

## Agricultural Credit By Commercial Banks In India Need for Creating Enabling Environment

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The credit flow to agriculture increased from Rs.2,85,146 crore during the Ninth Plan [1997-2002] to Rs.6,85,146 crore [240%] during the Tenth Plan [2002-07]. Credit disbursement during the Eleventh Plan [2007-12] is estimated at Rs.19,59,524 crore [286%], of which Rs.9,23,485 crore have already been disbursed between 2007-08 and 2009-10 and targets of Rs.3,75,000 crore for 2010-11 would be surpassed. Bank credit can express its full potential to provide livelihood to rural households and food security to country's population, alleviate the poverty and boost country's GDP. This paper broadly reviews the performance of commercial banks during the decade 2001-10, along with individual bank's achieving targets of direct, indirect & total agricultural credit and managing NPA in agriculture as on March 2010 and suggests the need to create enabling environment during the ensuing 12<sup>th</sup> Five Year Plan [2012-17] to accelerate the flow of credit, its utilization, generation of income and loan repayment.

**Table 1: Agency-wise Ground Level Credit Flow [Rs Crore]**

Year	Cooperative Banks	Commercial Banks	Regional Rural Banks	Others	Total
1975-76	1186 [70.7]	405 [24.1]	004 [0.2]	082 [4.9]	1677 [100]
1983-84	2938 [55.7]	1885 [35.7]	263 [5.0]	185 [3.5]	5271 [100]
1993-94	10107 [61.3]	5400 [32.7]	977 [5.9]	000 [0.0]	16484 [100]
2001-02	23524 [37.9]	33587 [54.1]	4854 [7.8]	080 [0.1]	62045 [100]
2002-03	23636 [34.0]	39774 [57.1]	6070 [8.7]	080 [0.1]	69560 [100]
2003-04	26875 [30.9]	52441 [60.3]	7581 [8.7]	087 [0.1]	86984 [100]
2004-05	31231 [24.9]	81484 [65.0]	12404 [9.9]	190 [0.1]	125309 [100]
2005-06	39404 [21.8]	125477 [69.5]	15223 [8.4]	382 [0.2]	180486 [100]
2006-07	42480 [18.5]	166485 [72.6]	20435 [8.9]	000 [0.0]	229400 [100]
2007-08	48258 [18.9]	181088 [71.1]	25312 [9.9]	000 [0.0]	254658 [100]
2008-09	45966 [15.2]	228951 [75.8]	26765 [8.8]	226 [0.1]	301908 [100]
2009-10	57500 [15.7]	274963 [74.9]	34456 [9.4]	000 [0.0]	366919 [100]
[2001-10]	338874 [20.20]	1184250 [70.60]	153100 [09.13]	1045 [0.07]	1677269 [100]

Figures in parentheses indicate % share in total

Commercial banks in 1975-76, after five years of banks' nationalization & at the time of setting up Regional Rural Banks, accounted for 24.1% disbursement of agricultural credit [Rs.1677 crore], which significantly improved to 35.7% in 1983-84 when NABARD was established. Its share was 32.7% in 1993-94 when Agricultural Debt Relief Scheme was implemented and concept of Service Area Approach & financial sector reforms were introduced. Since 2001-02 its share progressively increased from 54.1% to 74.9% in 2009-10, with a 70.60% share in the cumulative disbursements [Rs.16,77,269 crore] between 2001-2010.

**Table 2: Sector-wise Ground Level Credit Flow for Agriculture & Allied Activities [Rs.Crore]**

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
1.Crop loans [Short -Term]	54,977 [63.20]	76062 [60.69]	105350 [58.37]	138455 [60.35]	181393 [71.23]	210461 [69.71]	766698 [127783]*[65.04]
2.Term loans [Medium & long]	32,004 [36.80]	49247 [39.31]	75136 [41.63]	90945 [39.65]	73265 [28.77]	91447 [30.29]	412044 [68674]*
Minor Irrigation	2,730	4186	8663	8566	2840	3130	30115 [07.31]** [5019]*
Land Development	579	840	1749	2285	2553	2887	10893 [02.64]** [18155]*
Farm Mechanization	3986	4555	9695	10113	8303	8334	45036 [10.93]** [7506]*
Plantation & Horticulture	1436	1720	4481	5266	5910	6045	24858 [06.03]** [4143]*
Animal Husbandry	2928	3097	7341	8045	9034	10398	40843 [09.91]** [6807]*
Fisheries	1142	1301	1019	1424	1248	1281	7415 [01.80]** [1236]*
Hi-tech Agriculture	4017	6648	9737	21498	33325	41694	116919 [28.37]** [194865]*
Others\$	15186	26900	32451	33748	10052	17628	135965 [33.00]**

							[22661]*
Total [1+2]	86981	125309	180486	229400	254658	301908	1178742[100] [196457]*

Figures in parentheses indicate percentage share in total[1+2] & with \*indicate annual average during 2003-10 .

