RESERVE BANK OF INDIA

AGRICULTURAL CREDIT SCHEMES OF COMMERCIAL BANKS

REPORT OF THE EXPERT GROUP

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1978

Published by Shri M. G. Gaitonde, Director of Publications, Reserve Bank of India,
Bombay 400 001 and Printed by Shri Abhay Bhide,
at Shree Rajmudra Mudranalaya,
402, Swatantrya Veer Savarkar Marg,
Prabhadevi, Bombay 400 025.

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CHAPTER 1

Introduction

1.1 Background

1.1.1 It is about a decade now since the acceptance of social control over the commercial banks. Among other things, it aimed at enlarging the flow of commercial bank credit for agricultural development. During this period, and particularly after the nationalisation of 14 leading commercial banks in 1969, commercial banks' credit to the agricultural sector increased phenomenally. Thus, the direct advances of commercial banks outstanding from agriculturists rose from less than Rs. 5 crores at the end of 1966–67 to about Rs. 970 crores at the end of June 1977; the co-operative institutions took nearly seven decades to accomplish this.

1.1.2 The Estimates Committee of the Fifth Lok Sabha noted that the commercial banks have evolved various schemes to provide credit to the agricultural sector. It recommended that the working of all schemes evolved by the commercial banks for meeting the credit requirements of the agricultural sector should be reviewed by an Expert Group with a view to enlarging/modifying their scope and initiating new schemes in fields like minor irrigation/tube-wells, area development, etc., for increasing the credit assistance to the agricultural sector (Paragraph 4.14, 62nd Report).

1.1.3 In pursuance of the above recommendation, the Reserve Bank of India, (RBI) set up an Expert Group [comprising representatives of Government of India, commercial banks, Agricultural Refinance and Development Corporation (ARDC), Agricultural Finance Corporation Ltd., (AFC), RBI and experts in certain disciplines in agriculture and allied activities] in consultation with the Government of India in August 1977.

1.2 Terms of Reference

1.2.1 The Expert Group was given the following terms of reference :

(i) To review the different types of schemes formulated by the commercial banks for extending short, medium and long-term financial assistance to various agricultural and allied activities, and

(ii) To suggest, in the light of its findings and taking into consideration the technological and other changes, the general pattern of new schemes which banks could frame and implement so as to meet the credit requirements of farmers and agriculturists.

1.3 Composition of the Group

1.3.1 The composition of the Expert Group was as follows :

CHAIRMAN

1. Dr. Gunvant M. Desai
Professor
Indian Institute of Management
Ahmedabad

MEMBERS

2. Shri V. N. Bahadur
Deputy Secretary
Department of Economic Affairs
Banking Division
Ministry of Finance
Government of India
New Delhi

3. Shri R. L. Wadhwa
Deputy General Manager
Central Office
Union Bank of India
Bombay

4. Shri R. Balasubramanian
Agricultural Credit Officer
Agricultural Finance Cell

Head Office
Indian Bank
Madras

5. Shri S. P. Nair
Director (Planning and Coordination)
Agricultural Finance Corporation Ltd.
Bombay

6. Dr. N. D. Rege
Director (Technical)
Agricultural Refinance and Development Corporation
Bombay

7. Shri S. Narayanaswamy
Joint Director of Agriculture (Engg)
Tamil Nadu Cooperative State Land Development Bank Ltd.
Madras

8. Dr. S. Bose
(Retired Head of Division of Poultry Research
Indian Veterinary Research Institute)
Kalyani

9. Shri R. Vijayaraghavan
Joint Chief Officer
Department of Banking Operations and Development
Reserve Bank of India
Bombay

SECRETARY

10. Shri A. Seshan
Deputy Director
Banking Division
Economic Department
Reserve Bank of India
Bombay

1.4 Working of the Group

1.4.1 In the first meeting held on August 22, 1977 the Group discussed the terms of reference and scope of its work. It was decided to interpret the term "agricultural credit schemes" to include credit schemes for agriculture as well as allied activities such as dairying, poultry, fisheries, etc. It was also decided to examine all agricultural credit schemes and not only location-specific credit schemes for area development. This was considered necessary because many of the location-specific credit schemes are of relatively recent origin and also because they account for a relatively small proportion of the total credit provided by the commercial banks to the agricultural sector. The Group recognised that while it would not be possible within the limited time available to carry out evaluation studies based on field data, or make a quantitative assessment, it would examine all major aspects of the formulation and implementation of the agricultural credit schemes of the commercial banks. A critical examination of the formulation of credit schemes was considered necessary to see if some of the difficulties and shortcomings in the implementation of the credit schemes were due to the ways in which these schemes were formulated and some of the features of the schemes themselves. In this context, it was further decided to concentrate on the credit schemes through which loans are provided ***directly*** to agriculturists for crop production, investment in farms and for activities allied to the agricultural sector such as dairying and poultry[1]. The Group also agreed not to go directly into issues related to the multi-agency approach in agricultural financing and financing of cultivators through Regional Rural Banks as other Committees were examining these aspects.

1.4.2 To generate information required for analysis, the Group decided to (i) issue two questionnaires, one to the 22 public sector and 4 private sector banks and the other to individuals with experience in agricultural finance, Regional Rural Banks and State Governments, (ii) hold discussions with senior officials of selected commercial banks and others connected with agricultural credit and (iii) analyse documents of agricultural credit schemes received from the selected commercial banks.[2]

1.4.3 The two questionnaires are given in Annexures 1 and 2 and the list of 26 commercial banks to which Questionnaire No. 1 was sent is in Annexure 3. Of the 26 commercial banks, 20 responded in time. Out of over 300 respondents to whom the other questionnaire was mailed, 54 (including seven State Governments and 16 Regional Rural Banks) replied. A list of the persons with whom the Group held discussions is in Annexure 4. About 125 credit scheme documents received from

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1 Under the guidelines issued by the RBI for the compilation of statistics relating to advances to the priority sector, the commercial bank credit to the agricultural sector is broadly divided into two categories : (i) Direct Finance and (ii) Indirect Finance. The latter includes credit to input dealers, Electricity Boards, Primary Agricultural Credit Societies (for loans to farmers), etc. Direct finance roughly accounts for 70 to 75 per cent of the total of direct and indirect finance to agriculture by the commercial banks.

2 Together the 26 banks accounted for about 95 per cent of the total outstanding loans issued by all scheduled commercial banks for agriculture and allied activities at the end of March 1976.

26 commercial banks were scrutinised. The Group held 13 meetings (including the ones to have discussions with the selected banks).

1.5 Organisation of the Report

1.5.1 The Report is divided into 6 chapters. Chapter 2 presents an overview of the commercial banks' finance for agriculture and allied activities and highlights its major features. Chapter 3 and 4 focus on the agricultural credit schemes through which bulk of the commercial bank finance is being provided to agriculturists. Chapter 3 discusses various modalities followed by the commercial banks in the formulation of credit schemes, major shortcomings of these modalities and important features and weaknesses of the formulated credit schemes. Chapter 4, which focuses on the implementation of credit schemes for direct finance to cultivators, aims at examining the procedures and arrangements to implement the credit schemes, their shortcomings and various difficulties experienced by the commercial banks in implementing the credit schemes. Our suggestions and recommendations to remove the existing weaknesses and shortcomings in the formulation and implementation of the credit schemes, and also on the general pattern of new schemes which the banks could formulate and implement, are given in the respective chapters. Chapter 5 covers issues related to some of the aspects of commercial bank finance to the agricultural sector which, because of their general nature, are not adequately discussed in Chapters 3 and 4. A summary of major conclusions and recommendations is given in Chapter 6.

1.5.2 In discussing certain aspects, perhaps, we have gone beyond our terms of reference. This has been inevitable as they have a close bearing on the vital issues related to the agricultural credit schemes of the commercial banks.

1.6 Acknowledgements

1.6.1 The Group wishes to place on record its gratitude to various commercial banks, which not only responded to the elaborate questionnaires but also found time for frank discussions. We are also grateful to the State Governments, Regional Rural Banks and several individuals who responded to our questionnaire, and to Shri B. Sivaraman, Professor Raj Krishna, (Members, Planning Commission), Shri G. V. K. Rao (Secretary, Ministry of Agriculture and Irrigation, Government of India), Professor M. L. Dantwala, (Chairman, Committee on Regional Rural Banks), Shri B. Venkatappiah, (Chairman, Working Group on Planned Participation of Commercial Banks in Schemes of Rural Electrification) and Shri C. E. Kamath (Chairman, Working Group to Study Problems arising out of the Adoption of Multi-Agency Approach in Agricultural Financing), who spared their valuable time to have discussions with us.

1.6.2 The Group would also like to place on record its appreciation of the devoted work done by (i) the staff of the Economic Department, Reserve Bank of India, in particular Shri S. R. Hegde, Shri T. K. Karthykeyan and Kum. K. Lakshmi, Economic Assistants, Shri K. G. Shenoy, Shri D. N. Markande, Shri V. Ramani and Smt. Lakshmi Narayanan, Stenographers, and (ii) Shri D. C. Shah and Shri V. Kumar of the Indian Institute of Management, Ahmedabad.

1.6.3 We are grateful to Dr. K. S. Krishnaswamy, Deputy Governor, Reserve Bank of India, with whom we had the benefit of discussion. We are also grateful to Shri P. N. Khanna, Chief Officer, Department of Banking Operations and Development, Reserve Bank of India, and Dr. H. B. Shivamaggi, Officer-in-charge, Economic Department, Reserve Bank of India, for all the facilities provided to us in our work.

1.6.4 The Members of the Group owe a special gratitude to Shri A. Seshan, Deputy Director, Banking Division, Economic Department, Reserve Bank of India, whose hard work, enthusiasm and various suggestions in processing the information and data in discussions, and in drafting the Report were most valuable in completing the task entrusted.

CHAPTER 2

Commercial Banks' Finance For Agricultural Sector : An Overview

2.1 Introduction

2.1.1 This chapter has a limited objective—to serve as a backdrop to the subsequent chapters on the agricultural credit schemes of commercial banks. It presents factual information on the share of commercial banks in institutional finance for the agricultural sector and highlights some of the major features of commercial banks' credit to the sector.

2.1.2 The chapter is based on data available with the RBI. Detailed tables prepared from these data are given as Appendix Tables 1 to 18. The following presentation is not meant as a complete analysis of the various issues indicated by these tables. Not only would such an attempt defeat the limited objective of this chapter but it would be beyond our terms of reference.

2.2 Commercial Banks' Share in the Total Institutional Finance for Agriculture at the end of June 1977.

2.2.1 At the end of June 1977, total institutional advances outstanding for agriculture amounted to Rs. 4,596 crores. In this amount scheduled commercial banks accounted for Rs. 1,320 crores, i.e., 29 per cent (Table 2.1).

Table 2.1 Institutional Finance for Agriculture, 1976–77[1]

		Loans issued during year ended June 30, 1977	Loan outstanding as on June 30, 1977
	1	2	3
		Rupees in Crores	
A	**Direct Finance :**	2,028.7[2]	3,562.8[2]
	1 **Short term :**	1,428.4[2]	1,596.6[2]
	(i) Primary Agricultural Credit Societies[3]	1,016.3[2]	1,133.5[2]
	(ii) Scheduled Commercial Banks[4]	315.0[2]	450.0[2]
	(iii) Government Department Loans[5]	85.5	N A.
	(iv) Regional Rural Banks[6]	11.6[2]	13.1
	2 **Medium/Long-Term :**	600.3[2]	1,966.2[2]
	(i) Primary Agricultural Credit Societies[3]	98.9[2]	308.9[2]
	(ii) Land Development Banks[7]	251.4[2]	1,137.3[2]
	(iii) Scheduled Commercial Banks[4]	250.0[2]	520.0[2]
B	**Indirect Finance :**	722.2[2]	1,033.4[2]
	1 **Short-Term :**	633.9[2]	393.4[2]
	(i) State Cooperative Banks[8]	306.2[2]	193.4[2]
	(ii) Central Cooperative Banks[8]	327.7[2]	90.0[2]
	(iii) Scheduled Commercial Banks[4,9].	N A.	110.0[2]
	2 **Medium/Long-Term :**	88.3	640.0[2]
	(i) Scheduled Commercial Banks[4]	N.A.	240.0[2]
	(ii) Rural Electrification Corporation Ltd.	88.3	400.0[2]
C	Total Direct and Indirect Finance	2,750.9	4,596.2[2]

1 Provisional
2 Estimated
3 Direct loans issued by PACSs are exclusive of 'non-agricultural purposes' under short-term and for ' other-purposes' under medium term loans although these are included in outstanding figures.
4 Loans issued relate to financial year while loans outstanding relate to year ended June.
5 Data are based on State budgets and relate to financial year. They represent provision for direct advances to 'agriculture', 'minor-irrigation', 'soil conservation' and 'area development' and are presumed to be for short-term
6 Presumed to be for short-term
7 Excludes advances to primary banks and societies by CLDBs but includes total loans disbursed by primary LDBs as well as those to individuals by the CLDBs
8 Loans issued are inclusive of procurement finance while loans outstanding are exclusive of such advances and relate mainly to advances extended directly to apex, regional or primary level societies other than agricultural credit societies
9 Relates to advances for distribution of fertilisers and taken to be for short-term

Source : Based on Reserve Bank of India's *Report on Currency and Finance, 1976–77, Vol. I, Economic Review,* Table VI. 28, Pp. 131–132.

2.2.2 In the total institutional loans outstanding for agriculture, 78 per cent was by way of direct finance (i.e., loans provided directly to agriculturists) while the remaining 22 per cent was by way of indirect finance (i.e., credit to Primary Agricultural Credit Societies for giving loans to farmers, credit for financing distribution of inputs, loans to Electricity Boards for energisation of wells etc.). The share of commercial banks in direct and indirect finance was 27 and 34 per cent, respectively.

2.2.3 In the total advances outstanding for direct finance of Rs. 3,563 crores at the end of June 1977, Rs. 1,597 crores (45 per cent) were for short-term loans and Rs. 1,966 crores (55 per cent) were for medium and long term loans. The share of commercial banks was 28 per cent in direct short-term loans and 26 per cent in direct term loans.

2.2.4 During the year ended June 1977 (i.e., during 1976–77), total institutional loans issued directly to the agriculturists amounted to Rs. 2,029 crores—Rs. 1,429 crores for short-term and Rs. 600 crores for term loans. In this, commercial banks accounted for Rs. 565 crores (28 per cent) in total loans issued; Rs. 315 crores (22 per cent) in short-term loans, and Rs. 250 crores (42 per cent) in term loans.

2.2.5 At the end of June 1969, commercial banks' outstanding advances for agriculture amounted to Rs. 188 crores. As stated above, by the end of June 1977, they increased to Rs. 1,320 crores. Thus, there has been a substantial growth in the flow of commercial bank credit to the agricultural sector after nationalisation of the 14 major commercial banks.

2.3 Growth in Commercial Banks' Share of Total Institutional Finance for Agriculture.

2.3.1 Firm and comparable data on total institutional finance for agriculture are available from 1973–74. Between June 1974 and June 1977, the share of commercial banks in total institutional advances outstanding for agriculture increased from 22 to 29 per cent (Table 2.2). During this period, it increased significantly in direct finance and marginally declined in indirect finance.

2.3.2 Table 2.2 also shows that the share of commercial banks increased in both short-term and medium/long term direct loans. It, however, increased at a faster rate in the case of short-term loans than in the case of term loans.

Table 2.2 : Share of Commercial Banks in Institutional Finance for Agriculture, 1973-74 to 1976-77

	Loans issued during year ending June 30				Loans outstanding as on June 30			
	1974	1975	1976	1977	1974	1975	1976	1977
1	2	3	4	5	6	7	8	9
	Percentage Share of Scheduled Commercial Banks							
1 Short-Term Direct Finance	12	15	18	22	18	21	26	28
2 Medium/Long-Term Direct Finance	35	31	39	42	18	20	24	26
3 Total Direct Finance	18	20	24	28	18	21	25	27
4 Short-Term Indirect Finance	NA	NA	NA	NA	22	25	30	28
5 Medium/Long-Term Indirect Finance	NA	NA	NA	NA	49	43	39	38
6 Total Indirect Finance	NA	NA	NA	NA	37	34	35	34
7 Total Direct & Indirect Finance	NA	NA	NA	NA	22	24	27	29

NA = Not Available

Source : Derived from Table VI.28 in *Report on Currency and Finance, 1976-77, Vol. I, Economic Review,* Pp. 131-132.

2.4 Changes over Time in the Commercial Banks' Advances for Agriculture

2.4.1 Table 2.3 shows growth in outstanding advances of commercial banks for agriculture between end of June 1974 and end of June 1977. It also shows the break-up of these advances into direct and indirect finance and short-term and term loans.

2.4.2 During the above period, total outstanding advances increased from Rs. 647 crores to Rs. 1,320 crores—an increase of 104 per cent. The outstanding loans under direct finance increased by 122 per cent while those under indirect finance increased by 65 per cent. As a result of this, the share of direct finance in total outstanding advances increased from 67 to 74 per cent while that of indirect finance declined from 33 to 26 per cent.

2.4.3 The table also reveals that between the end of June 1974 and the end of June 1977, direct short-term loans increased by 151 per cent while direct term loans increased by 101 per cent.

Table 2.3 : Relative Importance of Direct and Indirect Finance, and Short-Term and Term Loans in Outstanding Advances of Commercial Banks for Agriculture, 1973–74 to 1976–77

Year	Direct Finance			Indirect Finance			Total
	Short-Term	Medium/ Long Term	Total	Short-Term	Medium/ Long Term	Total	
1	2	3	4	5	6	7	8
			Rupees in Crores at the End of June				
1974	178.6	256.9	435.5	56.4	155.1	211.5	647.0
	(27.6)	(39.7)	(67.3)	(8.7)	(24.0	(32.7)	(100.0)
1975	246.2	317.4	563.6	98.4	181.2	279.6	843.2
	(29.2)	(37.6)	(66.8)	(11.7)	(21.5)	(33.2)	(100.0)
1976	363.8	426.57	90.3	99.7	201.8	301.5	1091.8
	(33.3)	(39.1)	(72.4)	(9.1)	(18.5)	(27.6)	(100.0)
1977	450.0	520.0	970.0	110.0	240.0	350.0	1320.0
	(34.1)	(39.4)	(73.5)	(8.3)	(18.2)	(26.5)	(100.0)
			Percentage Increase between 1974 and 1977				
	151	101	122	95	54	65	104

Figures within brackets are percentages of total of direct and indirect finance.

Source : Derived from Table VI. 28 in *Report on Currency and Finance, 1976–77 Vol. I, Economic Review,* Pp. 131–132.

2.5 Relative Importance of Loans for Different Purposes in Direct Finance

2.5.1 The commercial banks provide direct loans to agriculturists through their credit schemes for different purposes. Table 2.4 shows the purpose-wise distribution of outstanding direct loans at the end of March 1976.

2.5.2 In the total number of 32.5 lakh outstanding loan accounts, 26.3 lakh, (81 per cent) were for agricultural activities and 6.1 lakhs (19 per cent) were fos allied activities such as dairying, poultry, fisheries etc. The relative shares of agricultural and allied activities in the total outstanding loan amount of Rs. 745 crores were 86 and 14 per cent, respectively.

2.5.3 In the direct outstanding loans for agricultural activities, 78 per cent of the number of accounts and 46 per cent of the loan amount were for short-term. The remaining 22 per cent of accounts were for medium and long term loans and they accounted for 54 per cent of the loan amount.

Table 2.4 : Relative Importance of Different Purposes in Outstanding Direct Finance of Commercial Banks as on Last Friday of March 1976

Types of Loans	Outstanding Accounts (Number in 000)	Outstanding Loans (Amt. in Rs. Crores)
1	2	3
Loans for Agricultural Activities	2,631	641.1
Short-Term	2,053	296.6
Medium and Long Term	578	344.5
Sinking & Deepening of Wells/Tubewells	114	56.7
Pumpsets/Oil Engines	207	69.7
Composite Minor Irrigation	46	23.7
Tractors/Implements/Machinery ..	69	126.4
Plough animals/Bullocks	26	6.7
Land Reclamation & Development ..	26	13.7
Godowns & Cold Storages	2	1.7
Plantations	5	22.0
Other Term Loans	83	23.8
Loans for Allied Activities§	614	104.1
Dairying	162	34.1
Poultry, Piggery & Bee-Keeping ..	22	14.5
Fisheries	11	11.2
Other Purposes	419	44.3
Total Direct Loans	3,245	745.2

§ Totals of short - term and term loans

Source : Special Return on Agricultural Loans - I of RBI, Bombay (For details see Appendix Tables 12, 16 and 17).

2.5.4 In the medium and long-term direct loans for agricultural activities, two purposes dominated. These were minor irrigation (sinking and deepening of wells and tubewells, pumpsets/oil engines and composite minor irrigation schemes) and farm mechanisation (tractors/implements/machinery). Together they accounted for 75 per cent of term loan accounts and 80 per cent of outstanding term loan amount.

2.5.5 In the direct loans for allied activities, dairying alone accounted for 26 per cent of accounts and 33 per cent of outstanding loans.

2.5.6 Appendix Table 3 shows progressive increases in the number of accounts through which commercial banks provided direct loans to the agriculturists during the first half (April to September) and second half (October to March) of the yer between 1973–74 and 1975–76. During this 3–year period, the relative importance of accounts for agricultural activities (short-term and term loans) marginally declined while that of allied activities increased. The table also shows that in 1973–74 the first half of the year (roughly corresponding to summer and *kharif* season) was more important than the second half of the year (roughly corresponding to the *rabi* season) in the loan operations of commercial banks for agricultural activities, particularly short-term loans. Subsequently, the situation was reversed.

2.6 Regional Distribution of Outstanding Direct Finance of Commercial Banks

2.6.1 Table 2.5 shows the relative shares of different regions in the outstanding direct finance of commercial banks as at the end of March 1976.

Table 2.5 : Relative Shares of Different Regions in Outstanding Direct Finance of Commercial Banks as at the end of March 1976

Region*	Loans for Agricultural Activities				Loans for Allied Activities		Total	
	Short-term		Medium/Long-Term					
	No. of Accts.	Amt.	No. of Accts.	Amt.	No. of Accts.	Amt.	No. of Accts.	Amt.
1	2	3	4	5	6	7	8	9
				Percentage Share in All-India				
Northern ..	2.3	3.1	14.2	20.5	7.0	11.0	5.4	12.2
North-Eastern	1.3	0.5	0.4	0.2	0.2	0.3	1.0	0.4
Eastern ..	12.0	5.9	16.6	9.8	2.4	6.4	11.0	7.8
Central ..	8.0	4.8	19.7	22.1	2.6	3.7	9.1	12.7
Western ..	5.8	15.6	23.6	23.8	10.2	21.5	9.9	20.7
Southern ..	70.2	69.9	25.6	23.6	77.4	57.1	63.6	46.2
All India ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Northern : Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Chandigarh, Delhi.
North-Eastern : Assam, Manipur, Meghalaya, Nagaland, Tripura, Arunachal Pradesh, Mizoram.
Eastern : Bihar, Orissa, West Bengal, Andaman & Nicobar Islands
Central : Madhya Pradesh, Uttar Pradesh.
Western : Gujarat, Maharashtra, Goa, Daman and Diu, Dadra and Nagar Haveli
Soutehrn : Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Pondicherry, Lakshwadweep.

Source : Special Return on Agricultural Loans - I of RBI, Bombay (For details see Appendix Tables 9, 16 and 17).

2.6.2 The Southern Region alone accounted for 64 per cent of total direct loan accounts and 47 per cent of the outstanding loan amount. At the other extreme, the North-Eastern Region accounted for only 1 per cent of total direct loan accounts and less than 0.5 per cent of the outstanding loan amount.

2.6.3 The table also shows that the regional distribution was more uneven in the case of direct loans for allied activities and short-term loans than in the case of term loans.

2.6.4 Appendix Tables 9, 16, and 17, which give the details, show that even within each region, the shares of different States and territories were quite unequal.

2.7 Distribution of Outstanding Direct Short-Term and Term Loans among Different Farm-Sizes

2.7.1 Table 2.6 shows the relative shares of different farm-sizes in the outstanding direct short-term and term loans as at the end of March 1976.

2.7.2 For the country as a whole, in the outstanding direct short-term loans, the share of farms up to 2.5 acres was about 50 per cent in terms of loan accounts. At the other extreme, farms above 10 acres accounted for 11 per cent of total loan accounts and 27 per cent of total loan amounts.

2.7.3 The distribution of outstanding direct term loans was, however, more nu-even. The farms up to 2.5 acres accounted for only 19 per cent of total loan accounts and 9 per cent of total loan amount. Against this, the share of farms above 10 acres in total accounts was as high as 34 per cent and in total loan amount, 61 per cent.

2.7.4 The table also shows wide variations among regions with respect to the relative shares of different farm-sizes. In the case of both short-term and term loans, the share of farms up to 2.5 acres was much lower than all India average in Northern, Western and Central Regions.

2.8 Recovery of Direct Loans

2.8.1 Appendix Table 6 shows the recovery performance of direct loans of commercial banks to the agricultural sector.

2.8.2 About a half of the direct loans falling due for repayment were not repaid during 1973–74. This position remained more or less unchanged in the subsequent two years. In terms of outstanding direct loans, about one-fourth were overdue as at the end of June 1976.

Table 2.6 : Relative Shares of Different Farm Sizes in Outstanding Direct Short Term and Term Loans of Commercial Banks as at the end of March 1976

Region	Categories of Farm Size (in acres)							
	Up to 2.5		2.5 to 5		5 to 10		Above 10	
	No. of Accts.	Amt.	No. of Accts.	Amt.	No. of Accts.	Amt.	No. of Accts.	Amt.
1	2	3	4	5	6	7	8	9
	Percentage Share in Total Short-Term Loans in the Region							
Northern	23.1	11.4	16.7	13.2	28.0	26.4	32.3	49.0
North-Eastern	53.5	45.2	38.3	35.9	6.5	10.9	1.7	8.0
Eastern	46.4	34.9	34.3	32.7	14.7	19.4	4.6	13.0
Central	33.5	14.1	25.8	19.1	20.5	24.1	20.2	42.7
Western	15.0	5.5	18.7	11.9	27.0	24.5	39.3	58.1
Southern	55.5	38.2	25.5	25.9	11.3	16.7	7.7	19.2
All India	49.5	30.9	26.1	23.5	13.7	18.7	10.7	26.9
	Percentage Share in Total Term Loans in the Region							
Northern	9.8	16.0	17.0	5.4	24.9	10.0	48.3	68.6
North-Eastern	46.5	16.8	36.6	28.5	11.9	20.8	5.0	33.9
Eastern	28.5	10.5	40.2	28.8	20.3	24.1	11.0	36.6
Central	7.0	2.6	20.3	11.3	26.9	17.4	45.8	68.8
Western	8.6	4.3	16.9	8.5	27.5	23.9	47.0	63.4
Southern	35.6	14.9	24.6	14.6	19.2	16.4	20.7	54.2
All India	18.8	9.4	23.5	11.9	23.6	17.9	34.1	60.8

Source : Special Return on Agricultural Loans - I of RBI, Bombay (For details see Appendix Tables 12 and 15).

2.9 Summing Up

2.9.1 Seven major points emerge from the above brief review. First, after 1969 there has been a substantial growth in the flow of commercial bank credit to the agricultural sector. As a result of this, commercial banks accounted for 29 per cent of total institutional advances outstanding for agriculture at the end of June 1977. Second, between June 1974 and June 1977, the commercial banks' outstanding loans under direct finance to the agricultural sector increased more rapidly than under indirect finance. Third, during the same period, in direct finance, short-term loans increased more rapidly than term loans. Fourth, in the direct outstanding term loans for agricultural activities, minor irrigation and farm mechanisation dominated while in the direct loans for allied activities, dairying dominated. Fifth, the relative shares of different regions in the outstanding direct finance of commercial banks varied widely. Sixth, the relative share of small farms in direct term loans of commercial banks was much lower than in direct short-term loans. Also, in certain regions, the relative share of these farms in both direct short-term and direct term loans was much lower than the all-India average. Seventh, the recovery performance of commercial banks' direct loans to the agricultural sector cannot be considered satisfactory.

CHAPTER 3

Formulation Of Credit Schemes

3.1 Introduction

3.1.1 The commercial banks provide "direct finance" to the agricultural sector through a variety of credit schemes. To illustrate, there are general guidelines issued by the head offices of banks to their branches for giving loans for such purposes as crop production, construction of wells and purchase of assets like pump-sets and tractors. Then, for similar purposes, there are location-specific schemes (commonly referred to as "Area Schemes") jointly prepared by branch/regional/ head offices of the commercial banks. Some of these schemes are prepared according to the guidelines issued by the ARDC, and submitted to it for refinance. Other types of credit schemes are those which have emerged from the participation of the banks in the World Bank assisted projects, Centrally-sponsored special programmes such as Small Farmers Development Agencies (SFDA), Marginal Farmers and Agricultural Labourers Agencies (MFAL) and Drought Prone Areas Programme (DPAP) and programmes/projects sponsored by the State Governments. Finally, there are schemes formulated by the AFC for the commercial banks.

3.1.2 This chapter focuses on various modalities followed by the commercial banks in the formulation of agricultural credit schemes, major shortcomings of these modalities and important features and weaknesses of the schemes. It is based on the responses to the questionnaires circulated, analysis of the scheme documents received from the selected 26 commercial banks and discussions with the senior officials of various commercial banks.

3.2 Developments Over Time

3.2.1 The mechanics of scheme formulation has undergone considerable changes. In the first couple of years after nationalisation of the 14 leading commercial banks, credit schemes in the form of general guidelines issued by head offices dominated. Perhaps this was inevitable when branches of the commercial banks had hardly any experience and capabilities to formulate credit schemes for the agricultural sector and there was sudden pressure to provide credit to this sector in a large way. With problems resulting from scattered lendings under such schemes, growth in the capabilities at various levels of the banking system and the emergence of the concept of project/programme-linked credit, other modalities for scheme formulation were evolved. The relative importance of schemes in the form of general guidelines has, therefore, diminished while that of schemes evolved in other ways has increased. Nonetheless, a large proportion of credit flow from the commercial banks to the agricultural sector is still through schemes in the form of general guidelines.

3.2.2 Two other developments in scheme formulation need to be noted here. First, in response to the directives from the Government, commercial banks have shown increasing concern to cater to the credit needs of the weaker sections such as small and marginal farmers. At the stage of scheme formulation, this concern has expressed itself in two ways : (i) by evolving exclusive schemes for the weaker sections and (ii) by providing appropriate flexibilities in the terms and conditions of loans in the credit schemes meant for all borrowers. Wherever possible these efforts have been tied up with special programmes for the weaker sections. The second development has been in the form of diversification in the purposes for which agricultural credit schemes are formulated. Besides standard purposes like crop production, construction of wells and purchase of pumpsets and tractors, allied activities such as dairying, poultry, fisheries and sericulture have received increasing attention in scheme formulation.

3.2.3 Notwithstanding the above developments and the impressive growth in the commercial banks' direct loans to agriculturists, there are still a number of shortcomings in the ways in which credit schemes are formulated as well as in the content of these schemes as discussed below.

3.3 Modalities of Scheme Formulation

3.3.1 Three major shortcomings in the modalities of scheme formulation are (i) inadequate importance attached to and insufficient organisational arrangements evolved for the tasks of scheme formulation and appraisal, (ii) heavy reliance on District Survey Reports, District Credit Plans and subjective judgement to identify activities for which credit schemes could be prepared and, more importantly, to work out economic viability and repayment schedule of loans to be given under such schemes and (iii) little interaction, at the scheme formulation stage, between the commercial banks and relevant organisations and agencies (e.g., different wings of the development administration, input dealers and organisations marketing agricultural output).

3.3.2 All banks responding to our questionnaire maintained that while formulating credit schemes for any area they take into account such factors as felt needs of the potential borrowers, development priorities and complementary infrastructural facilities and activities which have a bearing on the success of the scheme. Our analysis of a number of credit schemes and discussions with bank officials and other knowledgeable persons, however, lead us to the conclusion that the organisational arrangements for scheme formulation and the procedures which are followed in carrying out this task in most of the banks are quite inadequate to take into account area-specific realities with respect to the above factors. This limitation is serious particularly because, at present, there are no micro-level operational plans of development activities from which credit schemes could be readily derived.

