

## **BANKING AS A TOOL FOR DEVELOPMENT**

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Banking as a tool for development is a multi-purpose tool and depending upon the value system of the society, its uses are capable of wide variations. Covering the whole gamut of these would require a lengthy essay. We should, however, like to mention of one particular function of banking as an agency for development. It is that banks may supply initiative and enterprise, as well as finance, for the creation, transformation and expansion of productive ventures. Schumpeter and others considered this to be antithetical to the very nature of commercial banking. Their perspective was, of course, different. However, as Cameron and Patrick have noted, the use of banking as a tool for development has to encompass such a role and in India this function is being performed by the banking system. In the State Bank of India in particular, we are constantly researching into innovative areas for finding out how we can further help socio-economic development by generating new bankable propositions.

Finally, Credit is a highly potent instrument for economic development and, if used judiciously, its planned use can really work wonders. As with any tool, one has only to know how to use it and how to take care of occasional malfunctioning. However, it would be worth our while to bear in mind the following caution sounded by Crowther:

*"Money is the most wonderful of Man's social inventions. But it is his invention, his creation, and Man remains the master... If we get away from the idea that there is magic in money, if we can rid ourselves of the idea that happiness and prosperity depend on money alone, if we can reduce money to its proper role as a lubricant for the economic mechanism that Man's ingenuity directs and his labour drives we shall have taken the longest stride on the road to understanding the monetary system and controlling our economic environment"*

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