Figures in parentheses with\*\* indicate % share in Term Loans

\$ Include storage, market yards, forestry, wasteland development, RIDF, bullocks & carts, etc

The share of crop loans by commercial banks, cooperatives & RRBs varied significantly from 58.37% to 71.23% with a mean value of 65.04% in the total disbursements during 2003-04 to 2008-09. Average annual disbursement of crop loans & term loans amounted to Rs,1,27,783 crore & Rs.68,674 crore respectively.. Within term loans, share of investments in storage, market yards, waste land development, RIDF etc represented as 'others' was 33% followed by hi-tech agriculture [28.37%] whereas land development accounted for 2.64% followed by fisheries [1.80%]

**Table 3**  
**Number of Accounts and Outstanding Agricultural Credit By Public Sector Banks**  
**[Accounts in '000 & Amount in Rs.Crore]**

Year	Direct		Indirect		Total		Amount per Account *
	Number of Accounts	Amount	Number of Accounts	Amount	Number of Accounts	Amount	
1969	160 [97.5]	40 [24.7]	04	122	164	162	25000
2000	15754 [98.2]	34247 [75.6]	293	11049	16047	45296	21738
2001	18482 [98.5]	38137 [71.2]	271	15434	18753	53571	20635
2002	15291 [96.9]	44019 [49.9]	486	44124	15777	88143	28787
2003	16455 [98.1]	51485 [73.0]	310	19017	16765	70502	31288
2004	18750 [98.7]	62170 [73.6]	241	22265	18991	84435	33157
2005	19494 [96.6]	83038 [75.5]	677	26879	20171	109917	42597
2006	22079 [92.8]	112126 [72.2]	1719	43093	23798	155219	50784
2007	23746 [94.5]	144372 [71.2]	1367	58242	25113	202614	60798
2008	27908 [98.4]	176136 [70.6]	441	73261	28349	249397	63113
2009	28800 [97.9]	215635 [72.0]	600	83780	29400	299415	74873
2010		265071 [71.5]		105659		370730	

Figures in parentheses indicate % share in total and with \* indicate amount per direct account in Rupees.

The number of accounts in direct & total agricultural credit by public sector banks progressively increased during 2000 to 2009, except in two years, whereas amount outstanding has consistently increased both in direct & indirect agricultural credit from year to year. The increase in number of accounts & amount outstanding in direct agriculture was 182.8% & 628.8% respectively between 2000 & 2009. Amount per account in direct agricultural credit significantly increased between 2001 and 2009. The share of accounts in the total was between 92.8% & 98.4% during 2000-2009 whereas amount of direct credit in the total was between 70.6% & 75.6%.

**Table 4**  
**Outstanding Agricultural Advances of Public & Private Sector Banks**  
**[Rs.Crore ]**

March	Public Sector Banks		Private Sector Banks		Total
	Amount	%of NBC	Amount	%of NBC	
2002	58142 [89.83]	14.8	6581 [10.17]	08.5	64723
2003	70502 [87.66]	14.5	9924 [12.34]	10.9	80425
2004	84435 [85.14]	15.1	14730 [14.86]	12.7	99165
2005	109917 [83.55]	15.3	21636 [16.45]	12.3	131553
2006	155219 [80.87]	15.3	36712 [19.13]	13.6	191932
2007	202614 [79.57]	15.4	52034 [20.43]	12.7	254648
2008	249397 [80.98]	18.3	58566 [19.02]	17.1	307963
2009	299415 [79.73]	17.6	76102 [20.27]	18.7	375517
2010	370730 [80.51]	17.1	89769 [19.49]	15.6	460499

Figures in parentheses indicate % share in total

Public sector banks' share of agricultural credit in the total was 89.83% in 2002, which progressively declined to 80.51% in 2010 and that of private sector banks improved from 10.17% to 19.49% during 2002 to 2010. Public sector banks' share in net bank credit/adjusted net bank credit varied between 14.1% and 18.3% whereas that of private sector banks ranged between 8.5% and 18.7%.