3.3.3 Though some banks have carried out surveys and impressionistic studies as well as organised workshops to identify opportunities for lending, most of the credit schemes seem to be based on District Survey Reports and District Credit Plans prepared by the Lead Banks[1]. While these documents contain vast background data and some estimates of credit gaps, even at their best, they are macro-exercises for the districts as a whole. More significantly, the economics of credit schemes given in a large number of District Credit Plans seems to be based on rather unrealistic assumptions with respect to the impact of the credit schemes on intensity of land cultivation, changes in the cropping pattern, yields of crops, birds and animals, etc. Hence, for formulation of credit schemes, they are only indicative in nature. To formulate viable credit schemes for specific purposes and to determine the absorptive capacity of different categories of borrowers for such schemes in different parts of a district, these macro-exercises need to be supplemented by ***purposive*** micro inquiries. This is not being systematically done at present in a very large majority of the situations. Consequently, often stereotyped credit schemes with unrealistic assumptions have emerged because the officers in charge of preparing the schemes had neither a feel of the location-specific realities nor adequate data base. What is more, often schemes prepared in this manner, seem

1 Banks have prepared Distict Credit Plans for 163 districts. For the remaining 212 districts they are expected to have been completed by March 1978. *Report on Trend and Progress of Banking in India, 1976–77,* Supplement to Reserve Bank of India Bulletin, July 1977, p. 17.

to have restricted, perhaps unintentionally, the scope of lending to the weaker sections as can be seen from the discussion in section 3.4 of this chapter.

3.3.4 Availability of dependable data on technical and economic aspects is one of the most important preconditions to formulate credit schemes. According to the banks, such data are just not available, or, when available, are either not up-to-date or are not made available to them by the agencies which possess the data. Due to non-availability of the appropriate data, and in the absence of sound groundwork, economic viability and repayment schedules of loans in many schemes are based on subjective guess work and unrealistic assumptions as shown in para 3.4.5.

3.3.5 While the involvement of branch offices of the commercial banks in scheme formulation has increased over time, it is still inadequate. There are still a few banks where most of the schemes are formulated at the head/regional offices. In many banks the importance of scheme formulation task (as distinguished from the task of implementing a credit scheme) and that of the role of branch offices in this task has not received its due recognition. Barring exceptions, there is inadequacy of technically competent staff at the branch level for this work. Even where such staff is available, it is not involved much in the scheme formulation work both because of the workload in processing loan applications, supervising credit utilisation and recovering loans and also because there is little appreciation of the importance of scheme formulation work.

3,3.6 The most serious shortcoming of the mechanics of scheme formulation is the lack of meaningful interaction at the scheme formulation stage among various commercial and co-operative banks operating in the region and between these banks and other relevant organisations and agencies such as different wings of the development administration, input dealers and organisations marketing agricultural output. Clearly, dialogue among them is crucial as it would lead to realistic assumptions in scheme formulation and avoidance of areas of overlap in the functional as well as geographical sense. Most importantly, such interactions would identify complementary tasks to be performed by different agencies in implementing the credit schemes successfully. This, in turn, would give an opportunity to the scheme formulators to judge whether and to what extent such tasks would be performed by the other agencies. This is important because of its bearing on the various assumptions, particularly with respect to increase in yields, changes in the cropping pattern, marketing arrangements for output and prices on which an agricultural credit scheme is based. It is commonly recognised that joint and coordinated efforts of several agencies are required to implement the credit schemes successfully. We would like to stress that such efforts at the implementation stage are more likely to come forth if credit schemes are prepared in such a spirit and specific tasks to be carried out by different agencies are identified in the credit schemes. All this is conspicuously absent in the mechanics of scheme formulation and many inefficacies in implementing the credit schemes could be traced to this shortcoming. The fault for such a state of affairs lies not only with the banks but also with the official development agencies. This is illustrated by the responses of some banks that in many State-sponsored schemes they were not involved at the formulation stage and that many of the assurances about supportive functions to be performed by the development agencies made, while sponsoring the schemes, remained unfulfilled at the implementation stage. It is also illustrated by the way in which the mechanism of District Consultative Committee (DCC) has functioned and its little relevance to many down-to-earth aspects of the scheme formulation task.

3.3.7 The above shortcomings of the mechanics of scheme formulation have seriously affected the quality of agricultural credit schemes as shown in the following section.

3.4 Major Features and Shortcomings of Credit Schemes

3.4.1 This section highlights some of the major features and shortcomings of the agricultural credit schemes of the commercial banks. It is based on the analysis of scheme documents received from the selected banks.

3.4.2 It may be pointed out that there is a wide variation in the quality of credit schemes for the same purpose prepared by different banks. Thus, at one end of the spectrum, there are some schemes which show cognisance of almost all factors which one should consider while formulating a credit scheme for agricultural development. At the other end, however, there are many schemes which cannot be considered satisfactory even with respect to the limited aspects they cover. Because of this reason, the following discussion is not necessarily applicable to *all* credit schemes formulated by each and every commercial bank.

3.4.3 Many credit schemes appear instruments to execute lending operations for fragmented purposes rather than schemes to provide development finance in an integrated manner to make an impact on the economics of the borrowers. This is true for schemes in the form of general guidelines as well as those which are location-specific. It is indicated not only by over-abundant attention to the terms and conditions aspect of lending but also by the way in which economic viability of a loan (from the borrowers' viewpoint) is worked out and perfunctory attention paid to such aspects as rationale of the scheme, scope of lending and complementary infrastructure and activities which have a bearing on the scheme. The following paragraphs bring out these limitations of the credit schemes.

3.4.4 One of the most serious limitations of the credit schemes scrutinised by us is the way in which economic viability of a loan is worked out. While the concept of "net incremental income" is generally used, various assumptions regarding extra production, additional cost and prices made to estimate it leave much to be desired. Thus, in a minor irrigation scheme for small farmers in an interior district of Maharashtra it is assumed that, as soon as the irrigation facilities are created, the intensity of land cultivation will increase from 100 to 250 per cent, and cropping pattern will change towards cultivation of vegetables (in three seasons) and Hybrid-4 cotton. In another scheme for minor irrigation in Haryana, economic viability is worked out by assuming (i) changes in cropping pattern from jowar, bajra, gram and wheat to sugarcane, paddy, wheat and jowar and (ii) very high yields of all crops. In the case of a land development credit scheme for small and marginal farmers in a backward district of Andhra Pradesh, the viability of the scheme has been worked out on the basis of per hectare yield of jowar at 37 quintals and that of pulse at 13 quintals. Similarly, economic viability of a credit scheme for tractors in a district of Eastern U.P. has been worked out on the basis of 20 to 35 per cent increase in the yields of paddy, maize, wheat and potato due to tractor alone, and custom hiring of 500 hours a year throughout the repayment period of the loan. These are not isolated cases. More importantly, in none of the schemes is there any discussion justifying such apparently over-optimistic assumptions. It is important to note here that the way in which economics of different schemes is worked out in many District Credit Plans is not very different either.

3.4.5 The calculations of net incremental income are based not only on unrealistic assumptions discussed above but also on estimates of costs and prices which are either unclear or incorrect. To illustrate, in the tractor credit scheme discussed above, cost of cultivation is calculated by assuming the same levels of use of all inputs other than the tractor as in the pre-tractor situation and thus the entire increase in yield is attributed to the tractor alone. In most of the schemes it is also not clear as to which prices (farm harvest, support or any other) are used in evaluating the output and why these prices are used.

3.4.6 Three other limitations of the way in which economic viability is worked out are : (i) hardly any use of such concepts as discounted cash flows and internal rate of return in schemes other than those refinanced by the ARDC, (ii) very arbitrary provisions, if any, for risks arising from vagaries of weather, incidence of pests and diseases, fluctuations in product prices and increased domestic consumption and (iii) very little, if any, gestation period allowed for the asset to generate the contemplated increase in net incremental income. These are important considerations because they not only affect economic viability but also repayment schedules. As shown in the next chapter, this shortcoming seems to have adversely affected the recovery performance of many term loans.

3.4.7 Many scheme documents do not discuss the scope of lending or absorptive capacity for loans under the scheme. Those which make a reference to this aspect relate it to descriptive characteristics of the regions for which the schemes are formulated. This is inevitable, given the nature of ground work on which credit schemes are based. Perhaps it is also a reflection of the supply-oriented, as opposed to demand-oriented, thinking on agricultural credit. Our discussions with bank officials, however, indicate that one cannot assume away the problem of effective demand for credit for all purposes at all locations. Under such circumstances, neglect of critically assessing scope of lending for specific purposes at different locations, while formulating credit schemes, adversely affects credit planning because there are alternative (purpose-wise as well as region-wise) uses of loanable funds even within the agricultural sector. Yet another implication of this neglect is that the target groups of borrowers are not identified at the scheme formulation stage. Consequently, it is not possible to appraise different credit schemes at the sanctioning stage from the viewpoint of whether and to what extent they are likely to be availed of by the weaker sections of the potential borrowers.

3.4.8 Though in implementing credit schemes banks seem to do some sort of phasing out of schemes over time, our scrutiny of the scheme documents reveals that, barring a few exceptions, this aspect has not received any attention at the formulation stage.

3.4.9 One of the most striking features of the credit scheme documents examined by us is that there is virtually no serious analysis in them of the infrastructural support and complementary activities which have a bearing on the economic viability of the loans. The success of crop loans and credit schemes for minor irrigation would depend on the efficiency with which input supply system (including rural electrification programme), extension system and marketing system for output would function. Similarly, the success of credit schemes for the purchase of milch animals would depend on a number of factors such as availability of cattle of improved breed, supply of fodder and feed concentrates, veterinary service, artificial insemination facilities and marketing and processing arrangements for milk and milk products. It is not our contention that credit schemes have been prepared without paying **any** attention to such relevant factors. However, from the unrealistic assumptions on which economic viability is worked out and the nature of difficulties experienced by the banks as well as borrowers at the implementation stage, it is clear that only perfunctory attention has been paid to these considerations in the formulation of credit schemes. Perhaps this has happend because of lack of experience in formulating agricultural credit schemes and of trained staff to undertake this task. It could as well have been due to the pressures to increase credit to the agricultural sector and the "target-oriented approach" in lending. But the fact remains that the neglect of serious consideration of these factors has adversely affected the quality of many schemes and many problems attributed to poor implementation could be traced to such weaknesses in the schemes themselves.

3.4.10 There are yet three other consequences of not paying serious attention to the related matters at the scheme formulation stage. First, opportunities to identify systematically specific tasks and responsibilities of other agencies, and thus to pressurise them to play their role in implementing the credit schemes, have been missed. Secondly, a meaningul appraisal of credit schemes at the stage of sanctioning them has remained virtually impossible. Finally, a mechanism for identifying new areas of lending in functionally interrelated activities has remained undeveloped.

3.4.11 We would like to stress that, while credit schemes may have to be fragmented by specific purposes, their success in making an impact on the economy of borrowers depends on several interrelated activities. Therefore, at any given location, there should be credit schemes for each of the bankable activities and these schemes should be formulated and implemented in such a manner that they contribute to the functional integration of different activities. From this viewpoint the range of purposes covered by the existing credit schemes and also the implementation of these schemes leave much to be desired.

Observations on Specific Schemes

3.4.12 The above observations apply to most of the credit schemes irrespective of the purposes which they aim to finance. The following paragraphs highlight certain features of the credit schemes for five major purposes, viz., crop loans, minor irrigation, tractors, dairying and poultry.

Crop Loans

3.4.13 The terms and conditions for crop loans vary widely among schemes scrutinised by us. To illustrate, the margin requirement varies from 0 to 25 per cent, the rate of interest from $8\frac{1}{2}$ to $16\frac{1}{2}$ per cent, and the repayment period from 30/40 days after harvest to 12 months from the date of borrowing.[1] The security-provisions also vary widely. Some banks require only hypothecation of crop while others require two personal sureties besides hypothecation of crops. For loans above certain amount (e.g., Rs. 2500), some banks also ask for registered/equitable mortgage of land and non-encumbrance certificate. While the common sup-

1 All references to interest rates here and later relate to the positon which existed prior to the changes in the interest rate policy announced by the RBI on December, 12, 1977 and February 28, 1978. Loans under Differential Rates of Interest Scheme are not taken into account in the ranges in interest rates referred to in this section.

porting documents required are extracts from land records and 'No Dues Certificates' from cooperatives and Government, one bank has prescribed a loan-cum-hypothecation agreement which runs to 10 pages (6½" x 9") of printed matter! Thus there is enough scope to bring about some uniformity in the terms and conditions as well as documentation for crop loans. Our recommendations on this aspect are given later as this feature is common to schemes for all purposes.

3.4.14 While a majority of banks provide crop loans for both irrigated and unirrigated areas, a few banks have included availability of irrigation in the eligibility criteria. Crop loans should be given both for irrigated and unirrigated crops. Undue emphasis on irrigation restricts the universe of eligible cultivators who have a genuine need for crop loans.

3.4.15 In most crop loan schemes all farmers are entitled to the full scale of finance. This is contrary to the recommendation of the All India Rural Credit Review Committee which was accepted by the RBI and incorporated in its manual on **Production-Oriented System of Lending for Agriculture.** According to this recommendation, large cultivators should be required to plough back progressively more of their own resources for financing production and development and only small farmers should be allowed full entitlement to the crop loan. Only a few banks have indicated this principle in their scheme documents. We recommend its strict adherence as it will not only spare loanable funds for more needy categories of borrowers but also generate pressures on the branch staff to reach out to them by closing easy avenues to increase advances for this purpose.

3.4.16 While most of the crop loan schemes examined by us make a reference to disbursement of a part of the loan in the form of inputs, in actual practice, in many locations, the entire loan is disbursed in cash. This happens because schemes for crop loans are developed without evolving tie-up arrangements for the supply of inputs. We recommend that the schemes for crop loans should be linked up with schemes of "indirect finance" to dealers of all major inputs at the scheme formulation stage. This will ensure timely supply of inputs besides facilitating disbursement of parts of crop loans in kind.

3.4.17 The weakest aspect of crop loan schemes is inter-linking of credit and marketing. Since most of the scheme documents for crop loans are in the form of general guidelines rather than location-specific schemes, it might not have been possible to spell out the details of linking credit with marketing. It is, however, well known that effective linking of crop loans with marketing is confined only to a few regions and some commercial crops (e.g., sugarcane, cotton and tobacco). The past experience has shown that this is not sufficient. Therefore, while formulating crop loan proposals for specific regions, more serious attention will have to be paid to the marketing aspect and innovative ways will have to be found to build marketing tie-ups with such agencies as procurement agents of the Food Corporation of India, itinerant merchants, *adatiyas*, commission agents, hotels, hospitals, hostels and processing firms.

3.4.18 The repayment period of crop loans in many schemes force many small borrowers to sell their produce soon after harvest when prices are at their lowest. Therefore, there is a strong case for differential treatment in favour of small and marginal farmers while fixing repayment period of crop loans. For the same reason, we also recommend that schemes for marketing finance against pledge/hypothecation of produce should be developed and implemented in a coordinated manner with the crop loan schemes. It may be pointed out that, up to certain limits, advances directly granted to farmers against foodgrains, by way of an extension of earlier advances against standing crops, for a period of three months after harvesting are completely exempted from selective credit control stipulations of the RBI. Thus, there is a clear scope for the banks to develop schemes for marketing finance. In this context we further recommend that the present ceiling of advances against foodgrains for exemption from selective credit control should be raised from Rs. 2,500 to Rs. 5,000.

Credit Schemes for Minor Irrigation

3.4.19 Broadly there are three types of minor irrigation schemes : (i) for construction/deepening of wells and tubewells, (ii) for installation of pump-sets, and (iii) for both these purposes (referred to as composite minor irrigation schemes).

3.4.20 The terms and conditions for loans in the minor irrigation schemes also vary widely. To illustrate, margin requirements for construction of wells range from 10 to 50 per cent and the repayment period varies from 3 to 15 years. The relaxation in repayment period for small farmers also differs—from 15 years in the schemes of one bank to 5–7 years in the schemes of many banks. The repayment period has been fixed in some schemes on the basis of repaying capacity. But in others it seems to have been fixed arbitrarily. The gestation period required for the envisaged changes in cropping pattern, increase in the intensity of cultivation and increase in yields is seldom taken into account. The rate of interest varies from 7 1/2 to 15 per cent. Besides mortgage of land and hypothecation of machinery (for pump-set loans), a few schemes also demand either third party guarantees or hypothecation of standing crops.

3.4.21 The eligibility criterion for a loan to construct a well ranges in some banks from minimum 2 to 5 acres of owned cultivated area. This seems to have been fixed irrespective of such factors as productivity of land, possible changes in cropping pattern and crop varieties, availability of markets for output and cost of a well.

There is a strong case to develop the eligibility criterion on the basis of minimum owned land as well as these other considerations. Such a change in the eligibility criterion would enlarge the universe of eligible borrowers by qualifying many small and marginal farmers where ground-water level is high and not much investment is required for the construction of wells as in many parts of Eastern India. Similarly, it would also qualify for a loan many small and marginal farmers in the vicinity of urban areas where markets for crops like vegetables are readily available.

3.4.22 Most of the minor irrigation schemes, as they have been formulated, seem to have paid little attention to the complementary tasks in the spheres of input supplies, extension support (including technical advice in installing pump-sets) and marketing arrangements (particularly for perishable crops) in spite of the fact that the economic viability is worked by assuming substantial changes in the cropping pattern and productivity of land. These complementarities are crucially required if the underlying assumptions are to come true and minor irrigation facilities are to make a decisive impact on the economics of cultivators with farms of relatively small size. The commercial banks cannot be expected to take up directly such complementary tasks. But if the critical importance of these tasks is stressed ***at the stage of formulating these schemes***, many of the problems experienced at the implementation stage could be avoided because it would highlight the complementary tasks to be performed by the other agencies.

3.4.23 Yet another improvement needed in the minor irrigation schemes for construction of wells is to provide for the payment of subsidy for failed wells to the borrowers. Such an arrangement will particularly break the diffidence of small and marginal farmers who qualify for loans but do not avail of them because of risks involved in creating this asset.

3.4.24 The present credit schemes for minor irrigation cover mainly construction of wells and pumpsheds and installation of pump-sets. The unconventional aspects such as sprinklers and lining of canals, watercourses and channels have so far remained beyond the scope of many credit schemes for minor irrigation. In areas where groundwater resources are getting rapidly exhausted and problems of water management are becoming increasingly important, there is a scope for developing schemes which will improve the performance of minor irrigation facilities. Similarly, in certain parts of dry land agriculture, there is a scope to develop credit schemes to bring water harvesting technology from research stations to cultivators' fields.

3.4.25 So far credit schemes for minor irrigation have been formulated for ***individual ownership*** of these facilities. The instances of "Group Guarantee" approach through which benefits of these schemes have been made available to small and marginal farmers in the form of joint ownership of irrigation facilities are rare and are an outcome of the initiative taken by some branch staff at the implementation stage. This practice cannot be developed on a large scale at the implementation stage alone. Conscious and systematic efforts should be made *to formulate* location-specific minor irrigation schemes for joint ownership by groups of cultivators. Without such deliberate and concerted efforts, many small and marginal farmers with fragmented holdings are unlikely to get minor irrigation facilities.

3.4.26 The full potential to develop credit schemes for repairs and desilting of tanks is not yet tapped. According to the National Commission on Agriculture, there are about 5 lakh tanks in the country and many of them are in a state of disrepair mainly because of silting of beds and breaches due to inadequate surplusing arrangements or bad maintenance. We recommend that State Governments should identify these opportunities and develop credit schemes in due consultation with the ARDC, AFC and commercial banks.

Credit Schemes for Farm Mechanisation

3.4.27 Though they are referred to as schemes for farm mechanisation, most of them are for tractors. There are very few credit schemes for such things as small tools and implements, bullock carts with pneumatic tyres, mould board ploughs, dusters, sprayers and threshers. Thus there is a vast scope to develop schemes for the benefit of a large number of cultivators as opposed to a microscopic minority.

3.4.28 As in the case of schemes for other purposes, terms and conditions in various credit schemes for tractors also vary widely. In the schemes scrutinised by us, margin requirements range from 5 to 50 per cent, interest rate varies from 11 to 14 1/2 per cent and the period of repayment is between 4 and 10 years. While all banks demand mortgage of land besides hypothecation of machinery, some also stipulate hypothecation of crops and sureties.

3.4.29 The most serious limitation of most of the credit schemes for tractors is the way in which economic viability of the loan is worked out. In many schemes unrealistic assumptions about the impact of tractors on productivity of land and custom service are made. This might have happened bacause tractor loans readily "improve" a bank's performance in advances to the agricultural sector and they do not increase the work proportionately. While this is understandable tractor credit schemes with dubious calculations of economic viability have no justification.

3.4.30 Another direction of improvement is the formulation of schemes for joint ownership of tractors by groups of small and marginal farmers, particularly in regions having shortage of farm power or where tractors are critically required because of agronomic factors and where a substantial effective demand for custom service by tractors, either for cultivation or for transport, has already developed. Besides meeting the power requirements on their own farms and thus lessening the burden of draught animals on their limited land, this type of schemes would create a source of supplementary income for small and marginal farmers.

3.4.31 In the credit scheme for tractors, it is necessary to build precautions which will ensure proper maintenance of machines. Partially this could be done by persuading the borrowers to take supply of oils and filters of standard quality for the first year. This would prevent the use of adulterated oils and spurious filters and thus contribute to creating quality consciousness among farmers about factors which affect life and performance of these expensive machines. Similarly, while formulating credit schemes for tractors, banks should also formulate credit schemes for the establishment of workshops for repairs and maintenance in the same regions.

Credit Schemes for Dairying

3.4.32 Though they are often referred to as dairy development schemes, most of these schemes are only for one of the several interrelated activities in dairy development, viz., purchase of one or two milch animals by individual borrowers. This has happened because the origin of many of these schemes is in the special programmes for small and marginal farmers and landless labourers, which aim at providing them an asset for supplementary income.

3.4.33 There is a wide variation in the terms and conditions of these schemes. The margin requirements vary between 5 and 50 per cent, the rate of interest ranges from 10 1/2 to 15 per cent and the repayment period is from 10 months to 3 years. The repayment period for the construction of cattleshed is from 3 to 5 years.

3.4.34 Apart from the hypothecation of animals and cattle insurance, some banks have sought for mortgage of land in the schemes scrutinised by us. A few banks have also asked for guarantors. Thus these considerations have excluded tenants and landless labourers from availing the benefits of these schemes though, to begin with, these schemes were taken up for their benefit also. Such security-based restrictive eligibility criteria should be dropped, particularly when the credit schemes are meant for low-income groups.

3.4.35 Not all dairy schemes, as they are formulated (or implemented), aim at financing the purchase of exotic high-yielding milch animals. Banks, however, cannot be blamed altogether for this feature. In many areas such animals are just not available. Nor can the available support for veterinary services, marketing arrangements for milk, or managerial capabilities of the borrowers to look after the exotic breed can be considered satisfactory in all places. What the schemes, however, could be criticised for is that even when they were formulated for the purchase of exotic breed, not enough attention has been paid to these aspects. Consequently, assumptions made about milk yield often appear unrealistically high.

3.4.36 A few other shortcomings of these credit schemes are as follows : Though most of these schemes are meant only for cultivating households, while working out the details, the dairy enterprise has been treated in total isolation and not in the context of crop enterprises. Similarly, the repayment capacity has been worked out without any provision for domestic consumption of milk and milk products. Finally, in a number of schemes, loans have been provided for only one animal per borrower, and the repayment period fixed at 10 months. This leads to distress sale of the animal when it goes dry. Because of these shortcomings, many dairy schemes, as they have been formulated, cannot be expected to make significant and permanent impact on the economies of the weaker sections.

3.4.37 We recommend that credit schemes for dairy development should be formulated on the basis of sound location-specific groundwork. These schemes could be for financing of several interrelated activities in regions where major cattle improvement and/or dairy development programmes are taken up. They could also be for financing of the purchase of a ***minimum*** of a couple of milch animals of local variety to broaden the asset base of the weaker sections. Only careful location-specific groundwork could reveal the most appropriate scheme for a given region.

Credit Schemes for Poultry

3.4.38 As in all other credit schemes, the terms and conditions in credit schemes for poultry also vary widely. Margin requirements range from 10 to 50 per cent, the rate of interest varies from 9 to 16 per cent and the repayment period is between 10 months to 7 years (depending on the size of the project). Hypothecation of birds is required in all schemes. In some schemes mortgage of land or other immovable property is also asked for. Sureties too are required in some cases.

3.4.39 Many credit schemes for poultry seem to have been launched under the "Half-A-Million Jobs Programme" for the unemployed graduates. Loans were granted to many individuals who did not have relevant experience or knowledge and commitment to poultry enterprises. Some of these schemes came to grief when the unemployed graduates availing of the schemes gave up poultry farming as soon as they found some other employment. Others ran into difficulties because borrowers lacked knowledge in poultry keeping. Because of this unhappy experience, in our discussions with bank officials we found a hesitation for this line of ending particularly for small poultry units.

3.4.40 The credit schemes for poultry scrutinised by us reveal some important shortcomings in the form of inadequate attention to veterinary care available for birds, supply and cost aspects of poultry feed and marketing arrangements for poultry products. All these interrelated aspects have a bearing on the economic viability of the scheme, not only for borrowers but also for the banks. We recommend that, as in the case of credit schemes for dairy development, credit schemes for poultry should be based on location-specific groundwork in which all aspects of poultry enterprises are critically considered and tasks of different agencies are identified.

3.5 Major Conclusions

3.5.1 Important shortcomings of many of the credit schemes are : (i) perfunctory attention to the nature of support available from infrastructural facilities and complementary activities to the purposes covered by the credit schemes, (ii) unrealistic assumptions in working out economic viability and repayment schedule of loans, (iii) excessive caution in defining the universe of eligible borrowers and in the requirements of security-oriented documents and other formalities, (iv) lack of attention to assessing the scope of lending to different categories of borrowers, particularly low-income groups, (v) almost exclusive concern with individual as opposed to joint ownership of assets in the term loans and (vi) hardly any dovetailing of credit schemes for direct finance with those for indirect finance. Because of these shortcomings, despite the "area approach", many credit schemes are for the standard conventional purposes with stereotyped content and do not reflect area-specific realities.

3.5.2 The above shortcomings of the credit schemes appear to be due to inadequate importance given by the commercial banks to the task of scheme formulation and appraisal and various limitations of the modalities followed in scheme formulation discussed in section 3.3 above.

3.5.3 The commercial banks alone, however, cannot be blamed for the above shortcomings. Their difficulties, arising from lack of experience in agricultural finance, have been further compounded by the non-existence of micro-level operational plans of development activities from which credit schemes could be readily derived.

3.6 Recommendations

3.6.1 Broadly, our recommendations are on three aspects of the formulation of credit schemes : (i) modalities of scheme formulation (i.e., processes in and organisational arrangements for the scheme formulation work), (ii) improvements/modifications in credit schemes, and (iii) range of activities to be covered by credit schemes.

Modalities of Scheme Formulation

3.6.2 We endorse the "area approach" in the formulation of credit schemes. The term "area approach", however, should mean that the credit schemes are based on location-specific realities with respect to (i) the range of activities for which they are prepared, keeping in view the forward and backward linkages between purposes for which credit schemes are formulated and other activities which have a bearing on these purposes, and (ii) factors which affect the scope of lending and viability of loans. While schemes in the form of general guidelines to lend for a specific purpose may have to continue for some more time, concerted efforts should be made to prepare increasing number of location-specific credit schemes for all purposes.

3.6.3 The task of scheme formulation and appraisal should get due recognition and emphasis at all levels in the banking system. This implies, among other things, strengthening of Agricultural Finance Department at the head office of the commercial banks and establishment/strengthening of Agricultural Finance Cell at the Zonal Offices with adequate and technically competent staff. It also implies appointment of Farm Representatives at the regional/divisional/area level and providing increasing number of rural and semi-urban branches with Agricultural/Technical Field Officers. Furthermore, at all levels, there should be greater involvement of relevant officers in the scheme formulation task than has been the case so far. We attach great importance to this because many of the difficulties experienced at the implementation stage (discussed in the next chapter) are due to the shortcomings of the schemes themselves and these cannot be removed without strengthening the arrangements for the scheme formulation and appraisal tasks in the banking system. This would be true irrespective of the District Credit Plans because a scrutiny of available District Credit Plans shows that they can be, at best, only a starting point in formulating the credit schemes.

3.6.4 There should be a close rapport between the office of the Director of Institutional Finance in each State and the commercial banks operating therein at the stage of both formulation and implementation of agricultural credit schemes. The Director of Institutional Finance should indicate priority areas (functional and geographical) to the commercial banks for formulation of credit schemes. He should also indicate opportunities for credit schemes emerging from various development programmes of the State Government. Those State/Union Territory Governments, which have not yet established the office of the Director of Institutional Finance, should do so without delay. All State/Union Territory Governments should appoint a senior officer of the rank of a Secretary /Commissioner as Director of Institutional Finance and strengthen his office.

3.6.5 The commercial banks should develop close contacts with the Regional Offices of the ARDC to identify opportunities for developing credit schemes and increasingly use the guidelines developed by the ARDC to formulate their credit schemes irrespective of whether refinance is required.

3.6.6 The AFC may consider establishing offices in each State in a phased manner to play an active role in the formulation of major credit schemes for the State Governments and the commercial banks. In the State Level Coordination Committees and DCCs the AFC should be associated. It should also be given a substantial role in carrying out evaluation of major credit schemes.

3.6.7 In the absence of a machinery to prepare block or district level operational plans for integrated rural development, the Lead Bank and the District Consultative Committee (DCC) have a special responsibility in the formulation of agricultural credit schemes. They should critically examine the problems experienced in the implementation of the existing credit schemes to identify areas of new credit schemes in functionally interrelated activities (e.g., supplies of inputs, establishment/further development of marketing and processing facilities, etc.). The feedback to be received by DCC from the Task Force to facilitate implementation of credit schemes will be particularly helpful in this matter. (This proposed machinery is discussed in the next chapter).

3.6.8 In many District Credit Plans, as they are prepared at present, there is hardly any discussion about the nature and source of data used and various assumptions made in working out the economics of credit schemes. Similarly there is very little discussion on the nature of supportive facilities required to make the estimated net incremental incomes come true in the credit schemes. For a District Credit Plan to be a meaningful starting point in the drawing up of sound credit schemes by the commercial banks operating in the district, this lacuna should be removed. In the absence of this, there is a real danger of the economics of credit schemes given in the District Credit Plans being mechanically followed in good faith by the commercial banks.

3.6.9 To identify opportunities for developing credit schemes for specific villages and blocks, Branch Managers should be invited to the meetings of the block development committees. Similarly, there should be regular interaction between branch staff, on the one hand, and development staff, input dealers and organisations and individuals involved in the marketing of agricultural output, on the other hand. Schemes, however, should be based on purposive groundwork/surveys after the opportunities for lending are identified in this manner and/or from the District Credit Plan and the deliberations of the DCC. The main objective of the groundwork should be to examine critically the viability of these opportunities to develop sound schemes, and to assess the scope for lending under such schemes to different categories of borrowers.

3.6.10 In the training of the Branch Managers and Agricultural/Technical Field Officers, the formulation and implementation of agricultural credit schemes should get more emphasis than has been the case so far. In this type of training programmes, as far as possible, experience-based teaching materials and case studies should be used.

3.6.11 Incentives in the form of weightage for future promotions and/or increment for consistently outstanding performance in formulating and implementing agricultural credit schemes should be given to the branch officers. The practice of appointing experienced Agricultural/Technical Field Officers as managers of rural branches should also be adopted by all banks. To facilitate this practice, general aspects of banking should be covered in the training of Agricultural/Technical Field Officers with due emphasis.

3.6.12 The formulation of sound credit schemes depends, among other things, on the availability of adequate and reliable data. Various recommendations made above will generate useful information and data to prepare location-specific credit schemes. This will have to be supplemented by secondary data and qualitative information available from District Statistical Offices, Groundwater Departments, Agricultural Universities, Agro-Economic Research Centres, and commercial and cooperative banks operating in the region. In view of the past experience, we recommend that the task of compiling district-wise data on loan operations of credit institutions and making them available to all agencies involved in scheme formulation should be entrusted to the Regional Offices of the RBI. The State Governments should issue appropriate instructions to District Statistical Offices, Groundwater Departments and other relevant departments to provide data required by banks for the formulation of credit schemes.

