

STATUS OF AGRICULTURAL CREDIT IN RAJASTHAN

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ABSTRACT

Agriculture sector needs inputs to have better performance in the field of agricultural production. There are various inputs required by the agricultural sector. These inputs are: fertilizers, seeds, insecticides, plough, irrigation, and electricity, labour and so on. Tractor, electricity and thresher may be classified as infrastructures which facilitate the inputs to generate higher production. Both the inputs and the infrastructure are so expensive that all farmers cannot afford these facilities. To make affordable inputs and infrastructures farmers need credit.

KEYWORDS: *Agriculture Credit, NABARD, RRB, Agricultural Production, Fertilizers, Seeds, Insecticides.*

Introduction

Agriculture has always been the backbone of the Indian economy and despite concerted industrialization in the last six decades; agriculture still occupies a place of pride. Indian agriculture is the largest private sector enterprise in the economic development of the country, covering about 100 million farmers. It provides employment to about 58.2 per cent of the working population of India. It contributes about 13.9 per cent of country's Gross Domestic Product in 2013-14 about 50% of the total workforce. It provides food to over 1.2 billion people of the country. Agriculture accounts about 11 per cent of the total export earnings of the country. Finance has been recognized as the life blood of all economic activities. Like all other producers, the agriculturist also needs credit. According to an old proverb, "Credit supports the farmers as the hangman's rope supports the hanged." This statement is fully true in the context of Indian farmers.

Objectives of the Study

- To find out total agriculture credit in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by SBI and Associate Banks in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by Nationalised Banks in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by Old Private Sector Banks in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by New Private Sector Banks in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by Commercial Bank in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by Regional Rural Banks in Rajasthan.
- To find out Agriculture Credit Issued and Amount Sanctioned by Cooperative Sector Banks in Rajasthan.

The status of agricultural credit which has been disbursed by the institutional agencies such as Cooperative Institutions, Commercial Banks and Regional Rural Banks may be narrated by following description-Agriculture credit issued and amount sanctioned by SBI and Associate Banks, Nationalised Banks, Old Private Sector Banks, New Private Sector Banks, Commercial Bank, Regional Rural Banks, Cooperative Sector Banks in Rajasthan (30th June 2011 and 30th June 2014) may be seen through the following table:

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Table: 1 Agriculture Credit Issued and Amount Sanctioned by SBI and Associate Banks, Nationalised Banks, Old Private Sector Banks, New Private Sector Banks, Commercial Bank, Regional Rural Banks, Cooperative Sector Banks in Rajasthan (30th June 2011 and 30th June 2014)
(Amount in lakhs)

Name of Banks	Crop Loan				Term Loan				Direct Agriculture				Indirect Agriculture				Total Agriculture			
	2011		2014		2011		2014		2011		2014		2011		2014		2011		2014	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
SBI and Associate Banks	550205	526738	802271	1255505	262158	276698	217248	240048	813572	803436	1019519	1495553	19912	54515	1289	7002	833484	857951	1020808	1502555
Nationalised Bank	605576	568269	852039	1440324	224926	297363	220258	287250	750502	865631	1072297	1727574	6135	171021	8963	116104	756637	1036652	1081250	1843678
Old Private Sector Banks	43	320	5	16376	0	-2	211	2461	43	318	216	18837	5	457	202	173	48	775	418	19010
New Private Sector Banks	14856	49626	47156	136968	49247	126184	210799	449196	64103	262250	257955	586165	1276	27094	2775	74918	65469	289344	260430	661082
Commercial Bank	1091889	1231428	1701471	2851779	536331	700243	648516	978956	1628220	1931671	2349987	3830735	27418	253087	12919	198196	1655638	2184758	2362906	4028931
RRBs	185753	172816	499583	708065	96555	84965	167100	92361	282308	257781	666683	800426	9	16	8	111	282317	258297	666691	800537
Cooperative Sector Banks	2687486	530305	2796631	980349	0	150604	0	49796	2687486	680909	2796631	1030144	0	0	310737	124840	2687486	680903	3107368	1154984

Source: Data collected from Rajasthan State Level Bankers Committee (SLBC) 30th June 2011 and 30th June 2014, Jaipur