**Table 5: Targets & Disbursements under Special Agricultural Credit Plans [Rs.Crore]**

Year	Public Sector Banks		Private Sector Banks		Total	
	Targets	Achievements	Targets	Achievements	Targets	Achievements

2000-01	25893	25654 [95.2]			25893	25654 [95.2]
2001-02	30883 [20.4]*	29332 [95.0]			30883 [20.4]*	29332 [95.0]
2002-03	36838 [25.6]*	33921 [92.1]			36838 [25.6]*	33921 [92.1]
2003-04	42576 [25.5]*	42211 [99.1]			42576 [25.5]*	42211 [99.1]
2004-05	55616 [31.7]*	65218 [117.3]			55616 [31.7]*	65218 [117.3]
2005-06	85024 [30.4]*	94278 [110.9]	24222	31199 [128.8]	109246[67.5]*	125477[114.8]
2006-07	118160[23.3]*	122443[103.6]	40656 [30.3]*	44093 [108.5]	158816[26.6]*	166536[104.9]
2007-08	152133[24.2]*	133226 [87.6]	41427 [-6.1]*	47862 [115.5]	193560[16.2]*	181088 [93.5]
2008-09	159470[19.7]*	165198[103.6]	57353 [19.8]*	63755 [111.2]	216823[19.7]*	228953[105.6]
Total	706593	711481[100.7]	163658	186909[114.2]	870251	898390[103.2]

Figures in parentheses indicate achievements as % to targets & with \* indicate fixation of % SACP targets

Public sector banks achieved targets fixed under special agricultural credit plans in five out of nine years whereas private sector banks achieved in all four years. Public sector banks fixed SACP targets, as advised by the RBI between 20% and 25% of their previous year's disbursements, for all years whereas private sector banks fixed for two years.

**Table 6**  
**Agency-wise & Year-wise Kisan Credit Cards Issued Along With Loan Amount Sanctioned [Rs. Crore]**

Agency	Commercial Banks		Cooperative Banks		Regional Rural Banks		Total	
Year	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1998-99	622391 [79.4]	1473	155353 [19.8]	826	6421 [00.8]	011	784165 [100]	2310
1999-00	1365911[26.6]	3537	3594869[70.0]	3606	173301 [03.4]	405	5134081[100]	7548
2000-01	2389588[27.6]	5615	5614445[64.9]	9412	648324 [07.5]	1400	8652357[100]	16427
2001-02	3071046[32.9]	7524	5435859[58.2]	15952	833620 [08.9]	2382	9340534[100]	25858
2002-03	2699883[32.7]	7481	4578923[55.6]	15841	963950 [11.7]	2955	8242756[100]	26277
2003-04	3094108[33.5]	9331	4878236[52.7]	9855	1274289[13.8]	2599	9246633[100]	21785
2004-05	4395564[45.4]	14756	3555783[36.8]	15597	1729027[17.8]	3833	9680374[100]	34186
2005-06	4164551[52.0]	18779	2598226[32.4]	20339	1249474[15.6]	8483	8012251[100]	47601
2006-07	4807964[56.5]	26215	2297640[27.0]	13141	1405874[16.5]	7373	8511478[100]	46729
2007-08	4605775[54.4]	59530	2091329[24.7]	19991	1772498[20.9]	8743	8469602[100]	88264
2008-09	5833981[67.9]	39009	1343845[15.6]	8428	1414647[16.5]	5648	8592473[100]	53085
2009-10	5313085[59.0]	39940	1743253[19.4]	7606	1949785[21.6]	10132	9006123[100]	57678
Total	42363847[45.2] [55044]**	233190 [54.5]*	37887761[40.5] [37108]**	140594 [32.9]	13421219[14.3] [40208]**	53964 [12.6]	93672827[100] [45664]**	427748

Figures in parentheses indicate % in the total & with \* indicate % share in total amount and with \*\* indicate loan amount per card.

Banks issued 9,36,72,827 cards with sanctioned loan amount of Rs.4,27,748 crore during 1998-99 to 2009-10. Commercial banks had a lion share in the number of cards issued in 1998-99 [79.4%] in the total as against 19.8% of cooperative banks. However, in 1999-00 commercial banks' share phenomenally declined to 26.6% in the total and that of cooperatives shot up to 70%, but in the following years commercial banks and RRBs progressively improved their share to 59% & 21.6% respectively in 2009-10 whereas cooperatives' share gradually declined to 19.4%. In the aggregate total, commercial banks had a share of 45.2% in cards issued and 54.5% share in the loan amount sanctioned, as compared with cooperatives' share of 40.5% and 32.9% respectively, followed by 14.3% and 12.6% share by RRBs. Loan amount sanctioned per card by commercial banks was the highest [Rs.55,044], followed by RRBs [Rs.40,208] and cooperatives [Rs.37,108].