Improvements/Modifications in Credit Schemes

3.6.13 Various directions in which the existing credit schemes need improvements/ modifications have been pointed out in Section 3.4 in which we have discussed major features and shortcomings of the credit schemes. Therefore, they are not repeated here. We would, however, like to draw particular attention to paragraphs 3.4.4 to 3.4.11, 3.4.14 to 3.4.18, 3.4.21 to 3.4.26, 3.4.29 to 3.4.31, 3.4.34 to 3.4.37, and 3.4.40. In addition to this, the following issues also need urgent attention.

3.6.14 There is a great deal of variation in the terms and conditions of loans (including formalities in terms of certificates and documents required) in the credit schemes for the *same* purpose prepared by different banks. There is little justification for such variation in the credit schemes for the *same* purpose of different banks operating in the *same area*. Competition among banks at a given location should be on the basis of quality of service and not with respect to such conditions as margin requirements, repayment period and interest rates. This is particularly necessary because such competition is usually to cater to the credit needs of the relatively better-off sections of the society. We recommend that for the *same* purpose the terms and conditions of loans to the *same category of borrowers* should be uniform in credit schemes of all banks operating in a district/groups of districts. The RBI should evolve such uniformity in consultation with the banks.

3.6.15 Each credit scheme should spell out the assumptions made in working out the economic viability and repayment schedules of loans. These assumptions relate to such things as extra production, changes in the cropping pattern, increase in the intensity of cultivation, gestation period allowed for the asset to generate the contemplated increase in net income, additional cost, prices of output, etc. The rationale behind the assumptions should also be discussed. This requirement will make the credit schemes realistic. It will also make critical appraisal of schemes possible at the sanctioning stage and bring about meaningful supervision of credit schemes at the implementation stage.

3.6.16 While formulating a location-specific credit scheme, the scope of lending to the weaker sections should be assessed and indicated in the scheme document. This requirement would draw the attention of the scheme-formulating staff to whether and up to what extent the scheme can benefit different sections of the low-income groups. It would also result into evolving meaningful rather than stereotyped flexibilities in terms and conditions of loans to cover the weaker sections. If weaker sections could not be covered under the scheme, it would highlight the need to draw up other credit schemes for their benefit. Finally, it would permit critical appraisal of the scheme at the sanctioning stage from the viewpoint of achieving one of the most important national objectives and draw attention to this aspect at the implementation stage. All this would be a substantial improvement over the present state of affairs where flexibilities in terms and conditions of loans to weaker sections are provided in many scheme documents, more as a matter of form rather than as devices to cover weaker sections more effectively, and there are no mechanisms to ensure that these provisions are effectively utilised at the implementation stage.

3.6.17 Each credit scheme should point out the functional linkages between activity financed by the scheme and infrastructural support and other complementary activities which have a bearing on the viability of the scheme. This would improve quality of the scheme, facilitate its critical appraisal at the sanctioning stage and help the implementing staff in the supervision of the credit scheme. It would also lead to formulation of functionally integrated credit schemes for more than one purpose, as opposed to single-purpose credit schemes, which dominate at present.

Range of Activities and New Purposes to be Covered by Credit Schemes

3.6.18 There is ample scope to diversify the purposes for which credit schemes are being formulated. This scope is in three broad directions: (i) extension of the activities covered in the existing credit schemes, (ii) developing credit schemes for unconventional purposes and (iii) formulating credit schemes exclusively for the weaker sections both for the conventional and unconventional purposes.

3.6.19 The viability of many existing credit schemes is often adversely affected because of weak linkages. Thus, in many locations, the arrangements for the supply of inputs and marketing of output are inadequate with adverse consequences for the crop loans and minor irrigation schemes. This suggests credit schemes for input dealers, for storage bins with cultivators, for godowns and warehouses, for regulated markets, for cold storages, and, wherever necessary, for processing and transportation facilities. Similarly, to provide support for the poultry schemes there appears scope for credit schemes for hatcheries, for poultry feed plants based on local resources, for establishment of collection centres, for providing transportation facilities and providing marketing tie-ups with consuming centres. The scope of dairy schemes could be extended from financing the purposes of milch animals to schemes for cattle-breeding and calf-rearing, establishment of cattle-feed plants, milk collection and chilling centres and milk processing plants. Some commercial banks have already developed credit schemes for some of these activities. We recommend the enlargement of these efforts, particularly after taking into account location-specific forward and backward linkages. This would contribute substantially to functional integration of the credit schemes for conventional purposes with interrelated activities and thus remove many difficulties experienced at the implementation stage, which are discussed in the next chapter.

3.6.20 Most of the existing credit schemes are for conventional purposes (e.g., crop loans, construction of dug and tube-wells, energisation of wells by oil engines, and electric motors, purchase of tractors, mechanised boats, milch animals and setting up of poultry units). Besides what is indicated in the above paragraphs, there is considerable scope to diversify the purposes for which credit schemes could be formulated. Some illustrative examples are loans for tree crops, for high value medicinal plants, for water management aspects in minor irrigation schemes, for creating water harvesting facilities in dry land agriculture and for inland fisheries. Again, these are not completely unexplored areas. What is required is the enlargement of efforts.

3.6.21 Some of the directions mentioned in the above two paragraphs may not fall under "Direct" or "Indirect Finance" for agricultural development as classified by the RBI at present. The point we are stressing is that by diversifying the purposes to formulate agricultural credit schemes and by providing appropriate location-specific linkages between schemes of direct and indirect finance, as well as between schemes for agricultural and non-agricultural finance, the commercial banks could make a substantial contribution to agricultural development. It may be mentioned here that, so far, this aspect has received very little attention in the District Credit Plans and the deliberations of the DCCs.

3.6.22 At present, there are four major mechanisms with the commercial banks to provide credit to the weaker sections in the agricultural sector : (i) credit schemes linked with special programmes for such categories as small and marginal farmers, landless labourers, Harijans and tribals, (ii) commercial banks' own credit schemes exclusively meant for these categories of borrowers, (iii) building flexibilities in the terms and conditions of credit schemes meant for all borrowers (such as relaxing requirements of certain documents, margin money and sureties, longer repayment period, lower interest rates, etc.), and (iv) group approach in lending. Each of this is a step in the right direction but the scale of efforts is not large enough. Our various recommendations aim at enhancing these efforts. In the present context, we stress that, for both conventional and unconventional purposes, increasing number of location-specific exclusive credit schemes should be formulated for the low-income groups.

3.6.23 There are five distinct advantages of the above strategy. First, new location-specific opportunities to widen the asset base of ***different segments*** of the weaker sections will get identified. Secondly, in term loans the focus will shift from individual to joint ownership of assets. Thirdly, more realistic terms and conditions (including provisions for rescheduling of repayment, moratorium on the payment of interest and principal, and, if necessary, additional loan to overcome genuine difficulties), suited to their special circumstances, will get worked out. Fourthly, at the implementation stage, these schemes will get their due attention, and weaker sections will not be by-passed as it often happens in spite of almost all schemes having provisions for loans to weaker sections on concessional terms. Fifthly, it will enable the commercial banks (and others) to monitor and evaluate the performance of different branches in achieving one of the most important national objectives.

CHAPTER 4

Implementation Of Credit Schemes

4.1 Introduction

4.1.1 Three main questions have received our attention while analysing the implementation of agricultural credit schemes by the commercial banks. These questions are : (i) What are the procedures and arrangements in implementing the credit schemes? (ii) What are the shortcomings of these procedures and arrangements? (iii) What are the difficulties experienced by the banks in implementing the credit schemes? Our recommendations on how the implementation of credit schemes could be made more effective are given at the end of the chapter.

4.1.2 The chapter is based on the analysis of information and views collected through the questionnaires circulated among commercial banks, Regional Rural Banks, State Governments and knowledgeable persons and discussions with the senior officers of commercial banks and others.

4.2 Sanctioning of Schemes

4.2.1 In the earlier years, agricultural credit schemes were sanctioned only in the head offices of the banks because this was a new line of lending and also because of the limited technical expertise at the lower levels. There has been decentralisation in this function over the years in many banks. Agricultural credit schemes with a total outlay up to a specified amount are now sanctioned at the regional or divisional level. In a few banks, however, all schemes are still sanctioned at the head office level, irrespective of the amount of credit involved.

4.2.2 We are told that, while sanctioning a credit scheme, such factors as objectives of the scheme, technical feasibility and financial and economic viability are taken into account. In many cases, however, there seems to be little pre-sanction critical appraisal of the credit schemes. This seems to have been mainly due to the pressures on the commercial banks to increase lending to the agricultural sector.

4.2.3 So long as credit schemes are not appraised critically at the stage of sanctioning them, adequate pressures to formulate sound credit schemes by removing the weaknesses discussed in the previous chapter cannot be generated. And until the commercial banks themselves feel confident about the viability of their credit schemes, they are likely to exercise excessive caution while implementing these schemes. The most common reflection of this tendency is the number and types of security-oriented certificates and documents taken from the borrowers while sanctioning loans. It is also reflected in the limited powers of the branch managers in many banks to sanction loans and in the conventional procedures in carrying out the inspection of the branches. All this, in turn, creates many hardships to borrowers—particularly the small borrowers—increases the volume of work for the branch staff and adversely affects their attitudes towards loans for agriculture and allied activities. Thus, there is a clear need for a critical appraisal of the credit schemes at the sanctioning stage.

4.2.4 While sanctioning credit schemes for specific branches, the requirements of field staff to implement them should be carefully assessed. The need for this is clearly indicated by the difficulties experienced by the branches for want of adequate field staff to process loan applications (including scrutiny of certificates and documents, inspection of farms and carrying out various formalities in sanctioning the loans), supervise the implementation of credit schemes and recover loans. Serious consideration of the field staff requirement at the sanctioning stage of the schemes will improve manpower planning in the commercial banks for this line of lending. It will also break the following vicious circle : no or inadequate staff at certain branches–(therefore) low volume of agricultural advances at these branches–(therefore) low profitability of these branches——(hence) hesitation to provide/expand field staff at these branches.

4.3 Motivation and Identification of Borrowers

4.3.1 The degree of efforts made by the commercial banks to canvass loan applications vary from very little to vigorous. Such variation exists among banks as well as among different branches of the same bank. It seems to be due to (i) the differences in the attitudes of different banks towards agricultural finance, (ii) the differences in the attitudes of different State Governments towards the commercial banks, (iii) the differences in the perception of different banks with respect to effective demand for agricultural credit and (iv) the competition from other sources of credit to meet this demand. Among branches of the same commercial bank, efforts made to motivate borrowers differ because all rural branches are not equally emphasised for substantial lending to the agricultural sector because of the above factors and lack of adequate field staff. It could, however, be said that not everywhere does a commercial bank wait for "ready" borrowers who fit into the eligibility requirements of credit schemes. In other words, the commercial banks have been making efforts to motivate cultivators to take loans under different schemes at increasing number of branches.

4.3.2 The nature of efforts made to motivate the borrowers range from merely creating the awareness about the banks' credit schemes through distributing leaflets to *convincing* the potential borrowers about the benefits of loans by arranging pump-set demonstrations, and in the case of one bank, by conducting demonstrations of seeds and fertilisers on cultivators' fields. More commonly, the efforts aim at *explaining* special features of different credit schemes (particularly terms and conditions), and their benefits. The mechanisms used in these efforts include distribution of leaflets giving information on credit schemes, organising meetings (or credit camps) at block and village levels, involving village leaders and such functionaries as VLWs, BDOs, and school teachers in these meetings and making individual contacts. With the adoption of the area approach to avoid scattered lendings, these efforts have become a regular feature in implementing the credit schemes at many branches of the commercial banks.

4.3.3 The above mechanisms are also used to identify borrowers. In schemes tied with special programmes such as SFDA, borrowers are usually identified by the officers in charge of the programmes. In this context, some banks stated that the list of eligible borrowers prepared by the Project Officers is not made available to them. In generating demand for credit, as well as in identifying the borrowers, the banks have also taken help of marketing and processing intermediaries, particularly tobacco companies, sugar factories and dairies.

4.3.4 In the existing practices to motivate and identify borrowers, there appears to be three important limitations. First, in some situations, these efforts seem to convey an impression that the banks are over-anxious to lend. Perhaps this has happened because of the target-oriented approach to increase advances to the agricultural sector. This is unfortunate because it adversely affects the borrowers' attitudes towards utilisation and repayment of loans. Second, the commercial banks do not seem to have evolved adequate mechanisms to involve input dealers and agencies and individuals marketing agricultural output in their efforts to motivate and identify the potential borrowers. Third, excepting in the schemes exclusively meant for the weaker sections, the efforts to motivate and identify the small borrowers seem inadequate. Consequently, the flexibilities in terms and conditions available in most of the schemes to give loans to the weaker sections might have remained underutilised. This seems to be due to such factors as relatively larger amount of work involved in giving loans to the small borrowers, inability of the borrowers from the weaker sections to get the required security-oriented certificates and documents and lack of right attitudes and orientation in the branch staff.

4.3.5 Some banks have followed the "Group Guarantee" approach to cover weaker sections more adequately while implementing the crop loan schemes. This is a step in the right direction, but it is not sufficient. More conscious efforts will have to be made and innovative ways will have to be found to form groups not only to get guarantees for individual crop loans, but also for joint ownership of lumpy assets and for group actions in getting input supplies and marketing output. That a bank can play a catalytic role in forming such groups has been demonstrated by a few examples. Unless these efforts are systematically enlarged, benefits of many credit schemes may not reach the weaker sections in a large way despite providing flexibilities in the terms and conditions for loans to individual borrowers from the weaker sections. This is because of the dependence of the weaker sections on landlords/moneylenders/traders for such matters as cultivation rights, consumption loans, employment of surplus labour, getting supplies of inputs and marketing of output. In view of all these considerations, concerted efforts are required to formulate location-specific credit schemes for groups of small borrowers, which are suited to their circumstances, and implement them on a priority basis. This, in turn, requires due emphasis to all aspects related to group lending in the training programmes for officers concerned with the agricultural credit schemes.

4.4 Sanctioning of Loans to Individual Borrowers

4.4.1 Loan application forms of different banks, for the same purpose, vary in terms, complexities and amount of information sought for. Though many banks have printed these forms in regional languages and made some efforts to simplify the forms, there is a clear need for further simplification and standardization of loan application forms. Similarly, we see no need for the attestation of the photograph (with a thumb impression) by a Gazetted Officer in the case of an illiterate borrower, as required by some banks. These modifications will not only help the borrowers but also save valuable time of the meagre branch staff in processing the loan applications.

4.4.2 The number and types of certificates and documents required by most of the commercial banks, either with loan applications or at the time of loan agreements, clearly reflect over-abundant caution in giving loans for agriculture and allied activities. The certificates and documents commonly required for term loans include the extracts from revenue records about ownership or cultivation rights in land, " No Dues or No Objection Certificates" from the local primary co-operative society (or land development bank), Demand Promissory Note, Continuing Security Letter, Letter of Lien and Set-off, Hypothecation Deed of assets purchased out of loans, equitable (or simple) mortgage of land, Non-encumbrance Certificate and Letter of Guarantee from one or more sureties acceptable to the bank. While many banks do not require some of these certificates and documents for crop loans, there are a few banks which require most of them, even for crop loans. While some banks require the documents only once a year for all crop loans issued during the year, others insist on them every time a borrower approaches the bank for a loan, which may mean 2 or 3 times in a year depending on the number of crops taken by him.

4.4.3 Many difficulties reported by the commercial banks in implementing credit schemes are experienced at this stage. To illustrate, the extracts of land revenue records are not readily available either because the land records are not up-to-date or because of the unhelpful attitude of the revenue officials. It is well known that small and marginal farmers experience great difficulties in this matter. In the case of tenant cultivators, particularly in the Eastern States, the difficulty seems to be almost insurmountable because there are no records of tenancy rights. " No Dues Certificates " are also not readily available to borrowers particularly in regions where the rapport between the cooperatives and commercial banks is weak. Small borrowers also experience difficulties in getting Letters of Guarantee from sureties acceptable to the banks. The groundwater certificates required for minor irrigation credit schemes are also not readily available in many parts. Generally, the responsibility of getting most of these certificates is that of the borrowers. Because of the above difficulties, there are delays either in the banks accepting the loan applications or in sanctioning of loans. This, in turn, adversely affects timely availability of credit with all its consequences on the borrowers' motivation to take loans from the banks and the utilisation of the loans for the purposes for which they were meant in the first instance.

4.4.4 While the concern of the commercial banks for the security of their loans is justified, we wonder if the excessive caution in taking several certificates and documents is justified. This practice does not seem to have forestalled the problem of high overdues or precluded over-financing. In this context it is important to note that till the legislation on the lines recommended by the Talwar Committee is passed by the State Governments, perhaps over-financing could not completely be prevented where both cooperatives and commercial banks are active. This is because the cooperative institutions could give loans after the commercial banks; some State enactments have conferred the first charge on crops and land in favour of the former for recovery of loans. That this is not only a hypothetical possibility was indicated to us by a number of senior bank officials in their discussions with us. In fact, a few banks indicated that some cooperatives issue false "No Dues Certificates" to their members.

4.4.5 There are three more reasons why the excessive caution in taking several certificates and documents is not justified. First, from the borrowers' viewpoint, more than any other, this condition causes them many hardships. It excludes those from the weaker sections, who cannot furnish such certificates and documents, from taking the benefits of the credit schemes. It also makes the credit from the commercial banks expensive in monetary and real terms for those who take the loans. This is because of the legal and other payments they have to make and the time they have to spend in getting the certificates and documents. Second, it makes excessive demand on the scarce time of the branch staff for the pre-loan disbursement operations. This, in turn, often leaves little time and enthusiasm with them for meaningful supervision of the credit schemes. Third, it reinforces the reluctance of the bank staff towards expanding the number of small accounts.

4.4.6 It is because of these reasons why a few banks have started simplifying their application forms and procedures. For instance, one bank has discontinued the following formalities in the case of farmers who have taken crop loans and have been prompt in repayments for at least two years : taking (i) copies of ***Pahani***, record of rights and other village records, (ii) "No Dues Certificates" from the local cooperative society, (iii) declaration that the farmer does not owe any money to any other credit institution and (iv) letter of undertaking not to create charge over the property without the written permission of the bank. It has also discontinued pre-sanction inspection of the farm. In this bank, the branch manager has only to satisfy himself that the land continues to be in the name of the applicant and that he has not availed of a loan from another institution before he can sanction the loan. The recovery of crop loans in this bank, we are told, has not been adversely affected due to the above relaxations in the procedures. We suggest that concerted efforts on the above lines should be made in all commercial banks.

4.4.7 As for the sanctioning of the individual loans under an approved scheme, the practices vary among commercial banks. There are a few banks where the branch manager is authorised to sanction all loan proposals under an approved credit scheme irrespective of the amount involved. The common pattern, however, is to grant certain sanctioning powers to the branch manager. In some banks these powers are fixed separately according to the purpose of the loan. In other banks these powers are limited to one amount and this amount is determined by the status of the branch. When a loan application is beyond the sanctioning power of the branch manager, it is referred to higher levels after being processed at the branch. In our view the sanctioning of individual loans under the approved credit schemes should be at the branch level and not at the higher levels. This would avoid delays in sanctioning of the loan applications, save scarce time of the officials and bring about greater involvement of the branch managers in agricultural finance.

Delays in the Sanctioning of Loan Applications

4.4.8 Instructions were issued to all commercial banks to ensure that the applications for loans up to Rs. 10,000 are disposed of within 3 to 4 weeks and those exceeding Rs. 10,000 within 3 months.

4.4.9 The responses of the commercial banks to our questionnaire indicate that the RBI instructions are more or less followed by the banks. The most important reason for the delays in sanctioning loan applications, whenever they occur, according to the banks, is the borrowers' inability to furnish some of the required certificates and documents. Other reasons mentioned by a few banks are : delays in getting the groundwater certificates (for the minor irrigation schemes), delays in getting approval for schemes to be refinanced and delayed availability of technical personnel to appraise the loan applications.

4.4.10 A study conducted by the Department of Banking Operations and Development of the RBI supports the above responses by the commercial banks. The RBI study relates to the disposal of loan applications for advances to priority/neglected sectors in 467 rural, semi-urban, urban and metropolitan branches of commercial banks. It covers applications received during July--December 1976. At the all-India level, nearly 90 per cent of the total applications for loans up to Rs. 10,000 were disposed of within 4 weeks. In the case of applications for loans above Rs. 10,000, about 84 per cent of the applications were disposed of within a period of 12 weeks. The main reasons for delay in the disposal, according to the RBI study, were : (i) submission of incomplete information by borrowers, (ii) lack of adequate discretionary powers with the Branch Managers and Zonal/Regional Offices, (iii) inadequate or inexperienced staff at the branches and (iv) miscellaneous reasons such as late submission of feasibility/survey reports and delay in the recommendations of loan applications by State Governments, wherever they were required.

4.4.11 The above findings, however, should not convey the impression that there is no delay in the sanctioning of loan applications (quite apart from timely availability of credit which depends on the disbursement of loans after they are sanctioned). The findings relate to the disposal of loan applications after they are formally accepted by the branches. It is not unlikely that there is considerable delay before many borrowers are able to submit their applications with several certificates and documents and/or branches of banks formally accept them. In fact, one of the banks pointed out that because of the paucity of staff, scrutiny of loan applications (with several certificates) takes a long time. Hence sometimes banks refuse to register applications. Thus it seems to us that one cannnot draw conclusions about timely availability of credit to the borrowers from the above findings on time taken between acceptance of loan applications and their disposal.

4.4.12 From the above discussion it is clear that delays in sanctioning of loan applications could be avoided if (i) the requirements of certificates and documents with loan applications are minimised and some procedures to get them expeditiously could be evolved and (ii) branch managers are given powers to sanction loans under approved schemes, irrespective of loan amount. Our recommendations on the first aspect are given in the last section of this chapter.

4.5 Disbursement of Loans

4.5.1 From the responses of the commercial banks to the question on the delay in the disbursement of loan after sanctioning of the loan applications it is difficult to say anything about the frequency and length of these delays. However, a number of banks have indicated that the delays in disbursing loans, whenever they occur, are due to factors beyond the control of the banks such as inability of the borrowers to execute loan documents or provide guarantors acceptable to the bank or get the required margin money, delays in the availability of fertilisers, pump-sets, animals and materials like cement and bricks to be purchased out of loans and delays in getting electricity connections. Adverse climatic conditions are also mentioned by some banks in this context.

4.5.2 The RBI study mentioned in the previous section also looked into a few cases where the time-lag between the date of sanction and the date of disbursement of loan exceeded 2 weeks. The following were the main reasons found for the delay in disbursement: lack of response from the borrowers, inability or unwillingness on the part of borrowers to complete documentation and other formalities. inadequate staff of branches, non-availability/non-installation of machinery or equipments, delay in the receipt of margin money from Government departments and delay in getting electricity connections.

4.5.3 From the above findings it seems that the requirements of security-oriented documents and delays in the availability of inputs, assets, electricity connections and other materials like cement are the two main types of reasons behind delays in the disbursement of loans. The borrowers' difficulties in getting security-oriented documents, discussed in the previous section, are further highlighted by the above findings. The delays in the availability of inputs, etc., to be purchased with loans stress the need for advance planning and greater coordination between banks implementing credit schemes and agencies responsible for supplying things to be purchased from the loans. Some commercial banks in some locations have done this by developing credit schemes for inter-related activities, particularly crop loans and loans to fertiliser dealers. However, the main instrument used by the banks is personal contacts between the branch staff and input dealers at the stage of implementing credit schemes. In some situations this may be adequate. On the whole, however, it seems to us that given the rudimentary state of the distribution networks for agricultural inputs, the schemes of financing dealers of all inputs should be developed along with schemes of direct finance to cultivators more as a rule than as an exception. This is one way in which the commercial banks can contribute substantially to a coordinated thrust in providing development finance to the agricultural sector. In addition to this, appropriate flexibilities in disbursing the kind component of loans could be also undertaken by the commercial banks. Our recommendations on this aspect and also on mechanisms to bring about greater coordination between the commercial banks and the official development agencies are given in the last section of this chapter.

4.6 Cash Credit Facilities

4.6.1 Some commercial banks give cash credit facilities to cultivators to meet crop production expenses to minimise the difficulties of the borrowers in getting crop loans and also to reduce the workload of the branch staff.

4.6.2 Though the details of the cash credit facilities given by different banks differ, they seem to be restricted to owner cultivators who have satisfactory dealings with the banks for a period of 2 to 3 years. Most of the banks provide these facilities to cultivators who grow 2 or 3 crops a year. One bank has, however, tried it out only with grape cultivators.

4.6.3 The cash credit facilities are given usually for a period of 12 months, and renewed at the end of the year only if the outstandings in the account are fully adjusted from the sale proceeds of the crop. In most cases the kind component is either directly paid to the input dealers or released only when receipts for the purchase of inputs are produced. The cash component is released in stages in some cases. Some banks have specified the limits for cash and kind components. A few others have laid down limits for different seasons and provide the facility for the *rabi* season only if the outstandings for the *kharif* season are cleared by the borrowers. While renewing the facilities, no fresh security documents are usually taken.

4.6.4 In our dicussions with senior officers of the banks we found that some are clearly against giving cash crdit facilities for crop production because of the apprehensions about the recovery of such loans. Even among those who have given these facilities, the experience with respect to the recovery of loans was mixed.

On the whole it appears that most of the banks are unwilling to extend these facilities on a large scale even though the merits of this practice in simplifying the procedures are well recognised.

4.7 Supervision of Credit Schemes

4.7.1 Compared to the earlier years, supervision of credit schemes by the commercial banks has come a long way. From the responses of the commercial banks to our questionnaire, however, it seems that the term "supervision of credit schemes" means different things to different banks. Thus, at one extreme it means ensuring the utilisation of credit for the purpose for which it is given and checking the progress of the scheme. At the other extreme, besides the above, it includes not only extending technical assistance to the borrowers in crop planning and input use but also facilitating supplies of inputs (and other materials) and marketing of output through establishing contacts with other agencies.

4.7.2 In actual practice, the supervision of credit schemes must be varying even among branches of the same bank according to the availability of field staff, their attitudes, orientation and training and the amount of time left with them for this purpose, particularly in the midst of the operations related to the processing of loan applications and disbursal and recovery of loans. It must, however, be said that there is a keen awareness among the commercial banks about the importance of supervision. In fact, one of the most important reasons behind the commercial banks' unqualified preference for the area approach to lending is that it facilitates supervision of credit schemes. In our discussion with the senior officials of commercial banks we were repeatedly told that the recovery performance of loans is related to the supervision of the credit schemes.

4.7.3 The usual practice in supervising the credit schemes is to equip the branches with agricultural clerks/field officers and provide them with a check list of issues to be looked into. Besides getting periodical returns on the progress of the credit schemes from the branches, the officers from the higher levels of hierarchy also visit the scheme areas. The problems experienced in implementing the credit schemes identified through these mechanisms are then taken up, formally and informally, with relevant agencies.

4.7.4 We stress the importance of effective supervision of the credit schemes in its broader sense. In an environment where coordination of various activities which have a bearing on the activity to be financed is generally very weak, the role of a credit agency cannot be merely one of disbursing the loans. This is well recognised. What is, perhaps, not so well recognised is that the role cannot be confined to only ensuring that the loan is utilised for the purpose for which it is given. The loan must make a decisive impact on the economics of the borrowers because a large majority of the credit schemes are based on the concept of ***incremental*** incomes of the borrowers. Such impact on the economics of the borrowers enventually depends on the proper functioning of several inter-related activities and not just on whether the laon has been utilised to purchase the input or the asset for which it is meant. While the commercial banks (or any institutional credit agency) cannot be, and should not be, held responsible for the performance of all inter-related activities, in our view, they can play a meaningful role because of their potential influence and also because of the various leverages they possess, particularly in terms of financing inter-related activities. All these arguments assume greater force when one recognises the importance attached to institutional credit in developing the agricultural sector and more particularly in uplifting the economies of the weaker sections of the rural society.

4.7.5 Viewed in the above context, it seems to us that efforts are required in three directions for meaningful and effective supervision of the credit schemes. These are : (i) simplifying the procedures for loan applications so that more time is available to the branch staff for the supervision of credit schemes, (ii) providing field staff to many more rural branches than at present and training the staff for their functions and (iii) evolving an effective machinery at the district level to look expeditiously into the specific problems of implementing the credit schemes brought to it by the commercial banks. The desirability of providing field staff to many more rural branches is self-evident because a majority of these branches do not have such staff at present. This would obviously increase the staff cost. One should, however, counterweigh the cost considerations against the increased volume of advances such an arrangement would generate and, more importantly, the impact of meaningful supervision on the economies of the borrowers, and hence, better recovery of loans. Our recommendations on evolving a suitable machinery at the district level are given in the last section of this chapter after discussion of the remaining aspects of the implementation of credit schemes.

4.8 Difficulties experienced by the Commercial Banks

4.8.1 In the discussion we had with senior officers of the commercial banks and in response to our questionnaire, they pointed out a number of difficulties experienced by the commercial banks in implementing the agricultural credit schemes. These are summarised below.

Extracts from Revenue Records and other Certificates and Documents

4.8.2 All banks made a pointed reference to the borrowers' difficulties in obtaining the extracts from the revenue records to establish their ownership or tenancy rights in land. Without these, it was difficult for the banks to process the loan applications. These difficulties were due to unhelpful attitude of the revenue officials, records being not up-to-date and, in the case of tenancy rights, for lack of such records, particularly in the Eastern States. Partially these difficulties have been obviated by some banks by either waiving this requirement (for some purposes) or by getting these extracts themselves, particularly in big schemes.

4.8.3 Some banks also reported difficulties in getting "No Dues", non-encumbrance and groundwater certificates as well as clean title deeds. The facilities for creating equitable mortgages were also considered inadeqnate by a few banks.

Unequal Position vis-a-vis Cooperatives

4.8.4 Almost all banks referred to the handicaps they faced in implementing the credit schemes because of their unequal position *vis-a-vis* the cooperative credit institutions due to the non-implementation of the Talwar Committee recommendations by certain State Governments. (These recommendations, it may be recalled, aimed at placing the commercial banks on a par with the cooperatives in all State enactments in matters related to financing the agricultural sector). Because of this, the commercial banks had to be cautious in their lending programmes. This, in turn, reflected in their requiring some of the above certificates. They were also at a disadvantage vis-a-vis the cooperatives because of higher stamp duty on the documents creating the mortgage, fees levied for registering the mortgage and charges payable for searching the records of the Sub-Registrar and for the issue of non-encumbrance certificates. Similarly, the commercial banks were charged fees for the extracts from revenue records while the cooperatives were exempted. Also, in some States, lending for certain purposes was "reserved" for the cooperative institutions and groundwater survey data were not readily made available to the commercial banks.

Lack of Physical Infrastructure and Marketing Arrangement

4.8.5 Inadequate development of infrastructural facilities, particularly roads and power, were a handicap in implementing the credit schemes, particularly in the interior areas and hilly as well as tribal regions. Marketing facilities were inadequate in terms of availability of marketing yards, godowns and cold storages (for perishable commodities). This came in the way of developing marketing tie-ups considered crucial by the banks for the recovery of loans. Due to the unsatisfactory marketing arrangement, prices received by borrowers were low and uncertain. All this adversely affected the recovery of loans.

Lack of Adequate Support from Development Programmes

4.8.6 According to a number of banks, successful implementation of credit schemes for certain purposes like minor irrigation, dairy development, poultry and fisheries crucially depend on the development programmes of the State Governments.

In the case of minor irrigation, groundwater surveys, rural electrification and creation of drainage facilities (in the eastern parts) were considered crucial. In the case of dairy development, animal breeding programmes, veterinary services and establishment of chilling centres and processing plants were required for the viability of the loans for the purchase of animals. Similar vertically integrated activities were also critical for the poultry and fisheries credit schemes. In all these matters, delays in the implementation of the development programmes by the State Governments have often adversely affected the credit schemes. In this context, it was further pointed out that, even in the State-sponsored schemes, promises initially made are seldom kept. The support of extension services for crop loans and minor irrigation schemes also came in for sharp criticism by some banks.

Lack of Coordination

4.8.7 Many difficulties in implementing the credit schemes were attributed to the lack of coordination among different commercial banks, between commercial banks and cooperative credit institutions, and commercial banks and development administration. In this context, lack of sharing of credit information at the district level and overlapping command areas of different credit institutions were particularly stressed. It was also pointed out by almost all banks that the various committees created at the district and State levels to coordinate the activities of different agencies were ineffective because of infrequent meetings, unwieldy composition and lack of problem-solving approach in the deliberations.