The above table:1 presents about agricultural credit issued and amount sanctioned by SBI and Associate Banks- (State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, State Bank of Bikaner and Jaipur), Nationalised Banks-(Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, Dena Bank, IDBI Bank Ltd., Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab and Sindh Bank, Punjab National Bank, Syndicate Bank, UCO Bank, Union Bank of India, United Bank of India, Vijaya Bank), Old Private Sector -Banks (The Catholic Syrian Bank, The Federal Bank Ltd., The Jammu and Kashmir Bank Ltd., The South Indian Bank, City Union, DhanLaxmi Bank, KarurVysya Bank, ING Vysya, Laxmi Vilas, Tamilnad Mercantile Bank Ltd., Ratnakar Bank Ltd., The Nainital Bank Ltd.), New Private Sector -Banks (ICICI Bank Ltd., HDFC Bank Ltd., IndusInd Bank, Kotak Mahindra Bank Ltd., Axis Bank Ltd., Yes Bank, Development Credit Bank), Commercial Bank, Regional Rural Banks -(Baroda Rajasthan Kshetriya Gramin Bank, MGB Gramin Bank, Mewar Anchlik Gramin Development Bank), Cooperative Sector Banks- (Rajasthan State Cooperative Bank, Rajasthan State Land Development Bank, Fingrowth Cooperative Bank Ltd.) in 30th June 2011 and 30th June 2014.

The total crop loan accounts opened by SBI and Associate Bank were 550205 in 2011 and 802271 were in 2014, which increased by 45.8 per cent from 2011. The total term loan account by these banks were 262158 in 2011 and 217248 in 2014, which declined by 17.1 per cent during the period. The total agricultural credit accounts opened (Direct and Indirect) by all SBI and Associates Banks were 833484 in 2011 and 1020808 were in 2014, which increased by 22.5 per cent from 2011. The direct agricultural credit accounts opened by these banks were 813572 in 2011 and 1019519 in 2014, which increased by 25.3 per cent from 2011. The indirect agricultural credit accounts opened by these banks were 19912 in 2011 and 1289 were in 2014, which declined by 93.5 per cent from 2011.

The total crop loan accounts opened given by Nationalise Bank were 605576 in 2011 and 852039 were in 2014, which increased by 40.7 per cent from 2011. Crop loan accounts opened by Punjab National Bank were maximum in both years 2011 and 2014. The total crop loan amount given by these banks was Rs. 568269 lakhs in 2011 and Rs. 1440324 lakhs in 2014, which increased by 153.5 per cent from 2011. Crop loan amount given by Punjab National Bank was maximum in the same period. It was Rs. 221876 lakhs and Rs. 441445 lakhs in aforesaid period. The total term loan account by these banks were 224926 in 2011 and 220258 were in 2014, which declined by 2.1 per cent from 2011. The total agricultural credit (Direct and indirect) accounts opened by all nationalised banks were 756637 in 2011 and 1081250 were in 2014, which increased by 42.9 per cent from 2011. The direct agricultural credit accounts opened by these banks were 750502 in 2011 and 1072297 were in 2014, which increased by 42.9 per cent from 2011. Indirect agricultural credit accounts opened by these banks were 6135 in 2011 and 8953 were in 2014, which increased by 45.9 per cent from 2011.

The total crop loan accounts opened by Old Private Sector Banks were 43 in 2011, It were 5 in 2014, which declined by 88.4 per cent from 2011. Crop loan accounts opened by ING Vysya were maximum (29) in 2011 and The Catholic Syrian Bank were maximum (5) in 2014. The total crop loan amount given by these bank was Rs. 320 lakhs in 2011 and it was Rs. 16376 lakhs in 2014. Crop loan amount given by ING Vysya was maximum in both years 2011 and 2014. In 2011, it was Rs. 300 lakhs and in 2014, it was Rs. 15525 lakhs. The total term loan account by these banks were zero in 2011 and it were 211 in 2014. The total term loan amount given by these banks was Rs. 2461 lakhs in 2014. The total agricultural credit accounts opened (Direct and Indirect) by all old Private Sector Banks were 48 in 2011 and it were 418 in 2014. Total agricultural credit amount given by these banks was Rs. 775 lakhs in 2011 and Rs. 19010 lakhs in 2014. The direct agricultural credit account by these banks were 43 in 2011 and 216 were in 2014. Total agricultural credit amount given by these banks was Rs. 318 lakhs in 2011 and Rs. 18837 lakhs in 2014. The indirect agricultural credit account by these banks were 5 in 2011 and 202 were in 2014. Total agricultural credit amount given by these banks was Rs. 457 lakhs in 2011 and Rs. 173 Lakhs in 2014.