**Table 7**  
**Public & Private Sector Bank-wise Outstanding Agricultural Advances As % To ANBC As On March 2010**

Public Sector	Direct	Indirect	Total	Private Sector	Direct	Indirect	Total
Allahabad Bank	14.2	04.5	18.7	Axis Bank	10.1	04.5	14.6
Andhra Bank	17.1	02.8	19.9	Bank of Rajasthan	03.9	14.8	08.4
Bank of Baroda	12.2	07.6	16.7	Catholic Syrian Bank	13.5	04.5	18.0
Bank of India	12.4	03.8	16.3	Development Credit Bank	13.5	12.8	18.0
Bank of Maharashtra	10.0	07.5	14.5	Dhanalakshmi Bank	13.8	09.7	18.3
Canara Bank	14.1	04.4	18.6	Federal Bank	10.6	04.3	14.9
Central Bank of India	13.4	08.0	17.9	Yes Bank	19.4	12.5	23.9
Corporation Bank	7.8	05.8	12.3	HDFC Bank	06.4	10.9	10.9
Dena Bank	11.3	05.2	15.8	ICICI Bank	14.2	10.9	18.7
Indian Bank	15.6	03.1	18.6	IndusInd Bank	13.7	06.9	18.2
Indian Overseas Bank	13.7	04.2	17.9	ING Vyasa Bank	07.5	04.1	11.7
Oriental Bank of Com	09.4	06.7	13.9	J & K Bank	08.1	04.4	12.5
Punjab National Bank	15.2	04.4	19.5	Karnataka Bank	07.1	06.1	11.6
Punjab & Sind Bank	13.7	0.8	18.2	Keyur Vyasa Bank	11.2	03.9	15.1
Syndicate Bank	13.9	04.5	18.4	Kotak Mahindra Bank	15.0	06.1	19.5

Union Bank	11.0	07.2	15.5	Lakshmi Vilas Bank	13.6	04.8	18.1
United Bank of India	07.5	05.9	12.0	Nainital Bank	14.8	05.3	19.3
UCO Bank	16.4	10.9	20.9	Ratnakar Bank	10.1	05.7	14.6
Vijaya Bank	10.1	04.5	14.6	SBI C & I Bank	01.1	09.4	5.6
IDBI Bank	06.6	05.1	11.1	South Indian Bank	20.4	01.4	21.8
State Bank of India	13.5	04.5	18.0	TamilNad Merchantile	17.3	03.7	21.0
SB of B&J	17.6	02.5	20.1	City Union Bank	9.8	02.1	11.8
SB of Hyderabad	14.1	04.4	18.5				
SB of Indore	13.3	05.7	17.8				
SB of Mysore	12.1	02.7	14.8				
SB of Patiyala	13.8	04.5	18.3				
SB of Travancore	09.0	00.4	09.5				

Among 27 public sector banks 13, 17 & 12 attained stipulated target of direct credit [13.5%], indirect credit [4.5%] and total agricultural credit [18%] in 2010 respectively whereas among 22 private sector banks 11, 15 & 11 attained these targets respectively. While Indian Overseas Bank, Punjab National Bank, Syndicate Bank & SBI among public sector banks and Catholic Syrian Bank, Yes Bank and TamilNad Merchantile Bank among private sector banks achieved targets of direct, indirect & total agriculture consistently in three years, Bank of India, UCO bank, State Bank of Indore among public sector banks and Development Credit Bank, Dhanlakshmi Bank & ICICI bank among private sector banks achieved these targets in two out of three years. Allahabad Bank, Andhra Bank, Indian Bank, State Bank of Bikaner & Jaipur, & State Bank of Hyderabad among public sector banks and Nainital Bank among private sector banks achieved targets of direct and total agriculture for three years.