Branch Staff and Their Attitudes

4.8.8 Some banks reported that in implementing their credit schemes they were handicapped by non-availability of adequate and competent staff, particularly field staff, at some of their branches. Because of the low volume of agricultural advances at some of the rural branches, it was uneconomic to provide field staff which is crucially needed to supervise the credit schemes. Sometimes it is difficult to recruit field officers/assistants from the regions where they are required, and this poses difficulties because a feel of the region is very necessary in providing agricultural credit. This difficulty has increased after the banks have started opening branches in different parts of the country. Sometimes the branch staff lack the right attitudes towards providing agricultural advances because of the conventional inspection procedures.

Lack of Demand for Credit

4.8.9 A few banks reported that in some regions of the Eastern India the effective demand for credit is much lower than the expected demand because the new seed-fertiliser technology is not yet widespread, farms are very small and many cultivators take only one crop in a year. In some parts of the Northern India, there is not much demand for crop loans because many cultivators are able to meet these expenses from their own augmented resources. What is more, there is competition from big cultivators and traders to lend money to small cultivators.

Difficulties in Providing Credit to the Weaker Sections

4.8.10 Some banks pointed out certain specific difficulties in providing credit to the weaker sections in a large way. These difficulties are : unsatisfactory state of land records, inability of the borrowers to provide margin money and sureties, competition from moneylenders (big landlords and traders) to whom they are indebted and on whom they are dependent for such things as consumption credit, marketing of output and employment of surplus labour, poor progress of land reforms, small and fragmented holdings and the very small size of marketable surplus.

4.9 Recovery of Loans and Overdues

4.9.1 As shown in Chapter 2, the performance of all commercial banks taken together cannot be considered satisfactory with respect to the recovery of loans. Thus, about half of the direct loans falling due for repayment were not repaid during 1975–76, and about one-fourth of the direct loans outstanding were in the nature of overdues at the end of the June 1976.

4.9.2 The recovery performance of different commercial banks also varied widely. To illustrate, recovery as per cent of demand varied from 33 to 79 during 1975–76 and from 32 to 78 during 1976–77 among the banks reponding to our questionnaire.

4.9.3 In their discussion with us, the senior officials of commercial banks repeatedly mentioned that not all overdues were bad debts. In this context, it was suggested by a few banks that overdues of agricultural advances do not worry them as much as overdues of advances to small-scale industry and large sick units. This is because in the case of the former, there is a high probability of recovery in the subsequent years, but in the case of the latter, sickness is often chronic. It was also suggested that the available statistics over-estimate the extent of overdues because of two reasons. First, though there are provisions for conversion of short term loans into term loans if borrowers have genuine difficulties in repaying the loans, many banks have not utilised these provisions, because of the amount of work involved in the conversion task, and the already heavy work-load on the branch staff. Second, cultivators cannot always repay the loans on the specified dates laid down in the loan agreements. Often loans (instalments) are repaid within a couple of months after the dates on which they fall due. It was also suggested that a significant proportion of overdues are of pre-1972 vintage when there was a certain amount of indiscriminate lending to meet the targets.

4.9.4 Major reasons for the poor recovery of agricultural loans, as reported by the commercial banks, are as follows : (i) natural calamities such as droughts or floods and death of birds and animals, (ii) delays in the disbursement of loans due to factors beyond the control of the bank (mainly delays in the completion of documentation and other formalities) and consequent misutilisation of loans, (iii) defective loan appraisal particularly in terms of assumptions made with respect to yields, input costs and output prices, (iv) unsatisfactory marketing arrangements resulting in the borrowers getting lower than expected prices for their produce, (v) unforeseen expenses of the borrowers, (vi) borrowers' tendency to repay loans from other agencies which carry higher rates of interest, (vii) lack of earnestness on the part of branch staff to recover loans and (viii) wilful default.

4.9.5 Data on recovery of loans given for different purposes were not readily available with the banks. However, from the data on recovery performance of short term vis-a-vis term loans given by the banks in response to our questionnaire, it is clear that the recovery performance of short-term loans was better than term loans in almost all banks. Also, in many banks, there was substantial difference in the recovery performance of the two types of loans. After careful examination of various considerations, it appears to us that such consistent evidence on the relatively poorer recoveries of the term loans is mainly due to over-optimistic assumptions made in the formulation of schemes for term loans about (i) the incremental incomes and (ii) the gestation period required to generate this income. The repayment schedules of loans are worked out according to the calculations based on these assumptions. In actual practice, the assumptions are not borne out and hence consistently poor recovery performance of the term loans. Weaknesses in the credit schemes discussed in the previous chapter support this conclusion. It is also obvious that the magnitude of incremental income and its realisation over time are much more crucial for term loans than for short-term loans.

4.9.6 The impressionistic responses of the commercial banks suggest the following generalisations. First, the recovery of loans is better when there are marketing tie-ups than when there are no such tie-ups. Second, the recovery performance of loans for gobar gas plants, poultry (particularly small units) and fisheries (purchase of mechanised boats) have been consistently poor. In the case of gobar gas plants, loans do not generate additional money income and hence it is difficult for the borrowers to repay the loans. Also, many schemes for gobar gas plants were hastily prepared and implemented. In poultry schemes, the poor recovery performance was mainly due to non-viability of small poultry units, particularly where supportive facilities were non-existent. In the case of fisheries loans, poor recovery was mainly due to the inability of the commercial banks to supervise the credit scheme, inadequate physical facilities and poor marketing arrangements. Because of such difficulties, most of the banks seemed reluctant to go for these credit schemes in a large way. Third, some cases of poor recovery of loans for minor irrigation were mainly due to the delays in the rural electrification programmes or irregular supply of power and the practice of taking electricity charges on connected load irrespective of whether power supply was regular. Finally, many banks suggested that the repayment performance of small borrowers was better than that of large borrowers.

4.9.7 According to the responses to our questionnaire, the commercial banks have taken several measures to improve the recovery of the loans. These are : (i) adoption of area approach to lending, particularly to supervise the utilisation of loans, (ii) tie-up arrangements with marketing agencies, (iii) timely reminding of borrowers through personal contacts and serving of demand notices, (iv) more careful appraisal of loan applications, (v) in the case of group loans, making all members become aware of their collective responsibility and (vi) stern action against wilful defaulters.

4.9.8 Major suggestions of the commercial banks to improve the recovery of loans are as follows : (i) Dues of the commercial banks should be made recoverable as arrears of land revenue; (ii) Special recovery officers should be appointed by the State Governments to help the commercial banks; (iii) Banks should be allowed to dispose of securities without the intervention of courts; (iv) Government should purchase the land of the wilful defaulters, if purchasers do not come forward to buy these lands; (v) State Governments should not pass indiscriminately orders granting moratorium, remission of loans and land revenue, etc; (vi) Introduction of Farm Pass Books with legal backing to eliminate the possibility of a borrower taking loans from more than one agency; (vii) Crop insurance; and (viii) Defaulters of bank loans should not be given *taccavi* loans or any other assistance by the Government.

4.9.9 All banks maintained that passing legislation on the lines recommended by the Talwar Committee and its effective implementation will help a great deal in improving the recovery performance of loans. We have given in Annexure 5 the progress made by the State Governments/Union Territories in passing legislation on the lines of the Model Bill recommended by the Talwar Committee. In this context it is important to note that some of the States where cooperative credit institutions are active have still not passed the legislation. Some which have moved in the matter have not incorporated all recommendations of the Committee while some other States have passed the legislation but have not yet framed the rules for the effective implementation of the legislation.

4.9.10 Our recommendations on the recovery of loans are given in the last section of this chapter.

4.10 Monitoring and Evaluation of Credit Schemes

4.10.1 Till recently monitoring of agricultural credit schemes in most of the commercial banks was mainly done through getting periodical returns from the branches, occasional field visits by officials at the higher levels and periodical conferences with the branch staff. Some commercial banks have recently set up Project Monitoring and Evaluation Cells at the headquarters. A few banks are contemplating to set up such cells.

4.10.2 At the national level, the progress of the scheduled commercial banks in providing credit to the agricultural sector is monitored mainly through half-yearly Special Return on Agricultural Loans — I submitted by the banks to the Department of Banking Operations and Development of the RBI. Through these returns, data on number of borrowal accounts, loans advanced during six months and loans outstanding at the end of the period are obtained. These data cover both direct lending and lending through the primary agricultural cooperative societies (PACS). In the case of direct loans to cultivators, data are obtained according to size of holdings, period of repayment and purpose. Banks submit these returns for each State/Union Territory separately. Thus it is possible to get State-wise picture of commercial banks' loans to the agricultural sector holding-wise, purpose-wise and period-wise. In the case of loans granted through PACS, data relate to aggregates of short-term and term loans to agriculture and loans for allied activities. In addition to this, through annual Special Return on Agricultural Loans–II, data are also collected on recoveries of agricultural loans, as on the last Friday of June. These data are also State-wise and they cover total demand, amount recovered, overdue amount and balance outstanding both for direct finance to farmers and for loans granted to farmers through PACS. Age-wise break up of overdues is also collected in the case of direct finance to cultivators.

4.10.3 So far the emphasis in the monitoring of agricultural credit schemes in the commercial banks has been mainly on the progress of the lending programmes. This is not sufficient as revealed by the difficulties experienced in implementing the agricultural credit schemes. The purpose of monitoring the credit schemes, therefore, should be not only to keep a watch on the progress in lending but also to gather information on the difficulties experienced in implementing the schemes. This could be then utilised to improve the quality of lending by timely actions in solving the difficulties. In as much as some of the difficulties in the implementation of the credit schemes cannot be solved by the branch staff, the importance of this function cannot be over-emphasised.

4.10.4 Undoubtedly the commercial banks have attended to this function through other mechanisms such as visits by the higher officials to the branches, conferences with the branch staff and other means of communication between the branches and the higher levels. However, it seems to us that as more and more commercial banks set up Project Monitoring and Evaluation Cells the task of identifying problem areas in the implementation of credit schemes should become a part of the monitoring system and mechanisms should be developed to take up the follow-up actions at various levels. From the past experience it seems to us that the follow-up actions are required not only in the banking system but also in the various wings of development administration. Generating information on the specific problem areas in different credit schemes through the monitoring system will make the deliberations and functioning of the various committees appointed at the State and district levels more meaningful.

4.10.5 Barring a few exceptions, the commercial banks have not carried out studies to evaluate the performance of their credit schemes. Other institutions have also not conducted many such studies. From the findings of a few such studies we could go through, it seems to us that they are crucially required to throw light on the extent to which various assumptions made in the schemes are justified, problems experienced by the banks in implementing the schemes and the borrowers' experience in utilising institutional finance for improving their economies. This kind of information would be very useful in modifying the existing schemes as well as in formulating more realistic credit schemes. It would also indicate areas for new lines of lending in activities related to the credit schemes for conventional purposes.

4.10.6 Besides commercial banks, the studies on credit schemes should be carried out by academic institutions, the ARDC and the AFC. The commercial banks should themselves sponsor such studies with outside agencies to get an objective assessment of the performance of their credit schemes and the findings of such studies should get wide publicity to enhance our understanding of the complexities in utilising institutional finance for agricultural development.

4.11 Major Conclusions

4.11.1 Though the commercial banks have made substantial progress in implementing their agricultural credit schemes, the above analysis indicates weaknesses at almost all stages from the sanctioning of the schemes to the monitoring and evaluation of the schemes. This is not meant as a criticism of the commercial banks both because of their limited experience in this line of lending and also because commercial banks alone cannot be blamed for all weaknesses in the implementation of credit schemes. In fact, the experience of the commercial banks clearly reveals many complexities in providing development finance to the agricultural sector. It also seems to indicate limits beyond which the provision of institutional finance *alone* is not sufficient to bring about agricultural development, which is consistent with the national objectives.

4.11.2 In our view there are four major *interlocked* problem areas in the impementation of the agricultural credit schemes of the commercial banks. These are : (i) excessive caution in giving loans under approved schemes to individual borrowers (reflected in the requirements of several certificates and documents and in the time-consuming procedures), (ii) lack of effective supervision of the credit schemes (reflected in the preoccupation of the branch staff with the operation prior to the disbursement of loans and also in the limited connotation of the term "supervision", (iii) inadequate support of functionally inter-related activities/development programmes/infrastructure which have a bearing on the purposes for which loans are given (reflected in the many difficulties experienced both by the borrowers and the banks in implementing the credit schemes) and (iv) pooor recoveries of loans.

4.11.3 The major roots of these problem areas seem to be (i) weaknesses in the schemes themselves (which results in restricting the universe of eligible borrowers, many difficulties in the implementation of credit schemes and poor recoveries of loans), (ii) inadequate branch staff which is sometimes also deficient in right training and attitude for agricultural finance (resulting in lack of effective supervision of the schemes and consequent poor recoveries of loans), (iii) poor rapport and ineffective mechanisms of coordination between the banks and other agencies (which results in inadequate support of complementary activities/development programmes to the credit schemes) and (iv) unequal position vis-a-vis cooperatives in various State enactments having a bearing on lending to the agricultural sector (which results in excessive caution in giving loans).

4.11.4 Viewed thus, measures are required in more than one direction and not only in the banking system, to make a substantial dent on the problem areas in the implementation of the agricultural credit schemes. This is particularly so because institutional finance has been given a lead role in developing the agricultural sector. Our recommendations are governed by this line of reasoning. Because of the complexities stated in the previous two paragraphs, it seems to us that piecemeal efforts may not be very effective.

4.12 Recommendations

Weaknesses in the Credit Schemes

4.12.1 Our recommendations and suggestions to remove shortcomings in the modalities of formulating agricultural credit schemes and to improve the quality of these schemes have been given in the previous chapter. They aim at enlarging the universe of eligible borrowers, improving the functional coordination of interrelated activities, increasing the viability of loans and facilitating the working out of more realistic repayment schedules. All this, in turn, will minimise many of the difficulties experienced by borrowers and banks at the implementation stage of the credit schemes.

Appraisal of the Credit Schemes at the Sanctioning Stage

4.12.2 Credit schemes should be critically appraised at the stage of sanctioning them. The following aspects need particular attention: (i) economic viability of loans, (ii) repayment schedules of loans, (iii) infrastructure support to, and functional linkages of, the purpose of loans with other activities and development programmes, (iv) scope of giving loans to the weaker sections under the scheme and (v) staff required to implement the scheme.

4.12.3 Four particular advantages of critical appraisal of credit schemes at the sanctioning stage are stressed. First, it will generate pressures in the banking system to improve the quality of schemes on the lines indicated in the previous chapter. Second, the intention to cover weaker sections more adequately will get translated into actions right from the initial stages. Third, it will identify areas of timely actions required to ensure support of development agencies and others for the successful implementation of the scheme. Finally, it will make the bank feel confident about the scheme. Along with the other recommendations which follow, this will make a bank reduce the number of precautionary certificates and documents taken from the borrowers and simplify its procedures in sanctioning individaul loan applications. All this, in turn, will reduce the workload of the branch staff and leave them with more time to supervise the implementation of the credit schemes more meaningfully.

4.12.4 The task of pre-sanction appraisal of schemes up to specified amounts should be decentralised up to zonal/regional levels in a phased manner in those commercial banks where this function is still carried out at the head offices. The bank offices at these levels should be provided with adequate and competent staff for this purpose. This will ensure the involvement of these levels of the banking system which is crucially required for the formulation and implementation of the agricultural credit schemes.

Sanctioning of Loans to Individual Borrowers

4.12.5 Many difficulties in the implementation of credit schemes arise mainly due to the requirements of several certificates and documents and time-consuming procedures for various other formalities. Concerted efforts are required in the following directions to remove this bottleneck: (i) passing of legislation by all State Governments on the lines recommended by the Talwar Committee, (ii) making land records up-to-date and issuing Revenue Pass Books to cultivators, (iii) simplification and standardisation of loan application forms and formalities and (iv) giving branch managers powers to sanction loans under approved schemes.

Legislation on the Lines Recommended by the Talwar Committee

4.12.6 The excessive caution of the commercial banks in taking several precautionary certificates and documents and also in time-consuming formalities is un likely to change so long as they are not treated on a par with the cooperative credit institutions in various State enactments having a bearing on lending to the agricultural sector. We, therefore, strongly recommend that all State Governments/ Union Territories should pass the legislation incorporating *all* provisions of the Model Bill, recommended by the Talwar Committee, and effectively implement it without further delay.

Land Records and Revenue Pass Books

4.12.7 Much delay in sanctioning of loan applications could be avoided if land records are proper and up-to-date with respect to the rights of different categories of cultivators (including tenants). We recommend that the State Governments should expeditiously take up a time-bound programme to bring the records of rights up-to-date.

4.12.8 Similarly, if Pass Books containing details of land held and rights therein, sources of irrigation, *taccavi* loans issued and encumbrances are issued to all cultivators, including tenants, and periodically brought up-to-date, the flow of commercial bank credit to the agricultural sector could be smoothened a great deal. We recommend that the State Governments should take up issuing such Pass Books and evolve mechanisms to up-date these pass books so that they can be given legal status. We further suggest that wherever such Pass Books have been (or are being) issued, the commercial banks should take them as *prima facie* evidence of rights in land and use them as the starting point to process the loan applications to save time.

Powers of Branch Managers and Simplification of Procedures

4.12.9 Once a credit scheme is sanctioned for implementation by a particular branch, the Branch Manager should be given powers to sanction individual loan applications under it. Also, Branch Managers should have minimum sanctioning powers up to Rs. 5,000 in respect of loans not covered by area-specific schemes. As far as possible, Managers of rural branches should not be transferred for a period of 3 years as sanctioning loans for the agricultural credit schemes require a good feel of the environment.

4.12.10 The commercial banks should simplify and standardise their loan application forms and documentation formalities for giving loans with a view to reduce the number of required documents and to make the life of the documents longer. In this context, we recommend that the simplified loan application forms evolved for the Regional Rural Banks by the Expert Group headed by Dr. C. D. Datey may be adopted by other commercial banks also. The Report of the Working Group headed by Shri P. N. Khanna to suggest simplified operational and accounting procedures for Regional Rural Banks recommended certain documentation forms which could be adopted with advantage by other commercial banks.

4.12.11 Non-encumbrance certificate should not be required for crop loans up to Rs. 5,000. In the case of crop loans for Rs. 5,000 or more, it should not be insisted upon with each fresh application as far as possible.

4.12.12 The requirement of sureties often cause great hardships to the weaker sections. It should be dispensed with except in the case of Group Guarantees.

4.12.13 Once mortgage on land is taken, there should be no further requirement of a guarantee.

4.12.14 Wherever extracts of land records and/or non-encumbrance certificates are required, the commercial banks should themselves get these documents on behalf of the borrowers. The State Governments should issue the necessary instructions, allowing the revenue officials to take specified reasonable remuneration for giving the extracts/certificates. The commercial banks may charge this amount to the loan account of the borrowers.

Disbursement of Loans and Supervision of Credit Schemes

4.12.15 The disbursement of loans in kind is a desirable practice but it should not become an end in itself. The basic objective behind this principle is to avoid the possible misutilisation of loans. To ensure this, we recommend that the emphasis should be on working out arrangements with input distribution agencies well in advance, if necessary by taking up schemes of indirect finance for them.

4.12.16 In the case of loans for the purchase of animals and birds, the discretion to disburse loans in cash or kind should be left to the Branch Managers as everywhere it may not be possible to make payment to the suppliers.

4.12.17 For land development and construction of wells, disbursement should be by instalments according to the progress of the work.

4.12.18 The term "supervision of credit schemes" should not imply only ensuring that the loans are utilised for the purposes for which they are given. Since the credit schemes are based on the concept of net incremental income of the borrowers, and in as much as this depends on the proper functioning of several inter-related activities, the supervision of credit schemes should imply paying attention to these aspects, particularly in the case of the borrowers from the weaker sections who need such support the most. In this context, we have three recommendations: (i) provision of adequate field staff, (ii) effective training programmes for them and (iii) regular inter-actions between branch staff (field staff as well as branch managers) and relevant officials of development administration plus other institutions and individuals. The purpose of these inter-actions is to seek solutions to the problems because of which the loans are not making impact on the economies of the borrowers, as contemplated in the credit schemes. Problems which could not be solved in this manner should be taken up with the machinery at the district level recommended in the following paragraphs.

Task Force to Facilitate Implementation of Credit Schemes (TFCS)

4.12.19 All evidence available to us clearly indicates that because of certain difficulties in the implementation of agricultural credit schemes, very often, they do not make the intended impact on the incomes of the borrowers. This, in turn adversely affects the repayments of loans by borrowers as laid down in the loan agreements. Broadly, these difficulties relate to (i) delays in the availability of loans to the borrowers due to problems in completing the documentation formalities in time and (ii) inadequate support of activities which have a bearing on the viability of loans. (These activities are such as extension; supply of inputs, birds, animals, cement, bricks, power, etc; veterinary service; and marketing arrangements). While the effective implementation of our other recommendations will minimise these difficulties, it is too much to expect that they will completely disappear at the operational stage.

4.12.20 The solutions to the above problems sometimes may not require anything more than help in getting extracts of land records or attention of the extension agency for some pest problem or facilitating the supply of inputs/materials. Mundane though they seem, these matters are often critical for the branch staff and the borrowers because of the time-bound nature of both agricultural operations and the agricultural credit schemes. Time and again the past experience has shown that it is these mundane problems which account for the failure (or partial success) of many agricultural credit schemes in raising the incomes of the borrowers and also in timely repayment of loans by them.

4.12.21 At present there is no effective machinery to solve the above difficulties though they are not insurmountable. Theoretically, the DCC is expected to look into the problems of implementing the credit schemes. This, however, is only one of its many concerns and discussions at DCC meetings have frequently amounted only to an assessment of the progress in lending. Because of these reasons and also because of its unwieldy composition, we feel it cannot be expected to solve the specific difficulties of a particular branch in implementing its agricultural credit schemes. Thus, there appears a clear need to create an effective Task Force *to facilitate* the implementation of agricultural credit schemes by attending to the ground-level problems brought to it by branches of the commercial banks operating in the district. This Task Force is not intended to replace DCC. In fact, as shown later, it will make DCC more effective in discharging its functions.

4.12.22 What further justifies the creation of the Task Force is the impact of its effective functioning on the attitudes and morale of the branch staff and borrowers, effectiveness of the "supervision" of credit schemes by the branch staff and the contribution it can make in coordinating credit schemes with development efforts on the *action* front and at the grass-root level. This argument can best be appreciated by taking a note of the difficulties reported by the commercial banks in implementing their credit schemes and by scrutinising the working of the various coordination committees established so far and the areas of their major concerns.

4.12.23 The proposed Task Force to Facilitate Implementation of Credit Schemes (TFCS) should consist of District Collector (Chairman), a representative of the Lead Bank and a senior officer of the collectorate [e.g., Additional District Magistrate (Planning) in U.P. and Personal Assistant to District Collector (Planning and Development) in Tamil Nadu] as the Convener. The Task Force should meet once a month. The purpose of each meeting should be to seek solutions to the specific operational problems brought to the Task Force by the branches of the banks in implementing their agricultural credit schemes, particularly those which relate to supportive facilities and functions. The branches should intimate their specific problems in implementing the credit schemes to the Convener of the Task Force a week before the meeting. (Identification of these problems should be based on the feedback received from the field-officers of the banks). In each meeting of the Task Force, representatives of the concerned branches should be co-opted as members and functionaries of the district administration and non-officials (e.g., input dealers and local leaders), who could help in solving the problems, should be invited. The RBI in consultation with the State Governments should take administrative steps to establish the Task Force to Facilitate Implementation of Credit Schemes. The Lead Banks should organise workshops in their districts to familiarise the branch staff operating in the districts with the objectives and ***modus operandi*** of the Task Force. The commercial banks should take necessary steps in the same direction. The training programmes for the branch staff should also cover this aspect and develop experience-based teaching materials over time on how to use this machinery.

4.12.24 There are two reasons why we have recommended high-level officials in the proposed Task Force. First, some of the problems brought before it (e.g., progress of a rural electrification scheme, need for a cattle breeding scheme and operations of the Food Corporation of India) could be attended to only by a senior officer. Similarly, some problems (e.g., problems arising out of lack of drainage and lack of marketing facilities) may not have easy short-run solutions and may require collective action by the commercial and cooperative banks and the development administration at various levels. The Collector, in his capacity both as Chairman of DCC and head of the district administration, and the representative of Lead Bank could spearhead such actions. Secondly, the Task Force will provide the link between the machinery receiving feedback on (and solving) ground level problems of the credit schemes, on the one hand, and DCC and the State Government (particularly the Director of Institutional Finance), on the other hand. The importance of such strengthening of the organisational arrangements to dovetail credit schemes with development efforts cannot be over-emphasised in view of the increasing amount of institutional finance expected to flow for agricultural development in the coming years.

4.12.25 To achieve the above goals, we further recommend that one of the items of agenda in the meetings of the DCC should be the *resume* of the meetings and action taken by the Task Force in the period intervening between the meetings of DCC. The Agenda Notes for this should be prepared by the Convener of the meetings of Task Force. The Task Force may also refer to DCC problems which it could not solve by itself. The Agenda Notes and minutes of the meetings of the DCC should be sent to the Director of Institutional Finance and to the Chairman of the State-Level Coordination Committees. The intent of all these recommendations is to stress that the district and State-level machineries should monitor the progress of agricultural credit schemes not only in statistical terms but also by discussing and seeking solutions to problems which crop up in the implementation of agricultural credit schemes.

Recovery of Loans and Overdues

4.12.26 The commercial banks should evolve a machinery to get up-to-date information on the recovery of loans for different purposes (and not only for short-term and term loans as done at present). Such information would enable them to identify the causes behind poor recoveries of loans and take appropriate corrective actions. This task should become one of the integral functions of the Monitoring and Evaluation Cell which is being set up by the commercial banks.

4.12.27 In their response to our questionnaire, the commercial banks have asked for substantial help of varied nature from the State Governments in recovering their loans. In our view, with the implementation of the legislation on the lines recommended by the Talwar Committee and various recommendations which we have made, delays in the recovery of loans could be expected to be minimised. We, however, recommend that the State Governments should share the responsibility of recovering the loans in the case of credit schemes sponsored by them.

This would provide the safeguard in careful formulation and implementation of such schemes.

Monitoring and Evaluation of Credit Schemes

4.12.28 All commercial banks should establish the Monitoring and Evaluation Cell. The purpose of monitoring of credit schemes, however, should not be only to keep a watch on the progress in lending to achieve the targets. It should also be to gather information on the difficulties experienced in implementing the schemes. Such information should be utilised both for follow-up actions at various levels as well as to draw lessons in modifying the existing schemes and formulating new schemes.

4.12.29 All commercial banks should take up on a regular basis the task of evaluating their credit schemes. The purpose of these studies should be an objective assessment of : (i) the borrowers' experience in getting and utilising the loans, (ii) difficulties experienced by the branches in implementing the schemes and (iii) impact of the credit schemes in raising incomes of the different categories of borrowers. While evaluating a credit scheme, a comparison should be made between actual and intended impact of the scheme, and reasons for the divergence between the two should be identified. The commercial banks should sponsor some of the evaluation studies with the AFC and academic institutions. This would enhance the credibility of the findings of such studies. Findings of the evaluation studies should be utilised in scheme formulation work.

4.12.30 At the national level, data collected by the RBI through half-yearly Special Return on Agricultural Loans—I on commercial banks' lendings through cooperatives should be on the same lines as commercial banks' direct lendings to the agriculturists. In the annual Special Return on Agricultural Loans—II, the data on overdues should be collected according to different purposes of loans and holding size. The RBI may consider utilising these data to inform the Directors of Institutional Finance in different States about various aspects of credit provided by the commercial banks for agricultural development in their respective States

CHAPTER 5

Related Issues

5.1 Introduction

5.1.1 In this chapter we have discussed three main issues which have a bearing on many aspects covered in the previous two chapters. These are: (i) Indirect finance of the commercial banks to the agricultural sector, (ii) "Area Approach" and agricultural credit schemes and (iii) "Village Adoption Scheme" of the commercial banks.

5.2 Indirect Finance

5.2.1 Under the guidelines issued by the RBI for the compilation of statistics relating to the priority sector, bank credit to the agricultural sector is classified into two broad categories: (i) Direct Finance and (ii) Indirect Finance. In the previous two chapters we have discussed commercial bank's schemes of direct finance (i.e., through which credit is provided ***directly*** to agriculturists for financing their production and development needs).

5.2.2 Indirect finance, as classified by the RBI, includes: (i) credit for financing distribution of fertilisers, pesticides and seeds; (ii) loans to Electricity Boards to reimburse them for providing low tension connections from step-down points to individual farmers for energisation of wells; (iii) loans to farmers through Primary Agricultural Credit Societies (PACS); (iv) finance for hire-purchase schemes for distribution of agricultural machinery and implements; (v) loans for construction and running of storage facilities (warehouses, godowns, silos and cold storages) in the producing areas; (vi) loans to individuals, institutions or organisations for undertaking spraying operations; (vii) loans to cooperative marketing societies and to cooperative banks for relending to cooperative marketing societies;

(viii) loans to cooperative banks of producers; (ix) financing of farmers indirectly through the cooperative system (otherwise than by subscriptions to bonds and debentures issued); (x) loans to Agro-Industries Corporations; (xi) loans to State-sponsored Agricultural Credit Corporations; and (xii) advances to the AFC.

5.2.3 As pointed out in Chapter 2, in the total outstanding advances of Rs. 1,320 crores of the commercial banks for agriculture at the end of June 1977, indirect finance amounted to Rs. 350 crores (i.e., 26.5 per cent). It was also shown that between June 1974 and June 1977, outstanding advances under indirect finance increased by 65 per cent against 122 per cent under direct finance.

5.2.4 Purpose-wise break-up of indirect finance is available for : (i) distribution of fertilisers and other inputs, (ii) loans to Electricity Boards, (iii) loans to farmers through PACS, and (iv) other types of indirect finance (i.e., items (iv) to (xii) in para 5.2.2 above). Appendix Table 5 shows indirect finance of the commercial banks under these four categories for the period from June 1972 to June 1976. At the end of June 1976, the share of the above four categories in the total indirect outstanding advances was 33 per cent, 28 per cent, 10 per cent and 29 per cent, respectively. The table also reveals that between June 1972 and June 1976, the relative shares of the first two categories declined while that of the last two categories increased in number of accounts, limits sanctioned and outstanding advances.

5.2.5 In view of the nature of difficulties experienced in the implementation of the schemes for direct loans to agriculturists (discussed in the previous chapter), it seems to us that indirect finance, particularly for certain purposes like distribution and custom hiring of inputs, cooperative marketing and construction of storage facilities, has not received as much attention as it deserves.

5.2.6 It may be mentioned here that our stress is not on the relative share of direct and indirect finance in the aggregate portfolio of a commercial bank's advances for the agricultural sector. What is emphasised is the need to formulate the two categories of schemes *on an area specific basis* after careful groundwork and to implement them in a coordinated manner because of the high degree of complementarity between them.

5.2.7 In this matter, without minimising the importance of the role of each commercial bank, we would like to stress that the Lead Banks have a special responsibility, particularly when the District Credit Plans are prepared. From a number of District Credit Plans, which we have examined, it is clear that this aspect has received little attention. This is not to say that there are no bankable schemes for indirect finance in the District Credit Plans. What is missing, however, is the careful balancing of schemes for direct finance with those for indirect finance. This is unfortunate because there is a high degree of inter-dependence between the two types of schemes not only for their effective implementation but also for their economic viability.

5.2.8 As for commercial banks' indirect finance in the form of providing loans to agriculturists through intermediaries like PACS and FSS, without getting into the merits of this issue which is beyond our terms of reference, we would like to caution that it should not be viewed as an "easy" alternative to formulating and implementing agricultural credit schemes for direct finance. In the final analysis, the purpose is not just to make loans available to the cultivators but to make an impact on their economies. And this requires, as the past experience clearly reveals, much more than earmarking a part of institutional loanable funds for the agricultural sector.