The total crop loan accounts opened by New Private Sector Banks were 14856 in 2011 and 47156 were in 2014, which increased by 217.4 per cent from 2011. Total term loan account by these banks were 49247 in 2011 and 210799 were in 2014. Term loan accounts opened by ICICI were maximum (26480) in 2011 and HDFC Bank were maximum (77898) in 2014. The total term loan amount by these banks was Rs. 126184 lakhs in 2011 and Rs. 449196 lakhs in 2014. The total agricultural credit accounts opened (Direct and Indirect) by all New Private Sector Banks were 65469 in 2011 and 260430 were in 2014. The direct agricultural credit account by these banks were 64103 in 2011 and 257955 were in 2014. Direct agricultural credit accounts opened by ICICI were maximum in both years 2011 and 2014. The indirect agricultural credit accounts opened by these banks were 1366 in 2011 and 2475 were in 2014. Indirect agricultural credit accounts opened by HDFC were maximum in both years 2011 and 2014. The total indirect agricultural credit amount given by these banks was Rs. 27093 lakhs in 2011 and Rs. 74918 lakhs in 2014. The total crop loan accounts opened by Commercial Bank were 1091889 in 2011 and 1701471 were in 2014. The total crop loan account increased by 55.8 per cent from 2011. The total term loan accounts opened by commercial bank were 536331 in 2011 and 648516 were in 2014. It increased by 20.9 per cent from 2011. The total direct agricultural accounts opened by commercial bank were 1628220 in 2011 and 2349987 were in 2014. It increased by 44.3 per cent from 2011. The total indirect agricultural credit accounts by commercial bank were 27418 in 2011 and 12919 were in 2014. It declined by 52.9 per cent from 2011. The total agricultural credit account by commercial bank were 1655638 in 2011 and 2362906 were in 2014. It increased by 42.7 per cent from 2011. The total crop loan accounts opened by RRBs were 185753 in 2011 and 499583 were in 2014. The total term loan accounts opened by these banks were 96555 in 2011 and 167100 were in 2014. The total agricultural credit accounts opened (Direct and Indirect) by all Regional Rural Banks were 282317 in 2011 and 666691 were in 2014. The direct agricultural credit accounts opened by these banks were 282308 in 2011 and 666683 were in 2014. Indirect agricultural credit accounts opened by these banks were 9 in 2011 and 8 were in 2014. The total crop loan accounts opened by Cooperative Sector Banks were 2687486 in 2011 and 2796631 were in 2014. The total term loan accounts opened by all these Cooperative Sector Banks were negligible in both years 2011 and 2014. The total agricultural credit (Direct and Indirect) accounts opened were 2687486 in 2011 and 3107368 were in 2014 which increased by 15.6 per cent from 2011. The direct agricultural credit accounts opened were 2687486 in 2011 and 2796631 were in 2014. The indirect agricultural credit account and amount was negligible in 2011 by all these banks. In 2014, total indirect agricultural credit accounts opened were 310737 and amount was Rs. 124840 lakhs.

Findings

It is found that a very small quantity of agricultural credit sanctioned by commercial banks and other financial institution. They have been providing only short term and medium term agricultural credit to the farmers. Cooperative societies and cooperative banks have also been sectioned short term and medium terms loans to the farmers. They are also not fulfill the supply of credit according to demand of the farmers. NABARD provides indirectly finance to the agricultural sector. It provides short term, medium term and long term credit to the apex cooperative banks and land development banks. SBI and RRBs are also providing loans to the farmers but in a few quantity and very short and medium term loans. Some other problems and drawbacks of agricultural credit are found which are as follows:

- Time consuming process
- Lack of awareness of farmers
- Influence of mahajans in providing agricultural credit
- High rate of interest
- Corruption
- Biasness and corruption
- Dirty politics

Suggestions for Improvement in Agricultural Credit

Institutional agriculture credit is continuously increased but it is not sufficient according to demand. Some valuable suggestions regarding improvement in agricultural credit are as under:

- The process should be simple to take agriculture loan,
- Encouragement of saving habit among farmers,
- Coordination should be between institution and farmers,
- Financial sources of Cooperative Banks should be increased,
- Long term finance should be given by the institution to the farmers.

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