**Table 8:**  
**Public & Private Sector Bank-wise Outstanding Agricultural Advances As On March 2010 [Rs. Crore]**

Public Sector	Direct	Indirect	Total	Private Sector	Direct	Indirect	Total
Allahabad Bank	8340 [75.9]	2646	10986	Axis Bank	7299 [69.3]	3238	10537
Andhra Bank	7579 [85.9]	1245	8824	Bank of Rajasthan	301 [20.7]	1153	1454
Bank of Baroda	13329 [61.6]	8288	21617	Catholic Syrian Bank	502 [75.0]	167	669
Bank of India	13958 [76.4]	4298	18256	Development Credit B	470 [51.3]	446	916
Bank of Maharashtra	3490 [57.1]	2617	6107	Dhanlakshmi Bank	446 [58.8]	313	759
Canara Bank	19069 [76.1]	5983	25052	Federal Bank	2362 [70.8]	972	3334
Central Bank	11468 [62.6]	6838	18306	Yes Bank	2411 [60.7]	1558	3969
Corporation Bank	3763 [57.1]	2823	6586	HDFC Bank	6377 [37.2]	10775	17132
Dena Bank	3308 [68.5]	1519	4827	ICICI Bank	17329 [56.5]	13336	30665
Indian Bank	7598 [83.6]	1493	9091	InduSind Bank	2132 [66.6]	1070	3202
Indian Overseas Bank	9171 [76.4]	2837	12008	ING Vyasa Bank	1263 [64.7]	690	1953
Oriental Bank of Com	6457 [58.5]	4575	11032	J & K Bank	1485 [64.8]	807	2292
Punjab National Bank	23171 [77.7]	6650	29821	Karnataka Bank	856 [53.9]	735	1591
Punjab & Sind Bank	3390 [66.9]	1673	5063	Keyur Vyas Bank	1179 [74.0]	413	1592
Syndicate Bank	9927 [75.6]	3208	13135	Kotak Mahindra Bank	2550 [71.1]	1037	3587
Union Bank of India	10705 [60.5]	6996	17701	Lakshmi Vilas Bank	724 [73.8]	257	981
United Bank of India	2664 [56.0]	2094	4758	Nainital Bank	167 [73.5]	60	227
UCO Bank	8185 [60.0]	5444	13629	Ratnakar Bank	70 [63.6]	40	110
Vijaya Bank	3608 [69.1]	1614	5222	SBI C & I Bank	04 [11.8]	30	34
IDBI Bank	6867 [56.6]	5262	12129	South Indian Bank	2475 [93.5]	173	2648
State Bank of India	62452 [75.0]	20787	83239	TamilNad Merchantile	1154 [82.5]	245	1399
SB of B&J	5284 [87.5]	755	6039	City Union Bank	556 [82.7]	116	672
SB of Hyderabad	6202 [76.0]	1958	8160				
SB of Indore	2887 [70.1]	1233	4120	Total [Public Sector]	265071 [71.8]	105658	370729
SB of Mysore	3135 [81.8]	698	3833	Total [Private Sector]	52112 [58.1]	37611	89723
SB of Patiyala	6079 [75.4]	1979	8058				
SB of Travancore	2985 [95.4]	145	3130				

*Figures in parentheses indicate % share in total*

Direct agricultural credit [Rs.26,507 crore] by 27 public sector banks accounted for 71.8% of the total as against 58.1% in case of 22 private sector banks. While direct agricultural credit as percentage to total agricultural credit among public sector banks varied from 56.5% to 95% in 2010, in case of private sector banks it varied from 11.8% to 93.5% in 2010. Out of 27 public sector banks, individually 13 banks had 75% & above share of direct agricultural credit in total as on 2010 whereas only three private sector banks out of 22 accounted for 75% and above direct agricultural credit as on 2010. Among public sector banks Andhra Bank, Indian Bank, Syndicate Bank, SBI, State Bank of Bikaner & Jaipur, State Bank of Mysore,

State Bank of Patiyala & State Bank of Travancore had share of direct agricultural credit 75% and above consistently for three years as compared to only South Indian Bank among private sector Banks.

**Table 9**  
**Recovery of Direct Agricultural Advances**

<b>Public Sector Banks [Rs.Crore]</b>				
30June	Demand	Recovery	Over dues	% Recovery
2003	28,940	21,011	7,929	72.6
2004	33544	25002	8542	74.5
2005	45454	35733	9721	78.6
2006	46567	37298	9269	80.1
2007	73802	58840	14958	79.7
2008	85100	71739	13361	75.4

Recovery of direct agricultural advances by public sector banks was 72.6% to demand in 2003, which progressively improved to 80.1% in 2006, and then declined to 79.7% & 75.4 in the following years.