5.3 Area Approach and Agricultural Credit Schemes

5.3.1 The "area approach" in evolving plans and programmes for the development of the banking and credit structure emerged out of the recommendation of the National Credit Council's Study Group on the Organisational Framework for the Implementation of Social Objectives. The Lead Bank Scheme, introduced by the RBI in December 1969, was the beginning of the implementation of the area approach. In its first phase, the scheme aimed at identifying potential centres for bank operations and the opening of bank branches therein. It is generally considered successful in achieving this aim[1]. The second phase of the scheme aimed at the preparation of District Credit Plans with bankable schemes for area development. According to available information, District Credit Plans have been prepared for 163 districts and for the remaining 212 districts, they were expected to be completed by March 1978.

5.3.2 The working of the Lead Bank Scheme in Maharashtra and Gujarat was reviewed by two Study Groups constituted by the RBI in 1975. The combined Report for the two States has stressed the importance of collective action by banks and other agencies for district development and made a number of recommendations to improve the working of the Lead Bank Scheme[2]. Among other things, the Report has emphasised expeditious preparation and implementation of technologically feasible and economically viable schemes and provided certain guidelines

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1 The number of commercial bank offices in the country increased from 8,231 in July 1969 to 24,802 by the end of June 1977. The number of offices opened in the unbanked centres was 46.7 per cent of the increase during July 1969--June 1977. The number of rural offices increased from 1,860 (22.3 per cent of the total commercial bank offices) to 9,533 (38.4 per cent) during the same period.

2 *Report of the Study Groups on the Working of the Lead Bank Scheme in Gujarat and Maharashtra, RBI, Bombay, December 1975*

for these purposes. In this context, we would like to highlight the importance of these guidelines by making some observations on the area approach followed by the commercial banks in their credit schemes for the agricultural sector.

5.3.3 Conceptually, the area approach in agricultural credit schemes implies: (i) bringing about functional linkages in various inter-related activities, (ii) dovetailing credit schemes with development efforts and (iii) providing credit, in a phased manner, to all potential borrowers for purposes which are technically feasible and economically viable. Viewed from any of these angles, the area approach in agricultural credit schemes, as practised by the commercial banks, is far from satisfactory, as repeatedly shown, in this report. One of the main reasons behind this seems to be the way in which the commercial banks have interpreted the area approach in formulating and implementing their agricultural credit schemes. As shown in the previous chapters, the dominant, if not the sole, objective of the commercial banks in adopting the area approach has been to avoid giving scattered loans to minimise difficulties and cost of supervising credit. While this concern is desirable, it cannot be considered adequate by itself to accomplish the above objectives of the area approach in agricultural credit operations.

5.3.4 Many of our recommendations in the previous two chapters supplement the recommendations of the Study Groups on the Working of the Lead Bank Scheme for injecting the above ingredients of the area approach in the flow of commercial banks' finance to the agricultural sector.

5.4 Village Adoption Scheme

5.4.1 The Village Adoption Scheme, taken up by the commercial banks, offers the maximum scope to translate the essential ingredients of the area approach mentioned above into actual practice. This, however, does not seem to have happened in a large majority of the cases because of a very wide gap between precept and actual practice.

5.4.2 The objective of the Village Adoption Scheme, as generally stated by the commercial banks, is to develop the village economy in all its aspects in a phased manner. The steps commonly suggested in village adoption are: (i) selection of villages, (ii) survey of selected villages to assess the potential for development, (iii) preparation of a phased action programme, (iv) identification of eligible borrowers and (v) formulation of proposals for development of individual farms. In the criteria for selection of villages, the following points are commonly mentioned: (i) good "potential for development", (ii) non-susceptibility to recurrent calamities of droughts, floods, etc., (iii) easy accessibility and (iv) willingness of farmers to adopt progressive methods of cultivation.

5.4.3 In actual practice, many branches of the commercial banks seem to interpret the above criteria to select villages which are easily accessible (i.e., road-side villages) and which have good availability (actual or potential) of irrigation facilities. In such villages loan applications are canvassed for the conventional agricultural credit schemes discussed in the previous two chapters.

5.4.4 That, in actual practice, in many cases the Village Adoption Scheme does not mean much more than an extension of the concern to avoid scattered loans under conventional agricultural credit schemes, or worse still, achieving target in terms of "Number of Villages Adopted" is clearly revealed by the following statistics. At the end of December 1976, about 45,000 villages were "adopted" by the commercial banks (Appendix Table 18). The average number of loan accounts per adopted village works out at 26, outstanding credit per village at about Rs. 52,000 and outstanding loan per account around Rs. 2,000. More significantly, among the public sector banks, the number of accounts per "adopted village" varied between 4 and 117; the outstanding credit per village varied between Rs. 15,051 and Rs. 1,27,451; and the outstanding loan per account ranged from Rs. 510 to Rs. 4,284. There was also a vast variation with respect to these variables among States and Union Territories. To illustrate, the number of accounts per adopted village varied from less than 15 in Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Nagaland, Rajasthan, Arunachal Pradesh, Chandigarh, Delhi and Goa, Daman and Diu to 57 in Pondicherry and 75 in Andhra Pradesh. Similarly, outstanding loan per account varied from less than Rs. 1,000 in Himachal Pradesh, Kerala, Meghalaya, Nagaland, Tripura and Arunachal Pradesh to over Rs. 4,000 in Gujarat, Haryana and Maharashtra. Appendix Table 18 shows these details.

5.4.5 In our discussions with officers of the commercial banks we found that they are aware of the fact that, by and large, the Village Adoption Scheme has not been able to accomplish its intended objectives. This was attributed to the following three main difficulties : (i) lack of understanding among different commercial banks, particularly at the grass-root level, which results in overlapping of geographical areas served by different banks, (ii) widespread presence of cultivators who have defaulted and (iii) difficulties of giving loans to the small cultivators because of their small and fragmented holdings and dependence on bigger landlords/traders/moneylenders. Genuine though these difficulties are, one would have expected that, at least in adopted villages, the commercial banking system would have found ways and means to overcome them through intensive and innovative efforts.

5.4.6 The Village Adoption Scheme should not end up becoming a convenient device to avoid scattered loans given under conventional credit schemes. This is stressed because the instruction manual of one bank goes to the extent of laying down that "all agricultural advances should, in future, be restricted to 'adopted villages' only."

5.4.7 The Village Adoption Scheme should aim at an integrated development of the village economy in all its aspects in a phased manner as already accepted in principle by many commercial banks. It should also be viewed as an instrumentality to meet most effectively the credit needs of the different segments of the low-income groups in the adopted villages through the mechanisms we have recommended in Chapter 3, particularly by developing credit schemes exclusively meant for different categories of low-income groups such as small and marginal farmers, landless labourers, tenant-cultivators, share-croppers, oral lessees and others. These schemes should have two features : (i) terms and conditions suited to the circumstances of the low-income groups (e.g., simple documentation formalities, flexible and easy requirements of margin money and sureties, longer repayment periods, lower interest rates and provisions for rescheduling of repayment and moratorium on the payment of interest and principal, and, if necessary, additional loan to overcome genuine difficulties), and (ii) possibilities for joint ownership of assets. Through such exclusive credit schemes and other efforts, the Village Adoption Scheme should aim at meeting the credit needs of all members of the weaker sections within a reasonable period, say, 3 to 5 years, in the adopted villages.

5.4.8 We recognise that implementing the Village Adoption Scheme with the aim to meet the credit needs of all members of the weaker sections in the adopted villages in a phased manner will not be an easy task. But we believe that it is not infeasible if taken up with right earnestness. This is because a village is a relatively small unit and hence it is not difficult to identify the potential borrowers from the low-income groups and develop schemes suited to their circumstances. Similarly, isolated examples of a few banks indicate that with the right kind of efforts it is possible to develop organisations/associations/societies/groups of weaker sections for arranging supply of inputs and marketing of output and also for joint ownership of assets.

5.4.9 We also recognise that the successful implementation of the Village Adoption Scheme in the above sense will require (i) clear demarcation of areas for different credit institutions and (ii) active and meaningful collaboration between an individual branch of a commercial bank and various official and non-official agencies (and functionaries) of the area. The question of demarcating areas for different credit institutions is being examined by the Working Group to Study Problems Arising out of the Adoption of Multi-Agency Approach in Agricultural Financing appointed by the RBI. As for collaborative efforts by branches of commercial banks and other agencies, some of our recommendations in the previous chapters, and most particularly the Task Force to Facilitate Implementation of Credit Schemes, would be very useful.

5.4.10 We attach great importance to rethinking on the Village Adoption Scheme on the above lines. As implemented at present, the scheme does not mean much at many places. On the other hand, if reoriented on the above lines, the Village Adoption Scheme can be very effective in : (i) saturating the credit needs of the weaker sections in adopted villages and (ii) in generating and institutionalising experiences in how to make a decisive impact on the economics of the weaker sections through institutional finance. To illustrate, if the rural brances of commercial banks adopt even 2 to 3 villages on an average, the scheme would meet credit needs of *all* eligible borrowers from the weaker sections in about 20 to 30 thousand villages. While this may be less than 5 per cent of the total number of villages in the country, one should not underestimate its impact on meaningfully institutionalising a very important national concern, particularly because it would generate experiences for thousands of officials in commercial banks and development administration to translate that concern into actions to achieve one of the most important national objectives.

5.5 Recommendations

Indirect Finance

5.5.1 Each commercial bank should examine on a regular basis the working of their credit schemes for direct finance ***on an area specific basis*** with a view to develop appropriate credit schemes for indirect finance and implement them in a coordinated manner with the schemes for direct finance. The feedback to be received from the branches by the Project Monitoring and Evaluation Cells in commercial banks (paragraph 4.12.28), and discussions in the District Consultative Committees based on the working of the Task Force to Facilitate Implementation of Credit Schemes (Paragraph 4.12.25) should be utilised for this purpose.

5.5.2 The Lead Banks have a special responsibility in balancing the credit schemes for direct and indirect finance. Two mechanisms which should be utilised for this purpose are : (i) deliberations in the District Consultative Committees and (ii) preparation of the District Credit Plans.

5.5.3 District Credit Plans for a number of districts have already been drawn up for the next couple of years. While taking up bankable schemes suggested in them they should be scrutinised critically with respect to complementarities between credit schemes for direct and indirect finance with a view to taking corrective actions wherever necessary. As for the District Credit Plans under preparation, this aspect should receive the attention it deserves.

5.5.4 For the banking sector as a whole, the RBI should keep a close watch on the balance between direct and indirect finance to the agricultural sector. The data for indirect finance should be compiled and analysed in as disaggregative a manner as possible (both area-wise and purpose-wise), and the findings should be shared with the consultative/coordination committees established at the State and district levels.

5.5.5 As for the commercial banks' indirect finance in the form of loans to the agriculturists through intermediaries (e.g., PACS), the commercial banks should assist the intermediaries in formulating and critically appraising their credit schemes. In other words, this line of lending should not be viewed as an easy alternative to formulating and implementing agricultural credit schemes for direct finance.

Area Approach in Agricultural Credit Schemes

5.5.6 The objective of area approach in formulating and implementing the agricultural credit schemes should not be only the avoidance of scattered loans. It should also aim at (i) bringing about functional linkages in various credit schemes with development efforts and (ii) providing credit, in a phased manner, to ***all*** potential borrowers for purposes which are technically feasible and economiclly viable. To achieve these objectives, we have given a number of recommendations in the previous two chapters. Wherever our recommendations have a bearing on the Lead Bank Scheme, they may be taken together with the recommendations of the Study Groups on the Working of the Lead Bank Scheme in Gujarat and Maharashtra.

Village Adoption Scheme

5.5.7 As implemented as present, there is a real danger of the Village Adoption Scheme becoming a convenient device to avoid scattered loans given under conventional agricultural credit schemes or merely a matter of achieving targets in terms of " Number of Villages Adopted ". Thus, there is a clear need for rethinking on the objectives of the Village Adoption Schemes. In our view, the scheme should aim at an integrated development of the village economy in all its aspects as already accepted in principle by many commercial banks. It should also aim at meeting the credit needs of all members of the weaker sections in the adepted villages within a reasonable period of 3 to 5 years. The RBI may consider issuing guidelines on demarcation of areas for different credit institutions for this purpose after considering the recommendations of the Working Group to Study Problems Arising out of the Adoption of Multi-Agency Approach in Agricultural Financing. The progress and experiences of the Village Adoption Scheme should be critically reviewed on a regular basis both by the commercial banks and the RBI,

CHAPTER 6

Summary Of Conclusions And Recommendations

6.1 Contextual Background

6.1.1 At the end of June 1977, total institutional advances outstanding for agriculture amounted to Rs. 4,596 crores. In this amount, scheduled commercial banks accounted for Rs. 1,320 crores (i.e., 29 per cent) —Rs. 970 crores by way of direct finance (i.e., direct loans to agriculturists) and Rs. 350 crores as indirect finance (i.e., credit for financing distribution of inputs, loans to Electricity Boards for energisation of wells, loans to farmers through PACS, etc.).

6.1.2 In the commercial banks' outstanding direct finance to the agricultural sector at the end of March 1976, 81 per cent of the total number of outstanding accounts and 86 per cent of the total outstanding loan amount were for agricultural activities while the remaining 19 per cent of accounts and 14 per cent of loan amount were for allied activities such as dairying, poultry, fisheries, etc. In the direct loans for agricultural activities, 78 per cent of the number of accounts and 46 per cent of the loan amount were for short-term. The remaining 22 per cent of accounts were for medium and long-term loans and they accounted for 54 per cent of the outstanding direct loan amount for the agricultural activities.

6.1.3 In the medium and long-term direct loans for agricultural activities minor irrigation and farm mechanisation dominated with 75 per cent of the total number of accounts and 80 per cent of total outstanding term loans at the end of March 1976. In the direct loans for allied activities, dairying alone accounted for 26 per cent of total accounts and 33 per cent of outstanding loans.

6.1.4 The commercial banks have provided direct finance to the agricultural sector through a variety of credit schemes. Credit schemes in the form of general guidelines issued by the head offices of the commercial banks to their branches dominated in the first couple of years after nationalisation of 14 major banks in 1969. Due to the problems resulting from scattered loans under such schemes, other types of credit schemes were evolved. This included location-specific "area schemes" jointly prepared by branch/regional/head offices of the commercial banks, credit schemes linked with the World Bank assisted projects, with Centrally-sponsored special programmes such as SFDA, MFAL and DPAP, with programmes/projects sponsored by the State Governments, and schemes prepared by the AFC. Two other developments in scheme formulation were : increasing concern to provide credit to the weaker sections and some diversification in the purposes of agricultural credit schemes by covering allied activities such as dairying, poultry, etc. Over time the commercial banks have also made progress in evolving arrangements to implement their agricultural credit schemes.

6.2 Gist of Conclusions

6.2.1 Notwithstanding the impressive increase in the flow of commercial banks' credit to the agricultural sector and the progress they have made in evolving arrangements to provide increasing quantum of credit to the agriculturists, there are still a number of important shortcomings in the formulation and implementation of agricultural credit schemes.

6.2.2 In the formulation of agricultural credit schemes, the shortcomings are both in the ways in which the credit schemes are formulated as well as in the content of these schemes. Many of the difficulties experienced in implementing credit schemes are due to these shortcomings.

6.2.3 Three major shortcomings in the modalities of scheme formulation are: (i) inadequate importance attached to, and insufficient organisational arrangements evolved for, the tasks of scheme formulation and appraisal, (ii) heavy reliance on District Survey Reports, District Credit Plans and subjective judgement to identify activities for which credit schemes could be prepared, and more importantly, to work out economic viability and repayment schedule of loans to be given under such schemes and (iii) little interaction, at the scheme formulation stage, between the commercial banks and relevant organisations and agencies (e.g., different wings of the development administration, input dealers and organisations marketing agricultural output).

6.2.4 Important shortcomings of many agricultural credit schemes are : (i) perfunctory attention paid to the nature of support available from infrastructural facilities and complementary activities to the purposes covered by the credit schemes, (ii) unrealistic assumptions in working out economic viability and repayment schedules of loans, (iii) excessive caution in defining the universe of eligible borrowers and in the requirements of security- oriented documents and other formalities, (iv) lack of attention to assessing the scope of lending to different categories of borrowers, particularly low-income groups, (v) almost exclusive concern with individual, as opposed to joint, ownership of assets in term loans and (vi) hardly any dovetailing of credit schemes for direct finance with those for indirect finance. Because of these shortcomings, despite the " area approach ", many credit schemes are for the standard conventional purposes with stereotyped content and do not reflect area-specific realities.

6.2.5 In the implementation of the agricultural credit schemes of commercial banks, there are four major interlocked problem areas. These are : (i) excessive caution in giving loans under approved schemes to individual borrowers (reflected in the requirements of several certificates and documents, and in time-consuming procedures), (ii) lack of effective supervision of the credit schemes (reflected in the preoccupation of the branch staff with the operations prior to disbursement of loans and also in the limited connotation of the term "supervision"), (iii) inadequate support from functionally inter-related activities/development programmes/infrastructure to activities for which direct loans are given (reflected in many difficulties experienced both by borrowers and banks in implementing the credit schemes) and (iv) poor recoveries of loans.

6.2.6 The major roots of these problem areas seem to be : (i) weaknesses in the schemes mentioned in Para 6.2.4 above, (ii) inadequate branch staff which is sometimes also deficient in right training and attitudes for agricultural finance, (iii) poor rapport and ineffective mechanisms of coordination between the banks and other agencies, (iv) little dovetailing of credit schemes for direct and indirect finance (particularly for supportive facilities such as distribution of inputs, construction of storage facilities, etc.), and (v) unequal position vis-a-vis cooperatives in various State enactments having a bearing on lending to the agricultural sector (which results in excessive caution in giving loans).

6.2.7 The above conclusions are not meant as a criticism of the commercial banks. Quite apart from their relatively short experience in formulating and implementing agricultural credit schemes, the commmercial banks alone cannot be held responsible for all the shortcomings as can be seen from the very nature of some of them.

6.2.8 In fact, one of the most important lessons, which emerges from the experience of the commercial banks, is that providing ***development*** finance to the agricultural sector for multi-dimensional national objectives is a much more complex task than earmarking a part of the total loanable funds for the sector and establishing outlets to disburse them. Very important though they are, these are not sufficient conditions. It is crucially important that increasing amount of credit generates ***incremental*** incomes for **all** categories of borrowers by making a decisive impact on their economies. This, however, is not possible unless the agricultural credit schemes are effectively dovetailed with development efforts and also with credit schemes for other supportive activities which affect the impact of loans directly given to cultivators to raise their incomes. Thus, efforts in more than one direction, and not only in the banking system, are required to achieve the desired objectives. Our recommendations are governed by this line of reasoning . It appears to us that many of them would be valid irrespective of whether commercial banks themselves directly disburse loans to the agriculturists or they do so through intermediaries such as PACS and FSS.

6.3 Summary of Recommendations

Modalities of Scheme Formulation

6.3.1 We endorse the "area approach" in the formulation of agricultural credit schemes. Concerted efforts should be made to prepare location-specific credit schemes for all purposes. The term "area approach" should mean that the credit schemes are based on location-specific realities with respect to (i) the range of activities for which they are prepared keeping in view the forward and backward linkages between purposes for which credit schemes are formulated and other activities which have a bearing on these purposes and (ii) factors which affect the scope of lending and viability of loans for the different categories of borrowers. (Para 3.6.2, 5.5.1, 5.5.6).

6.3.2 The commercial banks should give due importance to the tasks of formulating and appraising agricultural credit schemes at all levels. This implies strengthening of Agricultural Finance Department at the head office, establishment/strengthening of Agricultural Finance Cell at the zonal offices with adequate and technically competent staff, appointment of Farm Representatives at the regional/divisional/area level and providing increasing number of rural and semi-urban branches with Agricultural/Technical Field Officers. At all these levels, there should be grater involvement of relevant officers in the scheme formulation task than has been the case so far. (Para 3.3.5, 3.6.3).

6.3.3 There should be a close rapport between the office of the Director of Institutional Finance in each State and the commercial banks operating in that State. On the basis of the agricultural development programmes of the State Governments and the feedback received from the DCCs, the Director of Institutional Finance should indicate priority areas (functional and geographical) to the commercial banks for formulation of credit schemes. Those State/Union Territory Governments, which have not yet established the office of the Director of Institutional Finance, should do so without delay. A senior officer of the rank of a Secretary/Commissioner should be appointed as Director of Institutional Finance and his office should be strengthened. (Para 3.6.4, 4.12.25).

6.3.4 The commercial banks should develop close contacts with the Regional Offices of the ARDC to identify opportunities for developing credit schemes, and increasingly use the guidelines developed by the ARDC to formulate their credit schemes, irrespective of whether refinance is required. (Para 3.6.5).

6.3.5 The AFC may consider establishing offices in each State in a phased manner to play an active role in the formulation of major credit schemes for the State Governments and the commercial banks. In the State Level Coordination Committees and DCCs, the AFC should be associated. It should also be given substantial role in carrying out evaluation of major credit schemes. The findings of these studies should be utilised in the formulation of agricultural credit schemes. (Para 3.6.6, 4.12.29).

6.3.6 The Lead Banks and the DCCs should not only monitor the progress of credit schemes but critically examine the problems experienced in the implementation of the existing credit schemes to identify new credit schemes in the areas of functionally inter-related activities (e.g., supplies of inputs, further development of marketing and processing facilities, rural electrification, etc.). For this purpose, among other things, the feedback from the Task Force to Facilitate Implementation of Credit Schemes should be utilised. (Para 3.3.6, 3.6.7, 4.8.7, 4.12.21, 4.12.24, 4.12.25, 5.5.2).

6.3.7 District Credit Plans, prepared by the Lead Banks, should contain some discussion on (i) the nature and source of data used and various assumptions made in working out the economics of credit schemes included in them, (ii) balancing of the agricultural credit schemes for direct finance with those for indirect finance and (iii) forward and backward linkages of the bankable credit schemes proposed in them. (Para 3.6.8, 5.2.7, 5.5.6).

6.3.8 To identify opportunities for developing credit schemes for specific villages and blocks, Branch Managers should be invited to the meetings of the block development committees. Similarly, there should be regular interaction between branch staff, on the one hand, and development staff, input dealers and organisations and individuals involved in the marketing of agricultural output, on the other hand. Schemes, however, should be based on purposive groundwork/surveys after the opportunities are identified in this manner. The main objective of the groundwork should be to examine critically the viability of these opportunities to develop sound schemes and to assess the scope for lending under such schemes to different categories of borrowers. (Para 3.3.2, 3.3.3, 3.3.6, 3.6.9).

6.3.9 The task of compiling district-wise data on the loan operations of credit institutions and making them available to agencies involved in the formulation of agricultural credit schemes should be entrusted to the Regional Offices of the RBI (Para 3.6.12).

6.3.10 The State/Union Territory Governments should issue instructions to district administration, Groundwater Departments, Directorates of Agriculture and other relevant departments to provide data to the agencies formulating agricultural credit schemes. (Para 3.6.12).

Improvements/Modifications in Credit Schemes

6.3.11 For the *same* purpose, the terms and conditions of loans to the *same* category of borrowers should be uniform in the credit schemes of all banks operating in a district/groups of districts. The RBI should evolve such uniformity in consultation with the commercial banks. (Para 3.4.13, 3.4.20, 3.4.28, 3.4.33, 3.4.38, 3.6.14).

6.3.12 Each credit scheme should explicitly spell out the assumptions made in working out the economic viability and repayment schedules of loans. Similarly, functional linkages between activity financed by a credit scheme and infrastructural support and other complementary activities which have a bearing on the viability of the scheme should be pointed out. (Para 3.4.4 to 3.4.6, 3.4.9 to 3.4.11, 3.4.16, 3.4.17, 3.4.29, 3.4.36, 3.4.40, 3.6.15, 3.6.17, 4.8.5, 4.8.6)

6.3.13 Arrangements for the supply of inputs and other materials as well as for marketing and storage of output should be worked out at the stage of formulating credit schemes. Such functional linkages should be strengthened by formulating credit schemes for indirect finance on location-specific basis. (Para 3.6.19, 3.6.21, 5.5.1)

Crop Loans

6.3.14 Crop loans should be given both for irrigated and unirrigated conditions. (Para 3.4.14).

6.3.15 The recommendation made by the All India Rural Credit Review Committee on the adjustments to be made in the method of arriving at the actual amount of loans for individual cultivators, and incorporated by the RBI in its manual on ***Production-Oriented System of Lending for Agriculture***, should be strictly adhered to. (Para 3.4.15).

6.3.16 Schemes for marketing finance against pledge/hypothecation of produce should be developed and implemented in a coordinated manner with the crop loan schemes. The present ceiling of advances against foodgrains for exemption from selective credit control stipulations should be raised from Rs. 2,500 to Rs. 5,000. (Para 3.4.18).

Credit Schemes for Minor Irrigation

6.3.17 The eligibility criterion for a loan to construct a well should be fixed on the basis of minimum owned land as well as such considerations as productivity of land, possible changes in cropping pattern and crop varieties, availability of ready markets for output and cost of a well. (Para 3.4.21)

6.3.18 Besides conventional aspects such as construction of wells/tube-wells, pumpsheds, and installation of pumpsets, credit schemes for minor irrigation should cover such aspects as sprinklers, lining of canals, water courses and channels, which will improve the performance of minor irrigation facilities (Para 3.4.24)

6.3.19 State Governments should identify the opportunities and develop credit schemes for repairs and desilting of tanks as well as to bring water harvesting technologies from research stations to cultivators' fields in due consultation with the ARDC, the AFC and commercial banks. (Para 3.4.24, 3.4.26)

Credit Schemes for Farm Mechanisation

6.3.20 The scope of credit schemes for farm mechanisation should increasingly include such things as small tools and implements, bullock carts with pneumatic tyres, mould board ploughs, dusters, sprayers, threshers and power-tillers. (Para 3.4.27)

6.3.21 In the credit schemes for tractors, economic viability of loans should be rigorously worked out and precautions to ensure proper maintenance of machines should be built. (Para 3.4.29, 3.4.31)

Credit Schemes for Dairying and Poultry

6.3.22 Whenever these schemes are taken up to widen the asset base of low-income groups, security-oriented eligibility criteria, (e.g., mortgage of land and requirements of guarantors acceptable to banks) should be dropped (Para 3.4.34, 3.4.38).

6.3.23 These schemes should be based on sound location-specific groundwork. They could be for financing of several inter-related activities in regions where major development efforts are being made by the State Governments. They could also be for financing of the purchase of a minimum of a couple of milch animals of local variety/small poultry units to broaden the assest base of the weaker sections. While formulating these credit schemes careful attention should be paid to veterinary support, marketing arrangements for production, supplies of fodder and feed and managerial capabilities of borrowers for the enterprise. Repayment schedules of loans should be worked out after making reasonable allowance for domestic consumption of the produce. (Para 3.4.35 to 3.4.37, 3.4.39, 3.4.40)

Range of Activities and New Purposes to be Covered by Credit Schemes

6.3.24 Commercial banks should diversify the purposes for which they formulate agricultural credit schemes by (i) developing credit schemes for activities which are inter-related with the existing credit schemes (Para 3.6.19), (ii) developing credit schemes for unconventional purposes (Para 3.6.20) and (iii) formulating credit schemes exclusively for different segments of the low-income groups (Para 3.4.25, 3.4.30, 3.6.22, 3.6.23).

Appraisal of Credit Schemes at the Sanctioning Stage

6.3.25 Credit schemes should be critically appraised at the stage of sanctioning them. The following aspects need particular attention : (i) economic viability of loans, (ii) repayment schedules of loans, (iii) infrastructure support to, and functional linkages of, the purpose of loans with other activities and development programmes, (iv) scope of giving loans to the weaker sections under the scheme and (v) staff required to implement the scheme. (Para 4.2.2, 4.2.3, 4.12.2, 4.12.3)

6.3.26 The task of pre-sanction appraisal of schemes up to specified amounts should be decentralised up to zonal/regional levels in a phased manner in those commercial banks where this function is still carried out at the head offices. The bank offices at these levels should be provided with adequate and competent staff for this purpose. (Para 4.2.4, 4.12.4)

Canvassing of Loan Applications

6.3.27 The efforts to enlarge the coverage of borrowers from low-income groups should be more vigorous. "Group Guarantee" approach should be followed not only to get guarantees for individual crop loans but also for joint ownership of assets. The commercial banks should play a catalytic role in forming groups for joint ownership of assets and also for group actions in arranging for input supplies and marketing of output. (Para 4.3.4, 4.3.5).

Sanctioning of Loans to Individual Borrowers

6.3.28 Concerted efforts should be made in the following directions to minimise the difficulties in sanctioning loans to individual borrowers (Para 6.3.29 to 6.3.35).

Legislation on the Lines Recommended by the Talwar Committee

6.3.29 All State/Union Territory Governments should pass legislation incorporating *all* provisions of the Model Bill recommended by the Talwar Committee and effectively implement it without further delay. (Para 4.8.4, 4.9.9, 4.12.6)

Land Records and Revenue Pass Books

6.3.30 All State/Union Territory Governments should expeditiously take up a time-bound programme to bring the records of rights up to date. They should also take up issuing Pass Books containing details of land held and rights therein, sources of irrigation, *taccavi* loans issued and encumbrances, and evolve mechanisms to up-date these Pass Books so that they can be given legal status. Wherever such Pass Books have been (or are being) issued, the commercial banks should take them as *prima facie* evidence of rights in land, and use them as the starting point to process the loan applications. (Para 4.4.3, 4.4.9, 4.4.10, 4.5.1, 4.5.2, 4.8.2, 4.12.7, 4.12.8)

Powers of Branch Managers

6.3.31 Once a credit scheme is sanctioned for implementation by a particular branch, the Branch Manager should be given powers to sanction individual loan applications under it. Also, Branch Managers should have minimum sanctioning powers up to Rs. 5,000 in respect of loans not covered by area-specific schemes. As far as possible, Managers of rural branches should not be transferred for a period of 3 years as sanctioning loans for the agricultural credit schemes requires a good feel of the environment. (Para 4.4.7, 4.4.10, 4.12.9).

Simplification of Forms and Procedures

6.3.32 The commercial banks should simplify and standardise their loan application forms and documentation formalities for giving loans with a view to reduce the number of required documents and to make the life of the documents longer. The simplified application forms and documents evolved by the Datey Group and the Khanna Group for Regional Rural Banks may be adopted by other commercial banks with suitable modifications. (Para 4.4.1 to 4.4.6, 4.4.9, 4.4.10, 4.5.1, 4.5.2, 4.12.10)

6.3.33 Non-encumbrance certificate should not be required for crop loans up to Rs. 5,000. In the case of crop loans for Rs. 5,000 or more, it should not be insisted upon, as far as possible, with each fresh application. (Para 4.12.11)

6.3.34 The requirement of sureties often causes great hardships to the weaker sections. It should be dispensed with except in the case of Group Guarantees. Once mortgage on land is taken, there should be no further requirement of a guarantee. (Para 4.12.12, 4.12.13).

6.3.35 Wherever extracts of Land Records and/or Non-encumbrance Certificates are required, the commercial banks should themselves get these documents on behalf of the borrowers. The State Governments should issue the necessary instructions, allowing the revenue officials to take specified reasonable remuneration for giving the extracts/certificates to banks. Commercial banks may charge this amount to the loan accounts of the borrowers. (Para 4.12.14)

Disbursement of Loans

6.3.36 The disbursement of loans in kind is a desirable practice but it should not become an end in itself. The basic objective should be to avoid the possible misutilisation of loans. To ensure this, the emphasis should be on working out arrangements with input distribution agencies well in advance, if necessary by taking up schemes of indirect finance for them. (Para 4.5.1 to 4.5.3, 4.12.15)

6.3.37 In the case of loans for the purchase of animals and birds, the discretion to disburse loans in cash or kind should be left to the Branch Managers as everywhere it may not be possible to make payment to the suppliers. (Para 4.12.16)

6.3.38 For land development and construction of wells, disbursement should be by instalments according to the progress of the work. (Para 4.12.17)

Supervision of Credit Schemes

6.3.39 Supervision of credit schemes should imply not only ensuring that the loans are utilised for the purpose for which they are given but also paying attention to the proper functioning of the several activities on which the viability of the credit schemes depends. Branches of commercial banks should be provided with adequate and trained field staff for this purpose. Also, there should be regular interactions between branch staff and relevant officials of development administration, other functionaries and individuals. The purpose of these interactions should be to seek solutions to the problems because of which the loans may not generate intended increase in the net incremental incomes of the borrowers. (Para 4.7.1 to 4.7.5, 4.12.18)

Task Force to Facilitate Implementation of Credit Schemes

6.3.40 A Task Force to Facilitate Implementation of Credit Schemes (TFCS) should be created at the district level. It should seek solutions to the specific difficulties brought to it by branches of the commercial banks operating in the district. It should also act as an effective feedback mechanism for the development administration and the DCC particularly with respect to location-specific difficulties experienced by borrowers and branches of commercial banks in implementing agricultural credit schemes. Two objectives of the feedback should be (i) to ensure proper dovetailing of development efforts and credit schemes, and (ii) to facilitate the deliberations in the DCC to serve the objectives for which this machinery has been established. (Para 4.4.3, 4.4.9, 4.4.10, 4.5.3, 4.7.4, 4.7.5, 4.8.2, 4.8.3, 4.8.5 to 4.8.7, 4.9.4, 4.12.19 to 4.12.22, 4.12.24, 4.12.25)

6.3.41 The TFCS should meet once a month. The Task Force should consist of District Collector (Chairman), a representative of the Lead Bank and a senior officer of the collectorate as the Convener. Also, in each meeting, representatives of the concerned branches should be co-opted as members. Functionaries of the district administration and non-officials (e.g., input dealers, local leaders and others) who could help in solving the problems should be invited to the meeting of the TFCS. (Para 4.12.23)

6.3.42 One of the items of agenda in the meetings of the DCC should be discussion on the *resume* of the working of the TFCS in the period intervening between the meetings of the DCC, and the issues raised by the TFCS for the consideration of the DCC. The agenda notes and minutes of the meetings of the DCC should be sent to the Director of Institutional Finance and the Chairman of the State Level Coordination Committee. (Para 4.12.25).

