPAs during the December quarter. As a result of the numerous problems within the banking industry, investors are selling off their holdings in those institutions' shares. In the region with the highest levels of debt, nine out of ten banks are government-owned. As per the guidance provided by the RBI for all financial institutions that they must clear up their books of accounts by the end of March 2017 and their creditors must put aside a sizable amount of capital in the form of provisions as well. Raghuram Rajan, governor of the RBI, has sent a strong warning to banks, telling them to deal with the NPA problem immediately rather than suspending and agitating it. However, the high NPAs also have significant capital implications for those institutions. Banks need to put aside money (known as provisions) to cover their terrible loans. The government, which owns the banks and has authority over 70percent of the assets of the banking industry, is responsible for keeping government banks afloat. According to experts, the government's reassured that they made an investment only in those banks who have insufficient capital. Arun Jaitley, the finance minister, must figure out how to implement solutions over the long haul.

IMPACT OF BANKING REFORMS ON THE AGRICULTURESECTOR

***Elimination of the interest rates*:** During period of economic reform, government regulations on interest rates of commercial banks were abolished. Interest rates on bank loans above INR. 20,000 rupees are not completely controlled. The purpose was to give commercial banks more freedom in setting interest rates which affects the agricultural sector recognition. CRR and SLR have been reduced. The reserve requirement ratio (CRR) is the total amount of bank deposits that must be held at RBI. That is, banks do not have access to this amount due to economic or commercial activity and the Legal Liquidity Ratio (SLR). The amount invested in a particular security, primarily central government and state securities. During India's economic reform era, both are steadily declining. It will drop from the prior high of 15percent to just 4percent. The CRR is 4percent at the moment. Additionally, SLR has been lowered from its original 38.5 percent minimum to the current 18percent minimum. As a result, commercial institutions had access to more reliable funds, which also resolved the liquidity issue. However, commercial banks are not using surplus funds to provide agricultural credit. Commercial banks are investing in a variety of activities.

- **Risk Management:** During the period of economic reform, India's banking sector was highly diversified. Many banks introduced new services and systems, and some of them created affiliates in merchant banking, investment trusts, insurance, etc., creating a variety of revenue streams. All commercial banks, especially new-generation banks, are doing a variety of activities to improve profitability. Therefore, agricultural credit is less important.

- **The emergence of new-generation banks:** Many new-generation banks have successfully entered the financial horizon during the reform period. According to RBI guidelines, all commercial banks that do not meet the agricultural credit sub-target of 18 percent of net bank loans must contribute to RIDF.

- **Bank operational independence:** During the reform period, commercial banks took advantage of operational independence. Freedom to open new branches, they are given free lending standards and more. As a result, banks lend to agriculture-related activities such as agricultural loans to fertilizer companies, agencies, etc. as it is unavailable for actual farmers who needs for their agricultural operations.

Recently, some of the steps taken by the government to bring reforms in the banking sector are –

i)To handle the issue of NPAs, the Ministry of Finance proposed the four R's of Recognition, Recapitalization, Resolution and Reform in its Economic Survey 2015–16.

ii) Although the Union Government has announced intentions to inject 7,00,000 million rupees over the coming years, PSU institutions will require at least 18 million rupees by the 2019–20 period. The government unveiled Mission Indradhanushunder in October 2015, which included seven important recommendations for reforming public sector banks. (PSBs).

iii) In order to improve customer service even more and guarantee that customer complaints are resolved in banks with full focus, the RBI recommended all PSBs to designate internal ombudsmen in May 2015.The Ministry of Finance in its Economic Survey 2015-16 suggested four R`s – Recognition,Recapitalization, Resolution and Reform to address the problem of NPAs.

iv) Based on the suggestions of the Dr. TK Viswanathan-led Bankruptcy Law Reform Committee, the government has declared its desire to approve a complete bankruptcy and bankruptcy bill in the national assembly. (BLRC).

v) The Supreme Court decided on February 23, 2016, that top government officials and staffers of private banks would be regarded as public servants for the purposes of the Prevention Act, which was passed to combat misconduct. 1988's Anti-Corruption.

vi) Through a number of well-thought-out efforts, such as the restriction of extra inactive material through early discovery, tracking, remedial action plans, information shared, disclosure, etc., the RBI also made it easier to fix procedural defects in the system. It is admirable that the RBI is committed to cleaning up its financial records in 2017.

vii) Since 2014, the banking industry has seen the adoption of the trio of JAMs (Jan-Dhan, Aadhaar and Mobile) and licensing of Payments Banks and Small Finance Banks (SFBs) to achieve end-to-end connectivity. As part of a financial inclusion campaign. For example, SFBs raised deposits of ₹8,24,880 million and extended credit of ₹9,05,760 million to smallholder farmers and MSMEs (small and medium-sized enterprises) at the end of the fiscal year 2019- 20.

viii) The government recently announced new banking reforms, involving the creation of a Development Finance Institution (DFI) for infrastructure, the creation of a Bad Bank to tackle chronic underperforming assets (NPA) and privatize Public Sector Banks (PSBs) to ease the burden of raising additional capital.

VIII. CONCLUSION

As part of the modifications in banking sector, the government also serves a major responsibility in adopting the suggestions that have been put forward by various committees into practice. Since 1991 and 1998, the enormously regulated Indian banking sector has seen substantial beneficial developments as a result of the Narasimham Committee Reports. CRR banks are lending money with the help of lower SLR, and the money is going towards business and economic growth. Novel opportunities for growth in the banking industry are being created by e-banking. It is currently displaying multiplied productivity (measured in terms of decreasing NPAs), continuous stability, and financial growth with increased access. A few financial regions are progressing towards global norms. “it is now no longer simply that Indian banks have executed a turn-around. They have gone on to become the maximum profitable in the global” said by T.T. Ram Mohan. The increase in agricultural production in India depends heavily on the important role that agricultural credit plays. According to an evaluation of India's agricultural credit performance, institutional credit has generally improved over time, although there are still significant gaps in the system, such as finance. Efforts are required to address and fix these issues. Banking sector reforms such as setting soundness standards, reducing SLRs and CRRs, and diversifying banks are all affecting India's agricultural sector. The CRR will be reduced to 4 percent, allowing banks to use more credit. Credit institution selection and amount of institutional credit withdrawn Farmers were affected by a variety of sociodemographic factors. The influence of education has highlighted the need for capacity building for borrowers. Arranging training for borrowers on procedures Formal procedures from financial institutions can help improve access to credit for financial institutions. Agricultural financial institutions need to set up the institutional and marketing infrastructure needed to meet their funding requirements. Banks and governments need to consider preconceptions about commercial opportunities to serve rural and agricultural sectors. Credit unions and RRBs need to expand the scope of their KCC programs to cover term loans for agriculture and related activities.

IX. LIMITATIONS

Due to the wide area of reforms, the scope of the study is narrowed down as banking sector reforms came into existence in 1991 and 1998. This paper does not cover the Basel norms and other banking sector reforms established through acts that have a very wider scope and importance and thus, these reforms can be considered for further future research.

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