**Table 10: Status of Non-Performing Assets of Public & Private Sector Banks** **Rs.Crore**

Sector	Public Sector Banks			Private Sector Banks			Total		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Agriculture	8268 [20.8]	5708 [13.0]	8330 [14.5]	1468 [11.3]	1441 [8.5]	2023 [11.6]	9735 [18.5]	7149 [11.7]	10353 [13.9]
SSI	5805 [14.6]	6984 [15.9]	11537 [20.1]	651 [5.0]	666 [3.9]	1139 [6.6]	6456 [12.2]	7650 [12.6]	12676 [17.0]
Others	11214 [28.2]	11626 [26.4]	10981 [19.2]	1300 [10.0]	1533 [9.1]	1630 [9.4]	12514 [23.7]	13159 [21.6]	12611 [16.9]
Priority Sectors	25287 [63.6]	24318 [55.2]	30848 [53.8]	3418 [26.3]	3641 [21.6]	4792 [27.6]	28705 [54.4]	27958 [45.9]	35640 [47.7]
Public Sectors	299 [0.7]	474 [1.1]	524 [0.9]	-	75 [0.4]	-	299 [0.5]	549 [0.9]	524 [0.7]
Non-priority Sector	14163 [35.6]	19251 [43.7]	25929 [45.3]	9558 [73.6]	13172 [78.0]	12592 [72.4]	23721 [45.0]	32423 [53.2]	38522 [51.6]
Total	39749 [100]	44042 [100]	57301 [100]	12976 [100]	16888 [100]	17384 [100]	52725 [100]	60930 [100]	74685 [100]

Figures in parentheses indicate % share in total

Non-performing assets in agriculture for public & private sector banks accounted for 18.5% in the total NPAs in 2007-08, which declined to 13.9% in 2009-10 and were low in comparison to SSI & others within priority sectors. Non-performing assets in agriculture for public sector banks accounted for 20.8% in total in 2007-08, which declined significantly in 2008-09 and then marginally increased in 2009-10. Within priority sectors, they were low as compared with SSI & others in 2008-09 & 2009-10. NPAs in agriculture for private sector banks were relatively quite low as compared with public sector banks. They were 11.3% in 2007-08, which declined in 2008-09 before restoring the level of 2007-08.

**Table 11: Public & Private Sector Bank-wise NPA in Agriculture As On March 2010** **[Rs.Crore]**

Public Sector	Agriculture NPA	NPA* %	PS **	Private Sector	Agriculture NPA	NPA* %	PS **
Allahabad Bank	215 [17.6]	01.9	58.4	Axis Bank	248 [19.1]	02.3	40.8
Andhra Bank	26 [05.4]	00.3	44.7	Bank of Rajasthan	07 [02.5]	00.5	20.9
Bank of Baroda	636 [29.0]	02.9	65.8	Catholic Syrian Bank	07 [04.6]	01.0	41.7
Bank of India	490 [10.9]	02.7	47.9	Development Credit B	14 [04.3]	01.5	21.2
Bank of Maharashtra	232 [19.2]	03.8	65.7	Dhanalakshmi Bank	04 [05.3]	00.5	45.6
Canara Bank	462 [18.4]	01.8	56.8	Federal Bank	65 [08.0]	01.9	53.6
Central Bank	421 [17.1]	02.3	67.5	Yes Bank	00 [00.0]	00.0	00.0
Corporation Bank	122 [18.7]	01.8	61.1	HDFC Bank	110 [06.1]	00.6	22.1
Dena Bank	83 [13.0]	01.7	59.0	ICICI Bank	1303 [14.1]	04.2	21.0
Indian Bank	55 [12.0]	00.6	54.2	InduSind Bank	31 [12.0]	01.0	33.0
Indian Overseas Bank	276 [08.0]	02.3	34.6	ING Vyasa Bank	36 [16.1]	01.8	29.2
Oriental Bank of India	276 [18.8]	02.5	62.0	J & K Bank	32 [07.0]	01.4	61.8
Punjab National Bank	977 [30.4]	03.3	76.9	Karnataka Bank	51 [09.2]	03.2	59.0
Punjab & Sind Bank	42 [20.4]	00.8	67.1	Karur Vyasa Bank	07 [02.9]	00.4	29.0
Syndicate Bank	176 [08.8]			Kotak Mahindra Bank	49 [06.5]	01.4	19.8
Union Bank of India	369 [13.9]	02.1	61.3	Lakshmi Vilas Bank	10 [03.1]	01.0	17.8