6.3.43 The RBI and State Governments should take steps to establish the TFCS. The Lead Banks should organise workshops in their districts to familiarise the branch staff of different commercial banks operating in the district with the objectives and *modus operandi* of the TFCS. The commercial banks should take necessary steps in this direction (Para 4.12.23).

Recovery of Loan

6.3.44 The commercial banks should evolve a machinery to get up-to-date information on the recovery of loans *for different purposes*, identify causes behind poor recoveries of loans and take timely corrective actions. The task of gathering the above information, analysing it and suggesting appropriate corrective actions should become an integral function of the Monitoring and Evaluation Cells which are being set up by the commercial banks. (Para 4.9.3 to 4.9.7, 4.12.26).

6.3.45 The State/Union Territory Governments should share the responsibility of recovering the loans in the case of agricultural credit schemes sponsored by them. (Para 4.9.8, 4.9.9, 4.12.27)

Monitoring and Evaluation of Credit Schemes

6.3.46 All commercial banks should establish Monitoring and Evaluation Cells. These cells should not only watch the progress in lending but also gather information on the difficulties experienced in implementing the agricultural credit schemes. Such information should be utilised both for follow-up actions at various levels as well as to draw lessons in modifying the existing schemes and in formulating the new credit schemes. (Para 4.10.1, 4.10.3, 4.10.4, 4.12.28).

6.3.47 The commercial banks, the ARDC and the AFC should take up on a regular basis the task of evaluating the agricultural credit schemes. The purpose of these studies should be an objective assessment of (i) borrowers' difficulties in getting and utilising the loans, (ii) difficulties experienced by the branches of commercial banks in implementing the schemes and (iii) impact of the credit schemes in raising the incomes of different categories of borrowers. While evaluating a credit scheme, a comparison should be made between actual and intended impact of the scheme and reasons for the divergence between the two should be identified. The commercial banks should sponsor some of the evaluation studies with the AFC and academic institutions. Findings of the evaluation studies should be utilised in the formulation and implementation of the agricultural credit schemes. (Para 4.10.5, 4.10.6)

6.3.48 At the national level, data collected by the RBI through half-yearly Special Return on Agricultural Loans–I on the commercial banks' lendings through cooperatives should be on the same lines as commercial banks' direct lendings to the agriculturists. In the annual Special Return on Agricultural Loans–II, the data on overdues should be collected according to different purposes of loans and holdings size. The RBI should also keep a close watch on the balance between direct and indirect finance to the agricultural sector by compiling and analysing the data in as disaggregative a manner as possible. The RBI may consider utilising these data/findings to inform Directors of Institutional Finance in different States and also the consultative/coordination committees established at the State and district levels about the various aspects of credit provided by the commercial banks for agricultural development in their respective regions. (Para 4.10.2, 4.12.30, 5.5.4).

Commercial Banks' Loans to Farmers through Intermediaries

6.3.49 This line of lending should not be viewed as an easy alternative to formulating and implementing credit schemes of direct finance to the agricultural sector by the commercial banks. The commercial banks should assist the intermediaries in formulating and critically appraising their credit schemes.
(Para 5.2.4, 5.2.8, 5.5.5)

Village Adoption Scheme

6.3.50 The Villge Adoption Scheme should aim at an integrated development of the village economy in all its aspects. It should also aim at meeting the credit needs of all members of the weaker sections in the adopted villages within 3 to 5 years, particularly by developing credit schemes exclusively meant for different categories of low-income groups such as small and marginal farmers, landless labourers, tenant cultivators, share croppers and others. These schemes should have two features :

(i) terms and conditions should be suited to the circumstances of the low-income groups (e.g., simple documentation formalities, flexible and easy requirements of margin money and sureties, longer repayment periods, lower interest rates, provisions for rescheduling of repayment and moratorium on the payment of interest and principal, and if necessary, additional loan to overcome genuine difficulties), and (ii) there should be possibilities in these schemes for joint ownership of assets. Commercial banks should make concerted efforts to implement these schemes by seeking active and meaningful collaboration of official and non-official agencies of the area. (Para 5.4.1, to 5.4.8,5.4.10)

6.3.51 The progress and experiences of the Village Adoption Scheme with above objectives should be reviewed on a regular basis both by the commercial banks and the RBI. Lessons emerging from these experiences should be utilised to improve the working of the Village Adoption Scheme as well as to develop strategies for enlarged coverage of the weaker sections in the non-adopted villages by appropriately modifying the recommendations we have made in different parts of this report. (Para 3.6.16, 3.6.22, 3.6.23, 4.3.5, 4.12.2, 4.12.3).

6.3.52 The RBI may consider issuing guidelines on the demarcation of areas for different credit institutions for this purpose in the light of the recommendations of the Working Group to Study Problems Arising out of the Adoption of Multi-Agency Approach in Agricultural Financing. (Para 5.4.5, 5.4.9).

Staff Requirements for Agricultural Credit Schemes and their Training

6.3.53 To formulate and implement agricultural credit schemes on the lines recommended in this report, the commercial banks should critically examine their manpower planning and training of staff for this line of lending. Some of our recommendations will considerably reduce the workload on the branch staff in routine but time-consuming operations. On the other hand, adequate and technically competent staff will have to be provided at different levels for substantive tasks, particularly to formulate sound location-specific credit schemes, to appraise these schemes critically at the sanctioning stage, to establish meaningful rapport with other agencies at the implementation stage, and to monitor and evaluate their performance. (Para 3.3.5, 3.3.6, 3.6.3 to 3.6.5, 3.6.8, 3.6.9, 4.2.2 to 4.2.4, 4.3.1, 4.3.4, 4.3.5, 4.4.9, 4.4.10, 4.4.11, 4.5.2, 4.7.2, 4.8.8, 4.9.4, 4.10.4, 4.10.5, 4.12.2, 4.12.4, 4.12.29, 5.4.10).

6.3.54 In the training of staff concerned with agricultural credit schemes, various aspects of formulating and implementing these schemes (discussed in this report) should get more emphasis than has been the case so far. In this type of training, experience-based teaching materials and case studies should be widely used. In the training of field officers, general aspects of banking should also be covered. (Para 3.6.10, 3.6.11).

6.3.55 The practice of appointing experienced Agricultural/Technical Field Officers as managers of rural branches should be adopted by all commercial banks. Incentives in the form of weightage for future promotion and/or increment for consistently outstanding performance in formulating and implementing agricultural credit schemes should be given to the staff concerned with agricultural credit schemes. (Para 3.6.11)

(Dr. S. Bose, Member, could not attend the last meeting of the Group to sign the Report but conveyed to the Chairman his concurrence with the findings and the recommendations of this Report).

GUNVANT M. DESAI
Chairman

V. N. BAHADUR
Member

R. L. WADHWA
Member

R. BALASUBRAMANIAN
Member

S. P. NAIR
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N. D. REGE
Member

S. NARAYANASWAMY
Member

R. VIJAYARAGHAVAN
Member

A. SESHAN
Secretary

Bombay,
April 19, 1978.

ANNEXURE 1

RESERVE BANK OF INDIA

Economic Department, Banking Division, Post Box No. 1044, BOMBAY-400 001.

EXPERT GROUP ON AGRICULTURAL CREDIT SCHEMES OF COMMERCIAL BANKS

QUESTIONNAIRE No. 1—Preparation and Implementation of Schemes and Lendings for Agriculture and Allied Activities (to be canvassed with Banks)

1. Loans and Advances to Agriculture and Allied Activities

1.1 Please list all lending activities of your bank during 1975-76 and 1976-77 to agricultural sector and also for allied activities in the format given in Annexures 1 and 2.

1.2 What have been the changes in the relative importance of different lending activities mentioned in Annexure 1 over the years? Which factors have been responsible for these changes?

1.3 What is, in your Bank's opinion, an "important" or a "major" scheme and what are the reasons for such a view? What is your bank's *thinking* on the relative importance of different lending activities of Annexure 1 in your loans and advances to the agricultural sector and for allied activities? Are you satisfied with the pattern in the latest year for which data are available? Please indicate the directions in which you would like to make changes in the next couple of years, giving reasons for such changes.

2. Preparation of Schemes

2.1 Describe the manner in which schemes are evolved. (For example they may be the result of work done by the Lead Bank). Have there been any changes in this regard? If so, in what manner?

2.2 Describe the staff pattern in the preparation of schemes—in other words, the levels at which the schemes are initiated, scrutinised and finalised.

2.3 Are guidelines issued by RBI/ARDC/GOI/AFC/State Governments usefui in preparing the schemes? In which way? Would you like these guidelines to change? Why? In which way?

2.4 To what extent the groundwork done under the Lead Bank Scheme has been helpful in preparing the schemes of your bank? (In answering this question you may want to point out schemes for which it has been very helpful and also those for which it has not been very helpful). Please give reasons for your answer.

2.5 What kind of groundwork is done by your bank to prepare schemes?

2.6 Has the preparation of different schemes by your bank taken into account (a) development priorities of the area, (b) felt needs of the potential borrowers, (c) views of official and non-official agencies and individuals on the desirability of the scheme for the region, (d) infrastructural facilities and bottlenecks to implement the scheme and (e) state of affairs with the complementary activities which have a bearing on the success of the scheme? If yes, how is this done? If no, why?

2.7 What kind of a target group of borrowers you aim at for different schemes?

2.8 How is the scope to lend under a particular scheme of your bank for a particular area estimated?

2.9 At the time of preparing schemes, does your bank identify the actions required from other agencies such as agencies connected with marketing and processing of agricultural and allied products, input dealers, government departments, local government agencies and such other agencies to implement the scheme successfully? Which agencies? What actions or tasks?

2.10 Often success of a particular scheme depends on successful execution of certain complementary activities. (Eg. cold storage facilities for fisheries schemes and milk chilling plants/marketing arrangements for dairy schemes.) Kindly highlight cases/situations in which your bank has formulated schemes for complementary activities to ensure success of lending operations.

2.11 How are terms and conditions for schemes with respect to outlays, items to be covered, disbursement schedule and procedures, security, margin, rate of interest, repayment schedule and procedure, etc., worked out ?

2.12 Do terms and conditions such as amount of loan, margin and repayment terms under your Bank's scheme(s) for a particular objective take into account local conditions? How is this done? Please illustrate.

2.13 Apart from the exclusive schemes prepared under such programmes as Small Farmers Development Agency, how do you ensure, *at the time of preparing a scheme,* that it would receive response from small and marginal cultivators besides relatively better-off cultivators?

2.14 Are schemes of your bank covering an area or group of cultivators phased out over a period at the preparatory stage? What are the factors which govern the way in which a scheme is phased out?

2.15 How do you generate data to work out the economics of a scheme from the borrowers' viewpoint for different schemes? Do you think that your past experience has validated the assumptions made in this respect with respect to different schemes? If not, for which schemes what assumptions have more often than not gone wrong? Why did this happen?

2.16 What major contributions has your bank made as a Lead Bank in the work of scheme preparation? What contributions do you expect from the other banks?

2.17 In your opinion, are some of your schemes much better formulated than other schemes? Which are these? Which factors have been responsible for such variations?

2.18 What major difficulties have you experienced in preparing schemes?

2.19 What improvements have you effected in the scheme preparation work over time to overcome the difficulties stated in 2.18 ?

2.20 Do you have any special schemes for tribal areas? What are the difficulties in scheme preparation for such areas?

2.21 Do you have schemes for lending to groups where members stand as surety for each other? Give details of preparation of such schemes.

2.22 What are your plans to improve the scheme preparation work in your bank during the coming years?

2.23 Which kind of new schemes would you like to develop in the coming years? How have you identified this?

2.24 In case you have formulated schemes for consumption credit please give details. What has been your experience in the implementation of these schemes?

3. **Implementation of Schemes**

3.1 What are the procedures for sanctioning of different schemes in your bank? How have they changed over time?

3.2 Do you provide cash credit facilities to borrowers? If yes, details of the procedures and rules for operation of cash credit accounts may please be furnished.

3.3 What are the sanctioning powers given to officials at different levels of the hierarchy for different types of loans?

3.4 What are your instructions for quick and efficient disposal of applications? What is the average time-lag between date of application and date of sanction? What is the time-lag between date of sanction and date of disbursement? (Replies may be impressionistic, if data are not available; basis for reply may be indicated). Which are the factors responsible for the "excessive" delays in sanctioning certain schemes or in disbursement of loans after sanction?

3.5 How are the borrowers identified for different schemes? Has there been any change in these procedures over time?

3.6 What is the built-in mechanism in implementing different schemes of your bank, excepting those which are exclusively meant for disadvantaged groups, to ensure that *all* sections of rural community take advantage of these schemes?

3.7 What are your bank's activities to motivate borrowers to take advantage of your schemes at the implementation stage? How have they changed over time?

3.8 What are the special concessions, if any, granted to (i) all borrowers and (ii) borrowers from weaker sections only? (Eg. Bank's bearing of legal expenses, rebate in interest for prompt repayment, etc.)

3.9 Do you vary terms and conditions from one borrower to another for a given scheme? If no, why? If yes, for which terms and conditions? How and who determines the variation in terms and conditions for different borrowers? If some of the terms and conditions are not varied, which are these? Why?

3.10 What technical and other assistance is provided by your bank to borrowers for different schemes? How has this changed over time?

3.11 In 2.9 you identified complementary action required by other agencies. What are the follow-up measures taken by your Bank to ensure such complementary action?

3.12 What assistance has your bank received from other agencies in implementing different schemes? What improvements in this matter are urgently required?

3.13 What are your borrowers' main difficulties in participating in different schemes? What have you done to solve these difficulties? What is required to be done to minimise these difficulties?

3.14 What is the machinery in your bank to supervise the implementation of different schemes? How has this changed over time?

3.15 What are the major difficulties you have experienced in implementing your different schemes? What steps have you taken to minimise these difficulties? What more could be done by you and other agencies to minimise these difficulties?

3.16 Did your bank experience specific difficulties in advancing loans to small and marginal cultivators? For which schemes? What was the nature of these difficulties? How? What would you recommend to minimise these difficulties?

3.17 Did your bank experience any difficulties in implementing schemes for tribal areas?

3.18 What is your Bank's experience in lending to groups (referred to in 2.21) ?

3.19 What are the arrangements you have for monitoring the progress of schemes and for evaluation of the benefits flowing to borrowers directly and the community indirectly?

4. **Recovery of Loans**

4.1 What has been the recovery performance of your bank for loans given under *different* schemes? For which of your bank's schemes has it been consistently very good? For which has it been consistently very poor?

4.2 Has there been regional variation in the recovery of loans given for the same objective (say, crop loan or term loan for sinking and deepening of wells and tube-wells)? If yes, please give details and indicate factors behind such variation.

4.3 Has there been a substantial difference in the recovery of loans given under the same scheme to cultivators of different size groups in the same area? If yes, please give details and indicate factors behind such variation.

4.4 What, according to you, are the major reasons behind non-repayment of loans in time by the cultivators? Do these reasons differ from scheme to schemes ?

4.5 Do you think that poor recovery performance of loans is due to *substantially* lower than anticipated increments in income resulting from the schemes? For which schemes/regions/groups of cultivators would this be particularly true? What in your opinion could be the reasons behind this?

4.6 What steps has your bank taken to improve the recovery performance of your loans? To what extent have these steps been effective?

4.7 What are your recommendations to improve the recovery performance of loans given for agriculture and allied activities? What assistance do you need from Government in this respect ?

5. General

5.1 Has your bank utilised the refinance facilities available from ARDC for different schemes fully? If not, please give reasons for not availing of these facilities fully.

5.2 What assistance would your Bank expect from RBI/ARDC/AFC/Government/Directorate of Institutional Finance or any other institution in the formulation and implementation of schemes?

5.3 The Expert Group on State Enactments having a bearing on Commercial Bank's lending to Agriculture (Talwar Committee) made a number of recommendations to facilitate commercial bank financing of agriculture. The recommendations have been implemented in parts in some States. How far has the non-implementation of any specific recommendation(s) impeded the flow of credit from your Bank in specific areas? (Reply should give specific instances).

5.4 What are the facilities provided by your bank for the training of the staff in the preparation and implementation of schemes and in project evaluation/monitoring? A copy each of the syllabus/course content for programmes related to agricultural finance in *your Bank's training college* may please be supplied.

5.5 Besides those you forward to Government of India and Reserve Bank of India you may be receiving returns from your Branches on financing of agriculture and allied activities for the purpose of monitoring its progress. You may kindly supply a copy each of the *blank proformae* prescribed for various such internal returns.

5.6 What comments would you like to offer on any aspect of Commercial Bank's finance for agriculture and allied activities not covered above?

ANNEXURE 1

LOANS AND ADVANCES FOR AGRICULTURE AND ALLIED ACTIVITIES DISBURSED AND OUTSTANDING (1975-76/1976-77)*

(Year : April-March)

Name of Bank :.........................

Amount budgeted for agricultural loans/advances (in Rs. '000)
Direct finance :
Indirect finance :

Total

Section A : Direct Finance to Farmers

	Loans and advances disbursed during the period		Loans and advances outstanding as on the last Friday of March 1976/1977*	
	No. of Accounts	Amount in thousands of Rupees	No. of Accounts	Amount in thousands of Rupees
1	2	3	4	5
1. Short-term loans (up to 1 year)				
1.1 **Agriculture—Crop Loans**				
1.1.1) Up to 2.5 acres				
1.1.2) Above 2.5 acres and up to 5 acres				
1.1.3) Above 5 acres and up to 10 acres				
1.1.4) Above 10 acres				
1.1.5) Total (1.1.1 to 1.1.4)				
1.2 Allied Activities				
1.2.1) Dairying				
1.2.2) Poultry farming				
1.2.3) Piggery				
1.2.4) Bee-keeping				
1.2.5) Fisheries				
1.2.6) Others (Specify)				
1.2.7) Total (1.2.1 to 1.2.6)				
1.3 Consumption loans to farmers and agricultural labourers				
1.4 Total of S.T.loans (1.1.5, 1.2.7 and 1.3)				

*Strike off whichever is not applicable.

Annexure 1 (Contd.)

	Loans and advances disbursed during the period		Loans and advances outstanding as on the last Friday of March 1976/1977@	
	No. of Accounts	Amount in thousands of Rupees	No. of Accounts	Amount in thousands of Rupees
1	2	3	4	5
2. Term loans (more than 1 year)				
2.1 **Agriculture**				
2.1.1) Sinking and deepening of wells and tube-wells				
2.1.2) Installation of pumpsets/oil engines				
2.1.3) Composite minor irrigation schemes				
2.1.4) Tractors				
2.1.5) Combines				
2.1.6) Other agricultural implements and machinery				
2.1.7) Plough animals				
2.1.8) Reclamation, bunding, fencing and other similar land development schemes				
2.1.9) Construction of godowns/storage facilities for agricultural produce				
2.1.10) Plantations (Specify)				
2.1.11) Orchards/gardens				
2.1.12) Others (Specify)				
2.1.12.1)				
2.1.12.2)				

@Strike off whichever is not applicable.

Annexure 1 (Contd.)

	Loans and advances disbursed during the period		Loans and advances outstanding as on the last Friday of March 1976/1977@	
	No. of Accounts	Amount in thousands of Rupees	No. of Accounts	Amount in thousands of Rupees
1	2	3	4	5
2.1.13) Total (2.1.1 to 2.1.12)				
2.2 **Allied Activities**				
2.2.1) Dairying				
2.2.2) Poultry farming				
2.2.3) Piggery				
2.2.4) Bee-keeping				
2.2.5) Fisheries				
2.2.6) Construction of storage facilities for any of the allied activities (if not included already in 2.2.1 to 2.2.5)				
2.2.7) Others (Specify)				
2.2.8) Total (2.2.1 to 2.2.7)				
2.3 Total of term loans (2.1.13 and 2.2.8)				
2.4 Total of direct finance (1.4 and 2.3)				
3. Term loans (classified according to size of holdings)				
3.1 Up to 2.5 acres				
3.2 Above 2.5 to 5 acres				
3.3 Above 5 to 10 acres				
3.4 Above 10 acres				
3.5 Total (3.1 to 3.4)*				

*The total should tally with 2,1.13

@Strike off whichever is not applicable.

Annexure 1 (Contd.)

Section B : Indirect Finance

Loans granted to farmers through Primary Agricultural Credit Societies and other types of indirect finance

Number of societies financed :
Total number of members in societies :
Total number of borrowers :

	Loans and advances during the period		Loans and advances outstanding as on last Friday of March 1976/1977	
	No. of Accounts @	Amount in thousands of Rupees	No. of Accounts @	Amount in thousands of Rupees
1	2	3	4	5
Loans through Societies				
4.1 Agriculture and allied activities				
4.1.1) Short-term (crop loans)				
4.1.2) Medium-term agricultural loans				
4.1.3) Allied activities (Specify nature of activity and term, if possible)				
4.1.4) Total (4.1.1 to 4.1.3)				
Other types of indirect finance				
4.2 Electricity Boards				
4.3 Distribution of fertilisers and other inputs				
4.4 Dealers in agricultural machinery like tractors, pump-sets, etc.				
4.5 Agro-Industries Corporations				
4.6 Custom Service Units/ Agro-Service Centres				
4.7 Farmers Service Societies				
4.8 Others (Specify)				
4.9 Total (4.2 to 4.8)				
4.10 Total of indirect finance (4.1 to 4.9)				
Grand total of direct and indirect finance (2.4 and 4.10)				

@No. of accounts in which advances have been allowed by the Societies. (4.1)

NOTE : 1) If data are not available separately for some items the consolidated data available (for several items taken together) may be furnished with appropriate remarks.

2) If data for 1976-77 are not readily available and are yet to be compiled the completion and returning of the Questionnaire need not be held up on that account.

3) Data are required for all India.

ANNEXURE 2

RECOVERIES OF LOANS ADVANCED FOR AGRICULTURE AND ALLIED ACTIVITIES (1975-76/1976-77@+)

(Year : July-June)

Name of Bank ....

(Accounts in numbers,
Amount in Rs. '000)

A. Direct Finance

	Total demand during the year*		Amount recovered during the year		Overdue amount at the end of the year		Balance outstanding at the end of the year	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1	2	3	4	5	6	7	8	9
1. Short-term								
(i) Agriculture								
(ii) Allied Activities**								
(a)								
(b)								
(c)								
Total (i + ii)								

@Strike off whichever is not applicable.

+Data are required separately for 1975-76 and 1976-77. If data for 1976-77 are not readily available and are yet to be complied the completion and returning of the Questionnaire (with available data) need not be held up on that account. Data are required for all India.

*Total demand : Overdue amount at the end of the previous year plus current demand during the period under reference.

**Specify (Dairying, etc.)

Annexure 2 (Contd.)
(Accounts in numbers,
Amount in Rs. '000)

	Total demand during the year		Amount recovered during the year		Overdue amount at the end of the year		Balance outstanding at the end of the year	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1	2	3	4	5	6	7	8	9
2. Medium/Long-term								
(i) Agriculture								
(ii) Allied Activities**								
(a)								
(b)								
(c)								
Total (i + ii)								
3. Grand total (1 + 2)								

**Specify (Dairying, etc.)

3. Particulars of loans overdue for repayment

	Accounts	Amount (Rs.)
Over 1 year		
Over 2 years		
Over 3 years		
Total		

B. Loans and Advances granted to farmers through Primary Agricultural Credit Societies

(Accounts in numbers,
Amount in Rs. '000)

	Total demand during the year*		Amount recovered during the year		Overdue amount at the end of the year		Balance outstanding at the end of the year	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1	2	3	4	5	6	7	8	9
1. Short-term (including crop loans)								
2. Medium-term								
3. Others, if any**								
Total (1 + 2 + 3)								

*Total demand : Overdue amount at the end of the previous year plus current demand during the period under reference.

**Specify (Dairying, etc.)

ANNEXURE 2

EXPERT GROUP ON AGRICULTURAL CREDIT SCHEMES OF COMMERCIAL BANKS

QUESTIONNAIRE NO. 2

(For individuals and agencies other than commercial banks)

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1. National Objectives and Commercial Banks' Finance to Agricultural Sector

1.1 Since the late 1960s, Commercial Banks have been expected to meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives. To what extent has this objective been fulfilled by commercial banks in relation to agricultural development ?

1.2 Reduction of regional imbalances in institutional finance has also been one of the aims of the Government. Available data reveal that these imbalances continue to persist. What according to you are the reasons behind this ? To what extent can these imbalances be corrected by commercial banks ?

1.3 The provision of institutional credit to small and marginal farmers has been yet another plank of the credit policy in recent years. What in your assessment has been the commercial banks' performance with respect to this objective ? What suggestions would you like to make to improve their performance ?

2. Formulation of Credit Schemes

2.1 Which major factors and criteria should commercial banks take into account while formulating credit schemes for agriculture and allied activities ? Do you think that these factors and criteria are kept in view by commercial banks at present ?

2.2 Should there be uniformity in terms and conditions in schemes formulated by ***different*** banks for the same purpose ? If no, why ? If yes, how can it be brought about ?

2.3 Should there be uniformity in the terms and conditions of a particular scheme for different categories of borrowers, such as small, medium and large farmers, tribal and non-tribal farmers and farmers with irrigation and farmers without irrigation facility ? With respect to which terms and conditions should banks discriminate among different categories of borrowers ?

2.4 Should commercial banks play the role of identifying development opportunities and evolve schemes for such opportunities or should they develop schemes to finance developmental activities/projects/programmes identified by other agencies ? If you would like the banks to play the first role, what are your suggestions to equip them for the role ?

2.5 What arrangements at the scheme formulation stage would you suggest to ensure proper dovetailing of schemes evolved by commercial banks and other agencies ?

2.6 What role would you assign to the branches of commercial banks in rural areas in the formulation of credit schemes ?

2.7 What should be the responsibility of the Lead Banks in the formulation of credit schemes in the areas allotted to them ? To what extent is this responsibility discharged by the Lead Banks at present ?

2.8 The bulk of the commercial banks' term loans have been given for (a) creation of, and improvement in, irrigation facilities, and (b) purchase of farm machinery, particularly tractors. What could be the reasons behind this pattern ? Do you suggest diversification of agricultural term loan portfolios of commercial banks ? In what specific directions ? What measures would you suggest to increase the flow of institutional finance to these new areas ?

2.9 Considerable emphasis is now placed on credit planning by commercial banks. Which factors should commercial banks take into account in planning credit for agriculture and allied activities ?

2.10 Do you have any further specific suggestions for improvement in the formulation of credit schemes by commercial banks for agriculture and allied activities ?

3. Implementation of Schemes

3.1 What, in your opinion, are the major shortcomings in the implementation of credit schemes by commercial banks ? What measures would you suggest to remove these shortcomings ?

3.2 Lack of coordination between commercial banks, on the one hand, and development agencies, on the other, seems to be one of the major factors responsible for many shortcomings in implementing agricultural credit schemes. What are your suggestions to ensure better coordination among these agencies ?

3.3 "Agricultural Credit Cards" (or "Pass Books") have been introduced by banks in some areas to facilitate flow of institutional finance for agricultural development. What information should these cards/pass books contain as different from Revenue Pass Books ? What are the difficulties in introducing such cards/ pass books ? How could these be overcome ?

3.4 There is a view that small farmers do not avail of institutional finance because of cumbersome and time-consuming procedures and formalities. Do you agree with this view ? If yes, what suggestions would you like to make to simplify procedures and formalities ?

3.5 What are your views on the existing arrangements for financing distribution of agricultural inputs? What are your suggestions to improve the existing arrangements?

3.6 Are banks adequately equipped at the branch level for successful implementation of agricultural credit schemes? If not, what are your suggestions in this regord?

3.7 Do you have further suggestions to improve the implementation of commercial banks' schemes for agriculture and allied activities?

4. Recovery of Loans

4.1 The recovery of commercial banks' loans to the agricultural sector has not been up to expectations. Broadly this could be due to such reasons as (a) wilful defaulting, (b) risks and uncertainties associated with agricultural operations, (c) unrealistic assumptions about the economics of the concerned activities and/or the repayment capacity of the borrowers under the schemes, (d) defective implementation of schemes and (e) imperfect arranements for recovery of loans. Which, according to you, are the most important reasons behind the "overdues problem"?

4.2 What suggestions would you like to make to improve the recovery of commercial banks' loans to agricultural sector? What type of support would you suggest from the Governmental agencies to commercial banks in this matter in the context of the recommendations of the Talwar Committee (The Expert Group on State Enactments having a bearing on Commercial Banks lending to Agriculture.)

5. Training

5.1 Do you think that the training facilities in the field of agricultural finance now provided to bank personnel are adequate? What suggestions would you like to make to improve the existing facilities and the content of the existing training programmes?

6. General

6.1 What, according to you, have been the positive contributions of the entry of the commercial banks into agricultural finance on a major scale? Which factors have been responsible for these contributions?

6.2 What, according to you, have been the major constraints of commercial banks as purveyors of credit in rural areas? Which factors have been responsible for this?

6.3 What is the impact of commercial banks' entry into rural areas on (i) availability of institutional finance to different categories of cultivators, (ii) levels of interest rates in unorganised money markets, (iii) spread of banking consciousness, (iv) capital formation and (v) increase in agricultural production?

6.4 What are your comments on any aspect of agricultural credit schemes of commercial banks not covered by the above questions?