United Bank of India	204 [14.9]	04.3	65.1	Nainital Bank	08 [34.9]	03.5	73.4
UCO Bank	289 [17.4]	02.1	58.6	Ratnakar Bank	02 [08.6]	01.8	65.0
Vijaya Bank	93 [09.4]	01.8	39.6	SBI C & I Bank	00 [00.0]	00.0	62.4
IDBI Bank	297 [13.9]	02.4	36.9	South Indian Bank	12 [05.7]	00.4	41.7
State Bank of India	2322 [13.0]	02.8	50.9	TamilNad Merchantile	10 [09.0]	00.7	40.2
SB of B&J	07 [01.1]	00.1	43.9	City Union Bank	16 [17.1]	02.4	44.2
SB of Hyderabad	55 [08.4]	00.7	44.9				
SB of Indore	19 [03.8]	00.5	42.6				
SB of Mysore	43 [07.2]	01.1	49.0				
SB of Patiyala	119 [11.8]	01.5	54.0				
SB of Travancore	25 [03.8]	00.8	41.1				

Figures in parentheses indicate % NPA to total; \* Indicates % NPA to total agricultural outstanding

\*\* Indicates Priority Sectors NPA % to total NPA

The share of NPAs in agriculture to total outstanding agricultural credit among 27 public sector banks ranged from 0.1% to 4.3% as on 2010 and that of 21 private sector banks varied from 0.4% to 4.2%. NPAs in agriculture as percentage to total NPAs in public sector banks, however, varied from 1.1% to 29% in 2010 as compared with 36.9% to 76.9% NPA in priority sectors and that of private sector banks varied from 2.5% to 34.9% in 2010 as compared with 17.8% to 73.4% in priority sectors.

**Economic Impact:** Bank credit facilitated borrowers to create physical assets at field level, such as [i] sinking of 1,640,000 tube wells & 2,096,000 dug wells with pump sets, 1,725,000 dug wells with conventional lifts & installation of 2,500,000 pump sets on existing wells and 1,919,000 other types of irrigation structures [ii] land development covering 3,387,000 hectares [iii] purchase of 1,476,000 tractors & 168,000 power tillers [iv] bringing 2,324,000 hectares under plantation & horticulture [v] taking up forestry program with 321,700,00 ETP [vi] creating 18,898,000 tons storage capacity [vii] developing & modernizing 3559 market yards [viii] raising 16,261,000 milch animals, 38,758,000 sheep & goats, 1,712,000 pigs and 202,900,000 poultry birds [ix] purchasing 22,777 mechanized & 75025 boats for fishing purpose [x] taking up brackish water & fresh water aquaculture on 5381 hectares & 418,000 hectares [xi] engaging 8,549,000 persons in non-farm sector occupations and [xii] facilitating 15,882,000 persons with other types of economic activities. These physical assets enabled a large number of rural households [farmers & non-farmers] to improve their farming & related activities to enhance output of farm products, milk, meat, eggs, etc and create self-employment opportunities in secondary & tertiary sectors of rural economy..

**Enabling environment:** Credit is indeed a catalytic agent to lubricate the process of agricultural & rural development. To improve credit flow to agriculture & rural development sector and achieve inclusive rural growth that can substantially minimize the incidence of inequalities within & among districts in the country policy should address to create enabling environment that can significantly enhance credit absorption capacity of the geographical areas and farmers in each district. This should focus on critical areas, namely [i] accelerated investing in rural infrastructure to improve transport, communication, storage, processing & marketing facilities [ii] establishing State of Art Agri-meteorology [iii] expanding irrigation and reclamation of wastelands [iv] strengthening agricultural education, research and extension services and capacity-building of farmers to bridge the huge yield gap between the potential yields and actual yields at field level in rain-fed and irrigated farming systems [v] development & use of genetically engineered seeds, micro-irrigation system, greenhouse technology, integrated nutrient and pest management technique, computer-based modeling to track disease and pest incidence [vi] farm mechanization [vii] remote sensing technology.. Investment in agriculture would facilitate farmers' access to frontier technologies, food processing, farm-to-market linkages, agricultural extension, weather & crop forecasting, large-scale development of bio-diesel, mechanization & commercialization of agriculture. Public, private and foreign investment should remedy the situation of investment shortage in agriculture and help transform a 'negative subsidy regime' into a 'capital-intensive positive Agricultural Marketing Service regime' and stimulate Indian producers to access global markets. Government, Agricultural Universities & Indian Council of Agricultural Research [ICAR] institutes along with industrial, business & commercial houses in close coordination should accelerate their efforts to accomplish this task during the ensuing 12th Five Year Plan [2012-17]. Drought, flood and weather codes need to be developed and used to seek short and long-term solution to the recurring problems of floods, drought and cyclones, thereby minimizing damage to rural livelihoods. National Commission on Farmers has made a number of policy recommendations to find long-term solution to the problems faced by farmers in rain-fed and drought-prone areas in its report submitted

in October 2006. Effectiveness of their implementation and commitments made in the Parliament in November 2007 need to be evaluated in light of accelerating the credit flow..