(Please send your reply to the Questionnaire by *November 21, 1977* to A. Seshan, Secretary, Expert Group on Agricultural Credit Schemes of Commercial Banks, Banking Division, Economic Department, Reserve Bank of India, P.B. No. 1044, Bombay-400 001)

ANNEXURE 3

NAMES OF COMMERCIAL BANKS TO WHICH QUESTIONNAIRE NO. 1 WAS ISSUED

I. Public Sector Banks

A. State Bank of India and Subsidiaries

1. State Bank of India
2. State Bank of Bikaner and Jaipur
3. State Bank of Hyderabad
4. State Bank of Indore
5. State Bank of Mysore
6. State Bank of Patiala
7. State Bank of Saurashtra
8. State Bank of Travancore

B. Other Banks

9. Allahabad Bank
10. Bank of Baroda
11. Bank of India
12. Bank of Maharashtra
13. Canara Bank
14. Central Bank of India
15. Dena Bank
16. Indian Bank
17. Indian Overseas Bank
18. Punjab National Bank
19. Syndicate Bank
20. Union Bank of India
21. United Bank of India
22. United Commercial Bank

II. Private Sector Banks

23. Andhra Bank Ltd.
24. New Bank of India Ltd.,
25. Punjab and Sind Bank Ltd.
26. Vijaya Bank Ltd.

ANNEXURE 4

NAMES OF PERSONS WITH WHOM DISCUSSIONS WERE HELD

A. Allahabad Bank

1. Shri A. Ghosh, Chairman and Managing Director
2. Shri S. Palchoudhuri, Special Officer

B. Bank of Baroda

1. Dr. A. C. Shah, Assistant General Manager (Priority Sector)
2. Shri S. K. Kannan, Chief Officer (Priority Sector)
3. Shri I. J. Talker, Assistant Chief Officer (Special Studies)
4. Shri A. R. Patel, Officer, Agricultural Finance Department

Bank of India

1. Shri H. C. Sarkar, Chairman and Managing Director
2. Shri S. K. Chakraborty, Assistant General Manager (Development)
3. Dr. S. M. Phatak, Chief Manager (Agricultural and Cooperative Credit)
4. Dr. (Smt.) Tara Shukla, Deputy Chief Manager (Agricultural and Co-operative Credit)

Canara Bank

1. Shri R. Raghupathy, General Manager, Personnel Wing and Investments
2. Shri K. K. Kamath, General Manager, Credit Wing
3. Shri K. S. Kamath, Deputy General Manager, Bangalore North Circle
4. Shri N. Bhaskara Menon, Deputy General Manager, Inspection Zone
5. Shri A. P. Rao, Divisional Manager, Credit Wing
6. Shri B. A. Prabhu, Divisional Manager – Designate
7. Shri M. D. Prabhu, Superintendent, Agricultural Finance Section, Credit Wing

C. Central Bank of India

1. Shri P. F. Gutta, Chairman and Managing Director
2. Shri K. J. S. Banaji, Joint General Manager (P&D)
3. Shri V. C. Bambolcar, Assistant General Manager (P&D)
4. Shri N. V. Harchandani, Deputy Chief Officer
5. Shri S. V. Iyer, Assistant Chief Officer

D. Dena Bank

1. Shri B. K. Vora, Chairman and Managing Director
2. Shri H. K. Swali, General Manager
3. Shri J. J. Choksey, Deputy General Manager

4. Shri P. A. Viswanathan, Executive Assistant to Chairman and Managing Director
5. Shri U. D. Kini, Officer-in-Charge, Agricultural Finance Department
6. Shri H. S. Parikh, Officer in Charge, Performance Evaluation Cell
7. Shri A. L. Varma, Officer, Agricultural Finance Cell

E. Indian Bank

1. Shri K. Venkatarama Iyer, General Manager
2. Shri S. V. N. Sambandam, Joint General Manager
3. Shri K. S. Kasiraman, Assistant General Manager
4. Shri R. Sundaresan, Superintendent

F. Indian Overseas Bank

1. Shri S. V. Sundaram, General Manager
2. Shri L. Lakshmanan, Assistant General Manager
3. Shri S. N. Rajamanickam, Superintendent
4. Shri C. Muthiah, Superintendent

G. Punjab National Bank

1. Shri O. P. Gupta, Chairman and Managing Director
2. Shri D. C. Gupta, General Manager
3. Shri K. C. Berry, Chief Officer
4. Shri K. N. Taimni, Deputy Chief Officer

H. State Bank of India

1. Shri P. S. Santanakrishnan, Chief General Manager
2. Shri C. L. Khemani, Chief Officer
3. Shri C. Gopalraj, Assistant Chief Officer
4. Shri K. D. Bhat, Deputy Chief Officer
5. Shri K. T. Rajagopalan, Officer

I. Syndicate Bank

1. Shri K. K. Pai, Chairman and Managing Director
2. Shri H. N. Rao, General Manager
3. Shri H. V. Kamath, Joint General Manager
4. Shri A. Krishna Rao, Deputy General Manager
5. Dr. N. R. Thingalaya, Chief Economic Adviser
6. Shri K. V. Beliraya, Divisional Manager, Agricultural Finance
7. Shri K. M. Udupa, Deputy Divisional Manager, Agricultural Finance

J. Union Bank of India

1. Shri Bana Paranjape, Chairman and Managing Director
2. Shri L. C. Mistry, General Manager
3. Shri M. N. Goiporia, Joint General Manager

4. Shri S. P. Chandavarkar, Deputy General Manager
5. Shri P. G. Shroff, Assistant General Manager
6. Shri B. Samal, Manager

K. United Bank of India

1. Dr. S. N. Ghosal, Chief Officer
2. Dr. S. Lahiri, Superintendent
3. Shri B. K. Ghosh, Assistant Superintendent
4. Shri A. K. Chatterjee, Officer
5. Shri T. K. Bhattacharya, Officer

L. United Commercial Bank

1. Shri V. R. Desai, Chairman and Managing Director
2. Shri J. N. Pathak, General Manager
3. Shri R. Pichai, General Manager
4. Shri N. N. Shastri, Deputy General Manager
5. Shri K. M. Bagga, Assistant General Manager
6. Shri R. R. Choudhury, Superintendent
7. Shri C. B. Sharma, Development Officer
8. Shri P. N. Choudhury, Development Officer
9. Shri Arunjee, Officer
10. Shri A. K. Chandra, Agricultural Officer
11. Shri C. S. Babil, Officer

M. New Bank of India Ltd.

1. Shri Harishchandra, General Manager.
2. Shri R. Srinivasan, Joint General Manager
3. Shri J. C. Adya, Adviser, Training and Priority Sectors

N. Punjab and Sind Bank Ltd.

1. Shri Inderjit Singh, Chairman
2. Shri A. S. Bagga, General Manager
3. Shri S. Bhag Singh, Joint General Manager
4. Shri S. Harbhajan Singh, Joint General Manager
5. Shri Daljit Singh, Assistant General Manager

O. Vijaya Bank Ltd.

1 Shri Satya Dev, Chief General Manager
2. Shri S. B. Pardiwalla, General Manager
3. Shri M. Premnath Alva, Chief Manager, Agricultural Cell

P. Others

1. Dr. K. S. Krishnaswamy, Deputy Governor, Reserve Bank of India
2. Prof. M. L. Dantwala, Chairman, Committee on Regional Rural Banks

3. Shri C. E. Kamath, Chairman, Working Group to Study Problems Arising out of the Adoption of Multi-Agency Approach in Agricultural Financing
4. Shri B. Sivaraman, Member ,Planning Commission
5. Dr. Raj Krishna, Member, Planning Commission
6. Shri B. Venkatappiah, Chairman, Rural Electrification Corporation Ltd.
7. Shri G. V. K. Rao, Secretary, Ministry of Agriculture and Irrigation

Q. Others with whom informal discussions were held in Madras

a) Agricultural Universities

1. Dr. V. Rajagopalan, Professor and Head of Department of Agricultural Economics, Tamil Nadu Agricultural University, Coimbatore, Tamil Nadu.
2. Dr. K. S. Suryanarayana, Professor, Department of Agricultural Economics, Agricultural College, Rajendra Nagar, Hyderabad, Andhra Pradesh.

b) Agro-Economic Research Centres

1. Shri A. J. Rupchand, University of Madras, Madras, Tamil Nadu
2. Dr. T. V. S. Rao, Deputy Director, Andhra University, Waltair, Andhra Pradesh.

c) Commercial Banks

1. Andhra Bank

Shri A. Raghava Reddy, Manager, Nandyal, Kurnool District, Andhra Pradesh.

2. Bank of Baroda

(i) Shri M. Palanichamy, Regional Agricultural Officer, Madras, Tamil Nadu.

(ii) Shri H. Chitneni, Agent, Yeditha, Alamuru Taluk, East Godavari, Andhra Pradesh.

3. Bank of India

Shri V. P. Rao, Agent, 9-1-45 Station Road, Naz Centre, Guntur, Andhra Pradesh

4. Bank of Madura

Shri R. Annamalai, Agricultural Officer, Madras

5. Canara Bank

Shri T. Martanda Murthy, Manager, Lalapet, Hyderabad, Andhra Pradesh.

6. Central Bank of India

Shri P. S. Padmanabhan, Branch Manager, 2 Mal Street, Sawyerpuram, Tirunelveli District, Tamil Nadu.

7. **Indian Bank**
   (i) Shri M. Thiagarajan, Manager, 34/3 Gingee Road, Tindivanam-Tamil Nadu.
   (ii) Shri T. Meiyappan) Agricultural Officers
   (iii) Shri S. Annadurai) Agricultural Finance Cell
   (iv) Shri R. Nakkeeran)
8. **Indian Overseas Bank**
   Shri R. Durairaj, 81, Arani Road, Sayinathapuram, Allapuram Panchayat, Vellore, North Arcot, Dt., Tamil Nadu.
9. **Punjab National Bank**
   (i) Shri M. K. Rajan, Manager, Regional Office, Madras, Tamil Nadu.
   (ii) Shri M. A. A. Khan, Agricultural Officer, Regional Office, Madras, Tamil Nadu.
10. **State Bank of Hyderabad**
    Shri V. V. Satyanarayana, Manager, Agricultural Development Branch, Sarangpur, Nizamabad District, Andhra Pradesh
11. **State Bank of India**
    Shri R. Shankara Reddy, Manager, Agricultural Development Branch, Hindupur, Anantapur Dt., Andhra Pradesh
12. **Union Bank of India**
    Shri M. R. Sankaran, Branch Manager, Vadugapatti, Madurai District, Tamil Nadu.
13. **United Commercial Bank**
    Shri L. S. Raman, Agricultural Officer, Madras, Tamil Nadu.
14. **Syndicate Bank**
    Shri V. Bhaktavatchalam, Farm Representative, 15, Armenian Street, Madras, Tamil Nadu.

d) **Reserve Bank of India**
   1. Shri P. D. N. Rao, Deputy Director, Economic Department, Madras.
   2. Shri A. H. Reddy, Joint Chief Officer, Agricultural Credit Department, Madras.
   3. Shri W. M. Ramaswamy, Assistant Chief Officer, Agricultural Credit Department, Madras.
   4. Shri K. B. Chakraborty, Banking Officer, Department of Banking Operations and Development, Madras.

e) **Agricultural Refinance and Development Corporation**
Shri K. E. Mudaliar, Deputy Director, Madras

f) State Governments

1. Shri H. B. N. Shetty, I. A. S. Registrar of Co-operative Societies, Madras.
2. Shri R. Rajamani, I. A. S. Commissioner of Institutional Finance, Finance and Planning Department, Government of Andhra Pradesh, Hyderabad.

g) Dairy/Fisheries/Poultry Development Corporations

1. Dr. S. M. Dandapani,,Senior Manager, Tamil Nadu Dairy Development Corporation, Madras.
2. Shri K. A. P. A. Durai Raja)
   General Manager) Tamil Nadu Fisheries Development
3. Shri R. Govindaraju,) Corporation, Madras
   Senior Accounts Officer)
4. Dr. S. Sethuraman, Manager, Tamil Nadu Poultry Development Corporation, Madras.

ANNEXURE 5

Progress made by State Governments/Union Territories in enacting a Bill on the lines of the Model Bill recommended by the Expert Group on State Enactments having a bearing on Commercial Banks lending to Agriculture (Talwar Committee) (As on April 10, 1978)

A. States which have passed the necessary legislation

The following fifteen States have so far enacted legislation to give effect to the recommendations made by the Talwar Committee.

(i) Assam
(ii) Bihar
(iii) Haryana
(iv) Himachal Pradesh
(v) Karnataka
(vi) Madhya Pradesh
(vii) Maharashtra
(viii) Manipur
(ix) Meghalaya
(x) Nagaland
(xi) Orissa
(xii) Rajasthan
(xiii) Tripura
(xiv) Uttar Pradesh
(xv) West Bengal

Of these, the Acts passed by the State Governments of Assam, Himachal Pradesh, Madhya Pradesh, Manipur, Tripura and Uttar Pradesh are broadly on the lines of the Model Bill. (The position in regard to Nagaland is not known as a copy of the relative Act has not been received)

B. States where the draft Bill is ready

Draft Bills for implementing the recommendations of the Talwar Comittee have been prepared and are being processed in Andhra Pradesh, Gujarat, Jammu and Kashmir and Tamil Nadu.

C. States where the matter is under consideration

Kerala and Punjab.

D. Union Territories

The question of undertaking legislation on the lines of the Model Bill recommended by the Talwar Committee for all the Union Territories is under consideration of the Government of India.

(Source : Department of Banking Operations and Development, Reserve Bank of India, Bombay.)

APPENDIX TABLE 1

Direct Institutional Finance for Agricultural Development

(Rupees Crores)

	Source	Loans issued during the year ended June 30					
		1972	1973	1974	1975(1)	1976(1)	1977(1)(E)
	1	2	3	4	5	6	7
I.	Cooperatives (i+ii)	769.0	957.9	876.7(R)	1040.0(R)	1186.7(R)	1366.6
	(i) Short-term loans (2) ..	540.9	612.8	663.1(R)	750.9(R)	881.4(R)	1016.3
	(ii) Term Loans (3) ..	228.0	345.1	213.6(R)	289.1(R)	305.3(R)	350.3
II.	Government Department Loans (4) Short-term	99.3	176.8	90.8	77.5	81.5	85.5
III.	Scheduled Commercial Banks (5) (i + ii)	14.5(6)	20.9(6)	219.2	274.3	404.9	565.0
	(i) Short-term loans	..	..	105.4	146.1	212.5	315.0
	(ii) Term Loans ..	14.5(6)	20.9(6)	113.8	128.2	192.4	250.0
IV.	Regional Rural Banks (7) (Short-term)	—	—	—	—	1.5	11.6
V.	Total of I to IV	882.8	1155.6	1186.7(R)	1391.8(R)	1674.6(R)	2028.7
	Of which						
	(a) Short-term loans	640.2	789.6	859.3(R)	974.5(R)	1176.9(R)	1428.4
	(b) Term loans	242.5	366.0	327.4(R)	417.3(R)	497.7(R)	600.3

1. All data are provisional.
2. Relate to primary agricultural credit societies.
3. Relate to primary agricultural credit societies and land development banks.
4. Data are based on State budgets and relate to financial year. Data for the years 1972 to 1974 are advances to cultivators ; for the years 1975 to 1977 they represent provision for direct advances to agriculture, minor irrigation, soil conservation and area development and are presumed to be for short term.
5. Data relate to financial year.
6. Represents only loans routed through schemes financed by the ARDC and the AFC.
7. Presumed to be for short-term.

– = Nil .. = Not Available. R = Revised. E = Estimated.

(Source : Report on Currency and Finance)

APPENDIX TABLE 2

Share of Scheduled Commercial Banks in Direct Institutional Finance for Agricultural Development

(Rupees Crores)

	Loans issued during year ended June 30			
	1974	1975	1976	1977
1	2	3	4	5
(A) Short-term loans issued by Co-operatives, Government, Scheduled Commercial Banks & Regional Rural Banks	859.3	974.5	1176.9	1428.4
(B) Of which loans issued by Scheduled Commercial Banks	105.4	146.1	212.5	315.0
(C) Percentage of (B) to (A)	12.3	15.0	18.1	22.1
(D) Term loans issued by Co-operatives and Scheduled Commercial Banks ..	327.4	417.3	497.7	600.3
(E) Of which Loans issued by Scheduled Commercial Banks ..	113.8	128.2	192.4	250.0
(F) Percentage of (E) to (D)	34.8	30.7	38.7	41.7

(Source : Appendix Table 1.)

APPENDIX TABLE 3

Direct Finance to Farmers From Scheduled Commercial Banks According to Duration of Loans and Advances

LOANS AND ADVANCES DISBURSED				LOANS AND ADVANCES OUTSTANDING			
During half year ended		No. of Accounts	Amount (Rs. in lakhs)	As on last Friday of		No. of Accounts	Amount (Rs. in lakhs)
1.		2.	3.	4.		5.	6.
MARCH 1973	Short-term	..	..	MARCH 1973	Short-term	7,97,043	93,47.13
	Term Loans	..	..		Term Loans	3,62,599	1,75,17.88
	Allied activities	..	..		Allied activities	3,39,743	41,52.24
SEPTEMBER 1973	Short-term	5,06,030	57,95.70	SEPTEMBER 1973	Short-term	10,13,588	1,25,95.12
	Term Loans	76,607	45,19.34		Term Loans	3,90,479	2,02,79.96
	Allied activities	71,612	11,51.31		Allied activities	3,85,705	55,94.82
MARCH 1974	Short-term	3,81,538	47,43.81	MARCH 1974	Short-term	10,49,897	1,30,65.19
	Term Loans	73,194	41,24.27		Term Loans	4,28,732	2,27,43.87
	Allied activities	76,843	15,81.42		Allied activities	3,97,803	57,27.91
SEPTEMBER 1974	Short-term	5,23,803	76,29.44	SEPTEMBER 1974	Short-term	12,12,494	1,76,52.55
	Term Loans	76,057	44,89.54		Term Loans	4,53,576	2,46,66.66
	Allied activities	1,05,945	18,56.36		Allied activities	4,73,836	70,88.83
MARCH 1975	Short-term	4,91,157	69,76.90	MARCH 1975	Short-term	13,34,144	1,90,50.79
	Term Loans	75,319	47,41.58		Term Loans	4,85,403	2,70,82.19
	Allied activities	78,771	17,28.64		Allied activities	5,14,582	71,34.12
SEPTEMBER 1975	Short-term	6,55,337	1,02,37.49	SEPTEMBER 1975	Short-term	16,18,894	2,34,46.03
	Term Loans	84,712	57,99.74		Term Loans	5,27,099	3,07,11.49
	Allied activities	1,84,141	27,27.81		Allied activities	6,12,799	94,94.38
MARCH 1976	Short-term	7,44,237	1,10,17.23	MARCH 1976	Short-term	20,53,190	2,96,63.34
	Term Loans	1,07,240	70,65.20		Term Loans	5,78,393	3,44,53.10
	Allied activities	1,57,381	36,46.12		Allied activities	6,14,205	1,04,08.65

.. = Not Available

(Data on allied activities are totals of short-term and term loans. The remaining data relate to agricultural loans).

(Source : Special Return on Agricultural Loans — I.)

APPENDIX TABLE 4

Direct Finance to Allied Activities From Scheduled Commercial Banks

(Amount in Rupees lakhs)

LOANS AND ADVANCES DISBURSED DURING THE YEAR

During half year ended	Dairying		Poultry farming, piggery and bee-keeping		Fisheries		Other direct advances	
	No. of A/cs	Amount	No. of A/cs	Amount	No. of A/cs	Amount	No. of A/cs	Amount
1	2	3	4	5	6	7	8	9
SEPTEMBER 1973	17,522	4,18.21	2,864	1,40.86	1,213	1,43.88	50,063	4,48.36
MARCH 1974	28,287	6,44.02	3,527	2,38.41	1,424	2,20.70	43,605	4,78.29
SEPTEMBER 1974	27,109	5,81.64	2,315	1,87.35	2,295	1,73.25	74,226	9,14.12
MARCH 1975	25,040	7,67.88	2,653	1,94.74	2,850	2,02.50	38,228	5,65.52
SEPTEMBER 1975	32,883	7,57.21	2,699	1,98.26	2,049	2,17.74	1,40,510	15,54.60
MARCH 1976	50,872	15,87.41	5,409	3,58.50	3,360	1,93.98	97,740	15,06.23

LOANS AND ADVANCES OUTSTANDING

As on last Friday of	Dairying		Poultry farming, piggery and bee-keeping		Fisheries		Other direct advances	
	No. of A/cs	Amount	No. of A/cs	Amount	No. of A/cs	Amount	No. of A/cs	Amount
10	11	12	13	14	15	16	17	18
SEPTEMBER 1973	47,685	11,47.48	10,864	6,77.73	4,038	7,17.23	3,23,118	30,52.39
MARCH 1974	71,804	15,62.50	14,484	7,27.44	5,021	7,06.46	3,06,494	27,31.51
SEPTEMBER 1974	92,937	19,50.78	14,374	8,81.20	6,595	7,83.28	3,59,930	34,73.57
MARCH 1975	1,15,220	23,21.95	18,331	10,40.05	6,482	9,42.88	3,74,549	38,29.24
SEPTEMBER 1975	1,33,392	26,32.23	17,803	11,15.22	8,266	11,56.26	4,53,339	45,90.67
MARCH 1976	1,62,168	34,10.95	21,658	14,47.48	10,499	11,16.91	4,19,880	44,33.31

(Source : Special Return on Agricultural Loans — I)

APPENDIX

Indirect Finance to Agriculture From

(Amount in lakhs

Outstanding loans as on last Friday of	Distribution of Fertilisers and Other Inputs			Loans to Electricity Boards		
	No. of Accounts	Limits Sanctioned	Balance Outstanding	No. of Accounts	Limits Sanctioned	Balance Outstanding
1.	2.	3.	4.	5.	6.	7.
June 1972	7280	13264.17	6530.44	165	7180.41	6360.53
June 1973	7018	14197.12	6284.21	158	9246.89	8186.25
June 1974	7648	12230.16	5649.39	180	12856.28	10037.34
June 1975	11490	14310.93	9836.11	147	11922.12	8997.38
June 1976 ..	11455	17044.00	9968.00	184	11433.67	8433.59

(Source : Return on Advances to the Priority Sectors)

TABLE 5

Scheduled Commercial Banks

of Rupees)

Loans to Farmers through Primary Credit Societies			Other Types of Indirect Finance			Total		
No. of Accounts	Limits Sanctioned	Balance Outstanding	No. of Accounts	Limits Sanctioned	Balance Outstanding	No. of Accounts	Limits Sanctioned	Balance Outstanding
8.	9.	10.	11.	12.	13.	14.	15.	16.
127550	2320.17	839.99	18001	7186.65	3515.08	152996	29951.40	17246.04
175796	2869.47	1222.11	16902	8096.97	3326.38	199874	34410.45	19018.95
228726	3779.51	1597.41	24293	10894.54	3871.88	260847	39760.49	21147.02
290100	4705.41	2205.50	32260	11744.82	6917.90	333997	42653.28	27956.89
341626	6165.85	3009.02	29475	16822.17	8734.98	382740	51465.69	30145.59

APPENDIX TABLE 6

Recovery Performance of Scheduled Commercial Banks in Respect of Direct Finance To Farmers

(Rs. in lakhs)

As on last Friday	DIRECT FINANCE TO FARMERS (ST/MT/LT Loans)					
	Total Demand	Amount Recovered	Overdue Amount	Balance Outstanding	Percentage of (3) to (2)	Percentage of (4) to (5)
1	2	3	4	5	6	7
June 1974	22767.50	11544.08	11223.42	42099.88	50.70	26.66
June 1975 ..	32392.68	16725.86	15666.82	56590.22	51.63	27.68
June 1976 ..	41558.72	21586.83	19971.89	78920.26	51.94	25.31

Loans for allied activities are not included

(Source : Special Return on Agricultural Loans II)

APPENDIX TABLE 7

Scheduled Commercial Banks' Direct Finance to Agricultural Sector (Excluding Allied Activities) — Loans Issued During 1975-76 (April-March)

(Amount in lakhs of Rupees)

U.T./State/Region	SHORT-TERM		MEDIUM & LONG TERM		TOTAL	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7
NORTHERN REGION						
Haryana	12148 (0.9)	179.73 (0.8)	9007 (4.7)	884.39 (6.9)	21155 (1.3)	1064.12 (3.1)
Himachal Pradesh ..	6635 (0.5)	73.11 (0.3)	1490 (0.8)	59.32 (0.5)	8125 (0.5)	132.43 (0.4)
Jammu & Kashmir ..	767 (0.1)	10.54 (–)	578 (0.3)	15.76 (0.1)	1345 (0.1)	26.30 (0.1)
Punjab	10511 (0.8)	284.65 (1.3)	7714 (4.0)	1352.28(10.5)	18225 (1.1)	1636.93 (4.8)
Rajasthan	11355 (0.8)	247.79 (1.2)	10967 (5.7)	909.15 (7.1)	22322 (1.4)	1156.94 (3.4)
Chandigarh	166 (–)	4.70 (–)	29 (–)	4.83 (–)	195 (–)	9.53 (–)
Delhi	958 (0.1)	28.39 (0.1)	321 (0.2)	57.23 (0.4)	1279 (0.1)	85.62 (0.3)
Total ..	42540 (3.0)	828.91 (3.9)	30106(15.7)	3282.96(25.5)	72646 (4.6)	4111.87(12.1)
NORTH-EASTERN REGION						
Assam ..	1201 (0.1)	9.77 (–)	527 (0.3)	17.05 (0.1)	1728 (0.1)	26.82 (0.1)
Manipur ..	184 (–)	1.52 (–)	5 (–)	1.76 (–)	189 (–)	3.28 (–)
Meghalaya ..	540 (–)	3.48 (–)	20 (–)	0.87 (–)	560 (–)	4.35 (–)
Nagaland ..	69 (–)	1.04 (–)	—	—	69 (–)	1.04 (–)
Tripura ..	3503 (0.3)	23.93 (0.1)	445 (0.2)	5.76 (–)	3948 (0.2)	29.69 (0.1)
Arunachal Pradesh	—	—	—	—	—	—
Mizoram ..	—	—	—	—	—	—
Total ..	5497 (0.4)	39.74 (0.2)	997 (0.5)	25.44 (0.2)	6494 (0.4)	65.18 (0.2)
EASTERN REGION						
Bihar	32213 (2.3)	426.01 (2.0)	13598 (7.1)	524.76 (4.1)	45811 (2.9)	950.77 (2.7)
Orissa	39229 (2.8)	347.32 (1.6)	6738 (3.5)	159.09 (1.2)	45967 (2.9)	506.41 (1.5)
West Bengal ..	61304 (4.4)	494.42 (2.3)	8307 (4.3)	241.48 (1.9)	69611 (4.4)	735.90 (2.2)
Andaman & Nicobar Islands	151 (–)	1.43 (–)	162 (0.1)	3.45 (–)	313 (–)	4.88 (–)
Total ..	132897 (9.5)	1269.18 (6.0)	28805(15.0)	928.78 (7.2)	161702(10.2)	2197.96 (6.4)

Appendix Table 7 (Concld)

U.T./State/Region		SHORT-TERM		MEDIUM & LONG TERM		TOTAL	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1		2	3	4	5	6	7
CENTRAL REGION							
Madhya Preadesh	..	19074 (1.4)	264.47 (1.2)	26593(13.9)	1441.02(11.2)	45667 (2.9)	1705.49 (5.0)
Uttar Pradesh ..	..	89709 (6.4)	993.93 (4.7)	19720(10.3)	1980.08(15.4)	109429 (6.9)	2974.01 (8.7)
Total	..	108783 (7.8)	1258.40 (5.9)	46313(24.1)	3421.10(26.6)	155096 (9.7)	4679.50(13.7)
WESTERN REGION							
Gujarat ..	..	30165 (2.2)	1266.61 (6.0)	14602 (7.6)	642.32 (5.0)	44767 (2.8)	1908.93 (5.6)
Maharashtra ..	..	39746 (2.8)	1530.74 (7.3)	15064 (7.9)	1300.79(10.1)	54810 (3.4)	2831.53 (8.3)
Goa, Daman & Diu	..	3680 (0.3)	39.44 (0.2)	616 (0.3)	20.74 (0.2)	4296 (0.3)	60.18 (0.2)
Dadra & Nagar Haveli	..	142 (–)	0.97 (–)	7 (–)	0.36 (–)	149 (–)	1.33 (–)
Total	..	73733 (5.3)	2837.76(13.4)	30289(15.8)	1964.21(15.3)	104022 (6.5)	4801.97(14.1)
SOUTHERN REGION							
Andhra Pradesh	..	183471(13.1)	4419.27(20.8)	13354 (7.0)	530.87 (4.1)	196825(12.4)	4950.14(14.5)
Karnataka ..	..	126967 (9.1)	3145.19(14.8)	17853 (9.3)	1793.08(13.9)	144820 (9.1)	4938.27(14.5)
Kerala ..	..	355795(25.4)	2499.05(11.8)	12723 (6.6)	438.20 (3.4)	368518(23.2)	2937.25 (8.6)
Tamil Nadu ..	..	361432(25.8)	4798.80(22.6)	11145 (5.8)	464.49 (3.6)	372577(23.4)	5263.29(15.4)
Pondicherry ..	..	8393 (0.6)	157.46 (0.7)	331 (0.2)	15.47 (0.1)	8724 (0.5)	172.93 (0.5)
Lakshadweep ..	..	66 (–)	0.95 (–)	36 (–)	0.34 (–)	102 (–)	9.31 (–)
Total	..	**1036124(74.0)**	**15020.72(70.7)**	**55442(28.9)**	**3242.45(25.2)**	**1091566(68.6)**	**18263.17(53.5)**
ALL INDIA	..	**1399574(100.0)**	**21254.71(100.0)**	**191952(100.0)**	**12864.94(100.0)**	**1591526(100.0)**	**34119.65(100.0)**

Number of accounts is gross, i.e., accounts receiving loans twice in the year are counted twice.

— Nil or Negligible

Figures in brackets are percentages to totals for All–India

(Source : Special Return on Agricultural Loans - 1).

APPENDIX TABLE 8

Scheduled Commercial Banks' Direct Finance to Agricultural Sector (Excluding Allied Activities)

Loans issued During 1975–76 (April - March)

Distribution Between Short-Term and Term Loans

U. T. State/Region	Distribution between short, medium and long-term				Amount of advances per account		
	Accounts		Advances				
	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	All
1.	2.	3.	4.	5.	6.	7.	8.
	Per cent				Rupees		
Northern Region							
Haryana	57	43	17	83	1,500	9,800	5,000
Himachal Pradesh ..	82	18	55	45	1,100	4,000	1,600
Jammu & Kashmir ..	57	43	40	60	1,400	2,700	2,000
Punjab	58	42	17	83	2,700	17,500	9,000
Rajasthan	51	49	21	79	2,200	8,300	5,200
Chandigarh	85	15	49	51	2,800	16,700	4,900
Delhi	75	25	33	67	3,000	17,800	6,700
Region Average	**59**	**41**	**20**	**80**	**1,900**	**10,900**	**5,700**
North-Eastern Region							
Assam	69	31	36	64	800	3,200	1,600
Manipur	97	3	46	54	800	35,200	1,700
Meghalaya	96	4	80	20	600	4,400	800
Nagaland	100	—	100	—	1,500	—	1,500
Tripura	89	11	81	19	700	1,300	800
Arunachal Pradesh	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—
Region Average ..	**85**	**15**	**61**	**39**	**700**	**2,600**	**1,000**

Appendix Table 8 (contd.)

U. T./State/Region	Distribution between short, medium and long-term				Amount of advances per account		
	Accounts		Advances				
	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	All
1.	2.	3.	4.	5.	6.	7.	8.
	Per cent				Rupees		
Eastern Region							
Bihar	70	30	45	55	1,300	3,900	2,100
Orissa	85	15	69	31	900	2,400	1,100
West Bengal	88	12	67	33	800	2,900	1,100
Andaman & Nicobar Islands ..	48	52	29	71	900	2,100	1,600
Region Average ..	**82**	**18**	**58**	**42**	**1,000**	**3,200**	**1,400**
Central Region							
Madhya Pradesh ..	42	58	15	85	1,400	5,400	3,700
Uttar Pradesh	82	18	33	67	1,100	10,000	2,700
Region Average	**70**	**30**	**27**	**73**	**1,200**	**7,400**	**3,000**
Western Region							
Gujarat	67	33	66	34	4,200	4,400	4,300
Maharashtra	72	28	54	46	3,900	8,600	5,200
Goa, Daman, Diu	86	14	65	35	1,100	3,400	1,400
Dadra and Nagar Haveli ..	95	5	73	27	700	5,100	900
Region Average ..	**71**	**29**	**59**	**41**	**3,800**	**6,500**	**4,600**

U.T./State/Region	Distribution between short, medium and long-term				Amount of advances per account		
	Accounts		Advances				
	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	Short-term	Medium-term & Long-term	All
1.	2.	3.	4.	5.	6.	7.	8.
	Per cent				Rupees		
Southern Region							
Andhra Pradesh	93	7	89	11	2,400	4,000	2,500
Karnataka	88	12	64	36	2,500	10,000	3,400
Kerala	97	3	85	15	700	3,400	800
Tamil Nadu	97	3	91	9	1,300	4,200	1,400
Pondicherry	96	4	91	9	1,900	4,700	2,000
Lakhadweep	65	35	74	26	1,400	900	1,300
Region Average ..	**95**	**5**	**82**	**18**	**1,400**	**5,800**	**1,700**
ALL INDIA	88	12	62	38	1,500	6,700	2,100

The amount is rounded off to the nearest hundred under Cols. 6 to 8

(Source : Special Return on Agricultural Loans - I).