**Exploiting Production Potential:** Three documents incorporating [i] Studies conducted in 2003-05 on yields realized with improved agronomic practices in different States to exploit yield potential [ii] Report of the sub-committee on agriculture of the National Development Council presented to the Planning Commission in May 2007 and [iii] Annual Report [2007-08] of ICAR on the available exploitable production potential sharply point out that with the aid of credit and technology farmers can increase wheat production by 30 million tones or around 40% and double paddy production at current levels of technology. For achieving the expected level of productivity of wheat & paddy per unit of area & resources and realizing optimum rate of return on investment as indicated above, it is necessary that farmers need technical & financial guidance, based on analysis of farm soil & water, on cropping system, adoption of scientific techniques [when & how] and judicious use [no more & no less] of seeds, fertilizers, pesticides, water, labor & credit. The technology [how & when] of integrated nutrient supply, water & pest management needs wider dissemination among farmers through mass scale field demonstrations in coordination with bank staff. The Farm Inputs & Equipment Regulatory & Development Authority needs to be established to ensure that the inputs [including farm equipment & machinery] being supplied are of standard quality, reasonably priced & timely delivered.. The crop farming must necessarily be combined with livestock & or fish farming [poultry, dairy, sheep, pig ] to mitigate production, income & financial risk.

**Second Green Revolution:** While the first Green Revolution had its genesis in the ‘Seed-Fertilizer-Irrigation’ technology, the second Green Revolution should originate from ‘radiation-induced mutation technique and Biotechnology’ along with integrated nutrient, pest & water management technology. The International Atomic Energy Agency has called for increased investments in radiation-induced mutation techniques that help in producing crop varieties with high yields and disease resistance, and can grow in stressful conditions such as drought, flood and salinity. This technique has been in use since 1920s and more than 3000 varieties of 170 different plant species have been released for cultivation. Similarly, biotechnology in recent years has created unprecedented opportunities and revolutionized research activities in the area of agriculture viz, plant tissue culture and Genetic engineering leading to transgenic plants carrying desirable traits like insect and herbicide resistance; tolerance to salinity, drought and major pests; enhancing nitrogen fixing ability, improving storage, proteins and crops for food processing, thereby addressing problems related to malnutrition, poverty and hunger world wide. India should, therefore, accord priority to invent new seeds & planting material of various field crops through application of new technology .As about 800 million persons are sought to be covered under Food Security Act, not only food productivity & output has to be substantially stepped up but also Government would have to procure, store and distribute around 57million to 67million tons of food grains, that may need additional transport, processing and storage facilities.

**Rural Infrastructure for Farm Growth:** Researches have, using cross-sectional data for 47 less developed countries including India, established a strong & positive relationship between rural infrastructure and aggregate agricultural productivity. Positive & significant correlation between road development and aggregate crop output has also been established using annual data for 58 countries. Studies in India document positive linkages between various types of infrastructure and agricultural output growth. Rural infrastructure [both physical & institutional] such as irrigation watershed development, rural electrification, roads, markets, credit institutions, rural literacy, agricultural research & extension etc. together play a key role in determining agricultural output in India. A classic study in 1999 showed that Indian States with the highest rural infrastructure index [a composite measure for rural electrification, roads, transport, health, irrigation, farm credit, fertilizer, agricultural marketing, research & extension] such as Punjab, Haryana & Tamil Nadu have the highest food grain productivity per hectare and the States with the lowest index such as Rajasthan, Bihar & Madhya Pradesh have the lowest food grains productivity per hectare; the rural infrastructure index explains about 68% of the variability in the yield in different States. NABARD has been sharply focusing district-wise specific infrastructure needed in its annual Potential Linked Plan. There is, therefore, need for serious concern and commitment to allocate adequate financial resources to progressively build the entire network of rural infrastructure during 12th Five Year Plan. Besides, RIDF should be fully utilized on an annual basis by formulating and implementing strategic action plan by PRIs, State Governments and banks in a coordinated manner.

**Economic Well Being of Farmer's:** Role of credit to agriculture cannot be viewed just as a support to food-producing activity but it should focus “ *need to improve the overall income and economic well being*

*of the farmers*” as agriculture has been the basic requisite for *national sovereignty*. The extensive literature analyzing the relationship between agricultural and non-agricultural growth in India confirms that farm & non-farm sector in rural areas are complimentary to each other. Rural credit policy and programs need to focus on farm & rural non-farm sector development to alleviate rural poverty, deprivation and suffering.