APPENDIX TABLE 9

Scheduled Commercial Banks' Direct Finance to Agriculture (Excluding Allied Activities) Loans Outstanding As At the End of March 1976

(Amount in lakhs of Rupees)

U.T./State/Region	SHORT-TERM		MEDIUM & LONG-TERM		TOTAL	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7
NORTHERN REGION						
Haryana . ..	14258 (0.6)	231.07 (0.7)	14747 (2.5)	2130.28 (6.2)	29005 (1.1)	2361.35 (3.7)
Himachal Pradesh	6935 (0.3)	67.18 (0.2)	2310 (0.4)	90.28 (0.3)	9245 (0.4)	157.46 (0.2)
Jammu & Kashmir	1172 (-)	14.81 (-)	502 (0.1)	23.00 (0.1)	1674 (0.1)	37.81 (0.1)
Punjab	10562 (0.5)	296.62 (0.9)	18090 (3.1)	2366.28 (6.9)	28652 (1.1)	2662.90 (4.2)
Rajasthan ..	14044 (0.6)	241.35 (0.8)	44660 (7.7)	2279.77 (6.6)	58704 (2.2)	2521.12 (3.9)
Chandigarh ..	149 (-)	5.89 (-)	116 (-)	15.55 (-)	265 (-)	21.44 (-)
Delhi	2100 (0.1)	63.17 (0.2)	1445 (0.2)	153.37 (0.4)	3545 (0.1)	216.54 (0.3)
Total ..	49220 (2.3)	920.09 (3.1)	81870 (14.2)	7058.53 (20.5)	131090 (5.0)	7978.62 (12.4)
NORTH-EASTERN REGION						
Assam	14475 (0.7)	82.70 (0.2)	1146 (0.2)	56.20 (0.2)	15621 (0.6)	138.90 (0.2)
Manipur	1646 (-)	10.68 (-)	58 (-)	6.74 (-)	1704 (0.1)	17.42 (-)
Meghalaya ..	3560 (0.1)	29.54 (-)	20 (-)	0.88 (-)	3580 (0.1)	30.42 (-)
Nagaland ..	73 (-)	1.93 (-)	—	—	73 (-)	1.93 (-)
Tripura	7883 (0.3)	33.79 (0.1)	1166 (0.2)	13.61 (-)	9049 (0.3)	47.40 (0.1)
Arunachal Pradesh	—	—	—	—	—	—
Mizoram ..	—	—	—	—	—	—
Total ..	27637 (1.3)	158.64 (0.5)	2390 (0.4)	77.43 (0.2)	30027 (1.1)	236.07 (0.4)

Appendix Table 9 (Concld.)

U.T./State/Region	SHORT-TERM		MEDIUM & LONG-TERM		TOTAL	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7
EASTERN REGION						
Bihar	76049 (3.7)	520.88 (1.7)	39697 (6.9)	1458.91 (4.2)	115746 (4.4)	1979.79 (3.1)
Orissa	57249 (2.7)	468.79 (1.5)	11673 (2.0)	243.99 (0.7)	68922 (2.6)	712.78 (1.1)
West Bengal ..	114908 (5.5)	769.37 (2.5)	44346 (7.7)	1665.23 (4.8)	159254 (6.1)	2434.60 (3.8)
Andaman & Nicobar Islands	117 (–)	1.23 (–)	135 (–)	1.88 (–)	252 (–)	3.11 (–)
Total ..	248323 (12.0)	1760.27 (5.9)	95851 (16.6)	3370.01 (9.8)	344174 (13.1)	5130.28 (8.0)
CENTRAL REGION						
Madhya Pradesh ..	38376 (1.8)	465.72 (1.5)	62451 (10.8)	3112.53 (9.0)	100827 (3.8)	3578.25 (5.6)
Uttar Pradesh ..	126823 (6.1)	980.80 (3.3)	51378 (8.9)	4516.81 (13.1)	178201 (6.8)	5497.61 (8.6)
Total ..	165199 (8.0)	1446.52 (4.8)	113829 (19.7)	7629.34 (22.1)	279028 (10.6)	9075.86 (14.2)
WESTERN REGION						
Gujarat	36005 (1.7)	1676.96 (5.6)	49485 (8.6)	2766.00 (8.0)	85490 (3.2)	4442.96 (6.9)
Maharashtra ..	79719 (3.8)	2928.73 (9.8)	86077 (14.9	5384.48 (15.6)	165796 (6.3)	8313.21 (13.0)
Goa, Daman & Diu	4668 (0.2)	35.52 (0.1)	883 (0.2)	44.75 (0.1)	5551 (0.2)	80.27 (0.1)
Dadra and Nagar Haveli ..	195 (–)	0.98 (–)	13 (–)	0.92 (–)	208 (–)	1.90 (–)
Total ..	120587 (5.8)	4642.19 (15.6)	136458 (23.6)	8196.15 (23.8)	257045 (9.8)	12838.34 (20.0)
SOUTHERN REGION						
Andhra Pradesh	433127 (21.0)	8475.17 (28.5)	35420 (6.1)	1654.50 (4.8)	468547 (17.8)	10129.67 (15.8)
Karnataka	147128 (7.1)	2956.30 (9.9)	52039 (9.0)	3650.81 (10.6)	199167 (7.6)	6607.11 (10.3)
Kerala ..	302498 (14.7)	2200.81 (7.4)	22337 (3.9)	995.17 (2.9)	324835 (12.3)	3195.98 (5.0)
Tamil Nadu	540487 (26.3)	6842.44 (23.0)	37099 (6.4)	1762.63 (5.1)	577586 (21.9)	8605.07 (13.4)
Pondicherry	18916 (0.9)	260.41 (0·8)	1065 (0.2)	58.38 (0.2)	19981 (0.7)	318.79 (0.5)
Lakshadweep	68 (–)	0.50 (–)	35 (–)	0.15 (–)	103 (–)	0.65 (–)
Total ..	1442224 (70.2)	20735.63 (69.9)	147995 (25.6)	8121.64 (23.6)	1590219 (60.4)	28857.27 (45.0)
ALL INDIA	2053190 (100.0)	29663.34 (100.0)	578393 (100.0)	34453.10 (100.0)	2631583 (100.0)	64116.44 (100.0)

— Nil or negligible
Figures in brackets are percentages to total for All-India
(Source : Special Return on Agricultural Loans – I)

APPENDIX TABLE 10

Distribution of Commercial Banks' Short-Term Direct Finance to Agricultural Sector (Excluding Allied Activities) Among Different Categories of Farms (State-wise) During the Year 1975-76 (April-March)

(A/cs in number and amount in lakhs of Rs.)

U.T./State/Region	Categories of farms (Size in Acres)									
	Up to 2.5		Above 2.5 to 5		Above 5 to 10		Above 10		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1.	2.	3.	4,	5.	6,	7	8	9	10	11
NORTHERN REGION										
Haryana ..	798	10.43	2401	24.50	6533	74.67	2416	70.13	12148	179.73
	(6.5)	(5.8)	(19.7)	(13.6)	(53.7)	(41.5)	(19.8)	(39.0)	(100.0)	(100.0)
Himachal Pradesh ..	4120	34.64	1507	18.75	721	11.67	287	8.05	6635	73. 1
	(62.0)	(47.3)	(22.7)	(25.6)	(10.8)	(15.9)	(4.3)	(11.0)	(100.0)	(100.0)
Jammu & Kashmir ..	494	6.46	161	1.85	94	1.48	18	0.75	767	10.54
	(64.4)	(61.2)	(20.9)	(17.5)	(12.2)	(14.0)	(2.3)	(7.1)	(100.0)	(100.0)
Punjab	1810	23.97	2119	35.60	3119	82.66	3463	142.42	10511	284.65
	(17.2)	(8.4)	(20.1)	(12.5)	(29.6)	(29.0)	(32.9)	(50.0)	(100.0)	(100.0)
Rajasthan ..	1613	15.87	1680	34.32	2766	61.96	5296	135.64	11355	247.79
	(14.2)	(6.4)	(14.7)	(13.8)	(24.3)	(25.0)	(46.6)	(54.7)	(100.0)	(100.0)
Chandigarh..	13	0.28	31	0.47	45	0.98	77	2.97	166	4.70
	(7.8)	(5.9)	(18.6)	(10.0)	(27.1)	(20.8)	(46.3)	(63.1)	(100.0)	(100.0)
Delhi	476	9.35	126	2.39	191	4.62	165	12.03	958	28.39
	(49.6)	(32.9)	(13.1)	(8.4)	(19.9)	(16.2)	(17.2)	(42.3)	(100.0)	(100.0)
Total ..	9324	101.00	8025	117.88	13469	238.04	11722	371.99	42540	828.91
	(21.9)	(12.1)	(18.8)	(14.2)	(31.6)	(28.7)	(27.5)	(44.8)	(100.0)	(100.0)
NORTH-EASTERN REGION										
Assam	473	4.00	513	3.47	173	0.90	42	1.40	1201	9.77
	(39.3)	(40.9)	(42.7)	(35.5)	(14.4)	(9.2)	(3.4)	(14.3)	(100.0)	(100.0)
Manipur	176	0.90	6	0.02	—	—	2	0.60	184	1.52
	(95.6)	(59.2)	(3.2)	(1.3)			(1.0)	(39.4)	(100.0)	(100.0)

Appendix Table 10 (contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Meghalaya ..	432	2.78	60	0.35	34	0.21	14	0.14	540	3.48
	(80.0)	(79.8)	(11.1)	(10.0)	(6.2)	(6.0)	(2.5)	(4.0)	(100.0)	(100.0)
Nagaland ..	—	—	4	0.02	31	0.60	34	0.42	69	1.04
			(5.7)	(1.9)	(44.9)	(57.6)	(49.2)	(40.3)	(100.0)	(100.0)
Tripura	2854	18.81	559	4.44	86	0.64	4	0.04	3503	23.93
	(81.4)	(78.6)	(15.9)	(18.5)	(2.4)	(2.6)	(0.1)	(0.1)	(100.0)	(100.0)
Arunachal Pradesh ..	—	—	—	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—	—	—	—
Total ..	3935	26.49	1142	8.30	324	2.35	96	2.60	5497	39.74
	(71.5)	(66.6)	(20.7)	(20.8)	(5.8)	(5.9)	(1.7)	(6.5)	(100.0)	(100.0)
EASTERN REGION										
Bihar ..	12965	127.11	15048	167.26	2910	84.31	1290	47.33	32213	426.01
	(40.2)	(29.8)	(46.7)	(39.2)	(9.0)	(19.7)	(4.0)	(11.1)	(100.0)	(100.0)
Orissa	16166	99.54	11905	105.07	9068	107.82	2090	34.89	39229	347.32
	(41.2)	(28.6)	(30.3)	(30.2)	(23.1)	(31.0)	(5.3)	(10.0)	(100.0)	(100.0)
West Bengal	33882	233.23	20143	163.57	5780	70.60	1499	27.02	61304	494.42
	(55.2)	(47.1)	(32.8)	(33.0)	(9.4)	(14.2)	(2.4)	(5.4)	(100.0)	(100.0)
Andaman & Nicobar Islands	27	0.44	87	0.62	37	0.37	—	—	151	1.43
	(17.8)	(30.7)	(57.6)	(43.3)	(24.5)	(25.8)			(100.0)	(100.0)
Total	63040	460.32	47183	436.52	17795	263.10	4879	109.24	132897	1269.18
	(47.4)	(36.2)	(35.5)	(34.3)	(13.3)	(20.7)	(3.6)	(8.6)	(100.0)	(100.0)
CENTRAL REGION										
Madhya Pradesh	2164	14.67	4125	40.94	5196	65.13	7589	143.73	19074	264.47
	(11.3)	(5.5)	(21.6)	(15.4)	(27.2)	(24.6)	(39.7)	(54.3)	(100.0)	(100.0)
Uttar Pradesh	39365	167.78	23868	206.20	14954	191.72	11522	428.23	89709	993.93
	(43.8)	(16.8)	(26.6)	(20.7)	(16.6)	(19.2)	(12.8)	(43.0)	(100.0)	(100.0)
Total	41529	182.45	27993	247.14	20150	256.85	19111	571.96	108783	1258.40
	(38.1)	(14.4)	(25.7)	(19.6)	(18.5)	(20.4)	(17.5)	(45.4)	(100.0)	(100.0)

Appendix Table 10 (Concld.)

U. T/State/Region	Categories of farms (Size in Acres)									
	Up to 2.5		Above 2.5 to 5		Above 5 to 10		Above 10		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accunts	Amont
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
WESTERN REGION										
Gujarat ..	1790	52.76	4149	107.40	9390	331.06	14836	775.39	30165	1266.61
	(5.9)	(4.1)	(13.7)	(8.4)	(31.1)	(26.1)	(49.1)	(61.2)	(100.0)	(100.0)
Maharashtra	8231	100.51	8640	214.25	10232	349.73	12643	866.24	39746	1530.74
	(20.7)	(6.5)	(21.7)	(13.9)	(25.7)	(22.8)	(31.8)	(56.5)	(100.0)	(100.0)
Goa, Daman & Diu	3099	15.90	443	4.43	87	1.87	51	17.24	3680	39.44
	(84.2)	(40.3)	(12.0)	(11.2)	(2.3)	(4.7)	(1.3)	(43.7)	(100.0)	(100.0)
Dadra & Nagar Haveli	12	0.03	8	0.04	91	0.39	31	0.51	142	0.97
	(8.4)	(3.0)	(5.6)	(4.1)	(64.0)	(40.2)	(21.8)	(52.5)	(100.0)	(100.0)
Total ..	13132	169.20	13240	326.13	19800	683.05	27561	1659.38	73733	2837.76
	(17.8)	(5.9)	(17.9)	(11.4)	(26.8)	(24.0)	(37.3)	(58.4)	(100.0)	(100.0)
SOUTHERN REGION										
Andhra Pradesh	78505	1244.46	51970	1011.48	31440	958.03	21556	1205.30	183471	4419.27
	(42.7)	(28.1)	(28.3)	(22.8)	(17.1)	(21.6)	(11.7)	(27.2)	(100.0)	(100.0)
Karnataka ..	44126	659.63	40869	791.32	23018	844.62	18954	849.62	126967	3145.19
	(34.7)	(20.9)	(32.1)	(25.1)	(18.1)	(26.8)	(14.9)	(27.0)	(100.0)	(100.0)
Kerala	314622	1894.25	30496	349.44	8486	159.97	2191	95.39	355795	2499.05
	(88.4)	(75.7)	(8.5)	(13.9)	(2.3)	(6.4)	(0.6)	(3.8)	(100.0)	(100.0)
Tamil Nadu	238433	2499.58	78880	1302.35	28282	603.85	15837	393.02	361432	4798.80
	(65.9)	(52.0)	(21.8)	(27.1)	(7.8)	(12.5)	(4.3)	(8.1)	(100.0)	(100.0)
Pondicherry	5010	60.60	1884	42.22	997	28.19	502	26.45	8393	157.46
	(59.6)	(38.4)	(22.4)	(26.8)	(11.8)	(17.9)	(5.9)	(16.7)	(100.0)	(100.0)
Lakshadweep	45	0.60	21	0.35	—	—	—	—	66	0.95
	(68.1)	(63.1)	(31.8)	(36.8)					(100.0)	(100.0)
Total	680741	6359.12	204120	3497.16	92223	2594.66	59040	2569.78	1036124	15020.72
	(65.7)	(42.3)	(19.7)	(23.2)	(8.9)	(17.2)	(5.6)	(17.1)	(100.0)	(100.0)
All India ..	811701	7298.58	301703	4633.13	163761	4038.05	122409	5284.95	1399574	21254.71
	(57.9)	(34.3)	(21.5)	(21.7)	(11.7)	(18.9)	(8.7)	(24.8)	(100.0)	(100.0)

— Nil or negligible
Figures in brackets are percentages to total of the concerned row.
(Source : Special Return on Agricultural Loans - I)

APPENDIX TABLE 11

Distribution of Commercial Banks' Short-Term Direct Finance to Agriculture (Excluding Allied Activities) Among Different Categories of Farms—Loans Issued During 1975-76 (April-March)

U.T./State/Region	Distribution of accounts and advances among different categories of farms (in acres)								Amount of advances per account in different categories of farms (in acres)				
	Accounts				Advances								
	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Average
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Per cent								Rupees				
Northern Region													
Haryana ..	6	20	54	20	6	14	41	39	1,300	1,000	1,100	2,900	1,500
Himachal Pradesh	62	23	11	4	47	26	16	11	800	1,200	1,600	2,800	1,100
Jammu & Kashmir	65	21	12	2	61	18	14	7	1,300	1,100	1,600	4,200	1,400
Punjab ..	17	20	30	33	8	13	29	50	1,300	1,700	2,700	4,100	2,700
Rajasthan	14	15	24	47	6	14	25	55	1,000	2,000	2,200	2,600	2,200
Chandigarh	8	19	27	46	6	10	21	63	2,200	1,500	2,200	3,900	2,800
Delhi ..	50	13	20	17	33	8	16	42	2,000	1,900	2,400	7,300	3,000
Region Average..	**22**	**19**	**32**	**27**	**12**	**14**	**29**	**45**	**1,100**	**1,500**	**1,800**	**3,200**	**2,000**
North-Eastern Region													
Assam	39	43	14	3	41	36	9	14	800	700	500	3,300	800
Manipur	96	3	—	1	59	1	—	39	500	300	—	30,000	800
Meghalaya ..	80	11	6	3	80	10	6	4	600	600	600	1,000	600
Nagaland ..	—	6	45	49	—	2	58	40	—	500	1,900	1,200	1,500
Tripura	81	16	2	—	79	18	3	—	700	800	700	1,000	700
Arunachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—
Mizoram.. ..	—	—	—	—	—	—	—	—	—	—	—	—	—
Region Average..	**71**	**21**	**6**	**2**	**67**	**21**	**6**	**6**	**700**	**700**	**700**	**2,700**	**700**

Appendix Table 11 (contd.)

U.T./State/Region	Distribution of accounts and advances among different categories of farms (in acres)								Amount of advances per account in different categories of farms (in acres)				
	Accounts				Advances								
	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Average
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eastern Region			Per cent								Rupees		
Bihar	40	47	9	4	30	39	20	11	1,000	1,100	2,900	3,700	1,300
Orissa	41	30	23	5	29	30	31	10	600	900	1,200	1,700	900
West Bengal ..	55	33	9	2	47	33	14	5	700	800	1,200	1,800	800
Andaman & Nicobar Islands	18	58	24	—	31	43	26	—	1,600	700	1,000	—	900
Region Average..	**47**	**35**	**13**	**4**	**36**	**34**	**21**	**9**	**700**	**900**	**1,500**	**2,200**	**1000**
Central Region													
Madhya Pradesh	11	22	27	40	6	15	25	54	700	1,000	1,300	1,900	1,400
Uttar Pradesh ..	44	27	17	12	17	21	19	43	400	900	1,300	3,700	1,100
Region Average..	**38**	**26**	**19**	**17**	**14**	**20**	**20**	**45**	**400**	**900**	**1,300**	**3,000**	**1,200**
Western Region													
Gujarat	6	14	31	49	4	8	26	61	2,900	2,600	3,500	5,200	4,200
Maharashtra ..	21	22	26	32	6	14	23	56	1,200	2,500	3,400	6,900	3,900
Goa, Daman, Diu	84	12	2	1	40	11	5	44	500	1,000	2,100	33,800	1,100
Dadra & Nagar Haveli ..	8	6	64	22	3	4	40	53	300	500	400	1,600	700
Region Average..	**18**	**18**	**27**	**37**	**6**	**11**	**24**	**58**	**1,300**	**2,500**	**3,400**	**6,000**	**3,800**

Appendix Table 11—(concld)

1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Per Cent								Rupee				
Southern Region													
Andhra Pradesh	43	28	17	12	28	23	22	27	1,600	1,900	3,000	5,600	2,400
Karnataka	35	32	18	15	21	25	27	27	1,500	1,900	3,700	4,500	2,500
Kerala ..	88	8	2	1	76	14	6	4	600	1,100	1,900	4,400	700
Tamil Nadu	66	22	8	4	52	27	13	8	1,000	1,700	2,100	2,500	1,300
Pondicherry	60	22	12	6	38	27	18	17	1,200	2,200	2,800	5,300	1,900
Lakshadweep	68	32	—	—	63	37	—	—	1,300	1,700	—	—	1,400
Region Average..	**66**	**20**	**9**	**6**	**42**	**23**	**17**	**18**	**900**	**1,700**	**2,800**	**4,400**	**1,400**
ALL INDIA	58	21	12	9	34	22	19	25	900	1,500	2,500	4,300	1,500

The amount is rounded off to the nearest hundred under cols. 10 to 14.

—Nil or negligible.

(Source: Special Return on Agricultural Loans I)

APPENDIX TABLE 12

Distribution of Scheduled Commercial Banks' Short-Term Direct Finance to Agriculture (Excluding Allied Activities) Among Different Categories of Farms—Loans Outstanding as at the End of March 1976

(Amount in Lakhs of Rupees)

U.T./State/Region	Categories of Farms								Total	
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		No. of Accounts	Amount
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount		
1	2	3	4	5	6	7	8	9	10	11
Northern Region										
Haryana ..	1,440	16.73	2,782	29.13	6,038	71.04	3,998	114.17	14,258	231.07
	(10.1)	(7.2)	(19.5)	(12.6)	(42.3)	(30.7)	(28.0)	(49.4)	(100.0)	(100.0)
Himachal Pradesh ..	4,917	41.07	1,174	14.42	556	7.21	288	4.48	6,935	67.18
	(70.9)	(61.1)	(16.9)	(21.5)	(8.0)	(10.7)	(4.2)	(6.7)	(100.0)	(100.0)
Jammu & Kashmir..	881	8.89	185	1.98	81	1.52	25	2.42	1,172	14.81
	(75.2)	(60.0)	(15.8)	(13.4)	(6.9)	(10.3)	(2.1)	(16.3)	(100.0)	(100.0)
Punjab	1,035	13.48	2,031	31.90	3,510	75.00	3,986	176.24	10,562	296.62
	(9.8)	(4.5)	(19.2)	(10.8)	(33.2)	(25.3)	(37.7)	(59.4)	(100.0)	(100.0)
Rajasthan ..	1,980	13.71	1,693	40.25	3,092	79.98	7,279	107.41	14,044	241.35
	(14.1)	(5.7)	(12.1)	(16.7)	(22.0)	(33.1)	(51.8)	(44.5)	(100.0)	(100.0)
Chandigarh ..	11	0.24	16	0.23	52	1.23	70	4.19	149	5.89
	(7.4)	(4.1)	(10.7)	(3.9)	(34.9)	(20.9)	(47.0)	(71.1)	(100.0)	(100.0)
Delhi	1,102	10.81	320	3.45	441	7.19	237	41.72	2,100	63.17
	(52.5)	(17.1)	(15.2)	(5.5)	(21.0)	(11.4)	(11.3)	(66.0)	(100.0)	(100.0)
Total	11,366	104.93	8,201	121.36	13,770	243.17	15,883	450.63	49,220	920.09
	(23.1)	(11.4)	(16.7)	(13.2)	(28.0)	(26.4)	(32.3)	(49.0)	(100.0)	(100.0)

1	2	3	4	5	6	7	8	9	10	11
North-Eastern Region										
Assam	6,011	24.50	6,922	34.35	1,142	12.69	400	11.16	14,475	82.70
	(41.5)	(29.6)	(47.8)	(41.5)	(7.9)	(15.3)	(2.8)	(13.6)	(100.0)	(100.0)
Manipur	642	3.97	977	6.48	23	0.17	4	0.06	1,646	10.68
	(39.0)	(37.2)	(59.4)	(60.7	(1.4)	(1.6)	(0.2)	(0.6)	(100.0)	(100.0)
Meghalaya ..	2,376	19.29	1,079	9.14	88	0.91	17	0.20	3,560	29.54
	(66.7)	(65.3)	(30.3)	(30.9)	(2.5)	(3.1)	(0.5)	(0.7)	(100.0)	(100.0)
Nagaland	—	—	4	0.06	30	0.72	39	1.15	73	1.93
	(—)	(—)	(5.5)	(3.1)	(41.1)	(37.3)	(53.4)	(59.6)	(100.0)	(100.0)
Tripura	5,764	23.96	1,596	(6.95)	509	2.73	14	0.15	7,883	33.79
	(73.1)	(70.9)	(20.2)	(20.6)	(6.5)	(8.1)	(0.2)	(0.4)	(100.0)	(100.0)
Arunachal Pradesh..	—	—	—	—	—	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Mizoram	—	—	—	—	—	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Total ..	14,793	71.72	10,578	56.98	1,792	17.22	474	12.72	27,637	158.64
	(53.5)	(45.2)	(38.3)	(35.9)	(6.5)	(10.9)	(1.7)	(8.0)	(100.0)	(100.0)
Eastern Region										
Bihar ..	28,154	128.97	27,118	173.77	14,659	114.05	6,118	104.09	76,049	520.88
	(37.0)	(24.8)	(35.7)	(33.4)	(19.3)	(21.9)	(8.0)	(20.0)	(100.0)	(100.0)
Orissa	25,756	137.81	18,535	142.10	9,994	117.06	2,964	71.82	57,249	468.79
	(45.0)	(29.4)	(32.4)	(30.3)	(17.5)	(25.0)	(5.2)	(15.3)	(100.0)	(100.0)
West Bengal ..	61,305	347.85	39,396	258.52	11,829	109.40	2,378	53.60	1,14,908	769.37
	(53.4)	(45.2)	(34.3)	(33.6)	(10.3)	(14.2)	(2.1)	(7.0)	(100.0)	(100.0)
Andaman & Nicobar Islands	4	0.12	83	0.82	30	0.29	—	—	117	1.23
	(3.4)	(9.8)	(70.9)	(66.7)	(25.6)	(23.6)	(—)	(—)	(100.0)	(100.0)
Total ..	1,15,219	614.75	85,132	575.21	36,512	340.80	11,460	229.51	2,48,323	1,760.27
	(46.4)	(34.9)	(34.3)	(32.7)	(14.7)	(19.4)	(4.6)	(13.0)	(100.0)	(100.0)
Central Region										
Madhya Pradesh ..	5,066	27.78	8,215	67.19	10,756	119.32	14,339	251.43	38,376	465.72
	(13.2)	(6.0)	(21.4)	(14.4)	(28.0)	(25.6)	(37.4)	(54.0)	(100.0)	(100.0)
Uttar Pradesh	50,264	176.87	34,333	209.44	23,171	228.79	19,055	365.70	1,26,823	980.80
	(39.6)	(18.0)	(27.1)	(21.4)	(18.3)	(23.3)	(15.0)	(37.3)	(100.0)	(100.0)
Total	55,330	204.65	42,548	276.63	33,927	348.11	33,394	617.13	1,65,199	1,446.52
	(33.5)	(14.1)	(25.8)	(19.1)	(20.5)	(24.1)	(20.2)	(42.7)	(100.0)	(100.0)

Appendix Table 12 (contd).

U.T./State/Region	Categories of Farms								Total	
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		No. of Accounts	Amount
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount		
1	2	3	4	5	6	7	8	9	10	11
Western Region										
Gujarat ..	2,304	69.58	5043	149.83	10772	413.43	17886	1044.12	36.005	1676.96
	(6.4)	(4.1)	(14.0)	(8.9)	(29.9)	(24.7)	(49.7)	(62.3)	(100.0)	(100.0)
Maharashtra	11,742	165.83	17,008	398.75	21,556	723.66	29,413	1,640.49	79,719	2,928.73
	(14.7)	(5.7)	(21.3)	(13.6)	(27.0)	(24.7)	(36.9)	(56.0)	(100.0)	(100.0)
Goa, Daman & Diu..	4,039	19.34	470	4.09	86	1.71	73	10.38	4,668	35.52
	(86.5)	(54.4)	(10.1)	(11.5)	(1.8)	(4.8)	(1.6)	(29.2)	(100.0)	(100.0)
Dadra and Nagar Haveli ..	4	0.07	4	0.04	88	0.26	99	0.61	195	0.98
	(2.1)	(7.1)	(2.1)	(4.1)	(45.1)	(26.5)	(50.8)	(62.2)	(100.0)	(100.0)
Total	18,089	254.82	22,525	552.71	32,502	1,139.06	47,471	2,695.60	1,20,587	4,642.19
	(15.0)	(5.5)	(18.7)	(11.9)	(27.0)	(24.5)	(39.3)	(58.1)	(100.0)	(100.0)
Southern Region										
Andhra Pradesh	1,82,597	2,525.80	1,40,746	2,358.46	63,790	1,479.52	45,994	2,111.39	4,33,127	8,475.17
	(42.2)	(29.8)	(32.5)	(27.8)	(14.7)	(17.5)	(10.6)	(24.9)	(100.0)	(100.0)
Karnataka ..	50,547	561.99	41,802	726.38	28,728	718.81	26,051	949.12	1,47,128	2,956.30
	(34.4)	(19.0)	(28.4)	(24.6)	(19.5)	(24.3)	(17.7)	(32.1)	(100.0)	(100.0)
Kerala	2,48,481	1,428.11	38,492	343.39	11,949	199.00	3,576	230.31	3,02,498	2,200.81
	(82.1)	(64.9)	(12.7)	(15.6)	(4.7)	(9.0)	(1.2)	(10.5)	(100.0)	(100.0)
Tamil Nadu	3,09,369	3,307.92	1,40,891	1,867.53	55,644	1,009.99	34,583	657.00	5,40,487	6,842.44
	(57.2)	(48.3)	(26.1)	(27.3)	(10.3)	(14.8)	(6.4)	(9.6)	(100.0)	(100.0)
Pondicherry	10,084	88.21	5,497	84.64	2,660	54.19	675	33.37	18,916	260.41
	(53.3)	(33.9)	(29.1)	(32.5)	(14.1)	(20.8)	(3.6)	(12.8)	(100.0)	(100.0)

Appendix Table 12 (concld.)

1		2	3	4	5	6	7	8	9	10	11
Lakshadweep	..	58	0.35	10	0.15	—	—	—	—	68	0.50
		(85.3)	(70.0)	(14.7)	(30.0)	(—)	(—)	(—)	(—)	(100.0)	(100.0)
Total	..	8,01,136	7,912.38	3,67,438	53,80.55	1,62,771	3,461.51	1,10,879	3,981.19	14,42,224	20,735.63
		(55.5)	(38.2)	(25.5)	(25.9)	(11.3)	(16.7)	(7.7)	(19.2)	(100.0)	(100.0)
All India	..	10,15,933	9,163.25	5,36,422	6,963.44	2,81,274	5,549.87	2,19,561	7,986.78	20,53,190	29,663.34
		(49.5)	(30.9)	(26.1)	(23.5)	(13.7)	(18.7)	(10.7)	(26.9)	(100.0)	(100.0)

Figures in brackets are percentages to totals of the concerned row.

—Nil or negligible.

(Source : Special Return on Agricultural Loans -I)

APPENDIX TABLE 13

Distribution of Scheduled Commercial Banks' Medium and Long-term Finance to Agriculture (Excluding Allied Activities) Among Different Categories of Farms — Loans Issued During 1975—76 (April–March)

(Accounts in numbers and amount in lakhs of Rs.)

U.T./State/Region	Categories of Farms (size in acres)									
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amounts	Accounts	Amount
1·	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Northern Region										
Haryana ..	1373	137.59	1749	40.83	2045	107.32	3840	598.65	9007	884.39
	(15.2)	(15.6)	(19.4)	(4.6)	(22.7)	(12.1)	(42.6)	(67.7)	(100.0)	(100.0)
Himachal Pradesh	1013	19.47	240	4.47	112	19.21	125	16.17	1490	59.32
	(68.0)	(32.8)	(16.1)	(7.5)	(7.5)	(32.4)	(8.4)	(27.3)	(100.0)	(100.0)
Jammu & Kashmir	491	5.67	43	3.51	22	4.01	22	2.57	578	15.76
	(84.9)	(36.0)	(7.4)	(22.3)	(3.8)	(25.4)	(3.8)	(16.3)	(100.0)	(100.0)
Punjab ..	1222	30.08	902	62.39	1289	97.65	4301	1162.16	7714	1352.28
	(15.8)	(2.2)	(11.7)	(4.6)	(16.7)	(7.2)	(55.8)	(85.9)	(100.0)	(100.0)
Rajasthan	1261	27.08	2349	52.94	2378	91.35	4979	737.78	10967	909.15
	(11.5)	(3.0)	(21.4)	(5.8)	(21.7)	(10.0)	(45.4)	(81.2)	(100.0)	(100.0)
Chandigarh	—	—	2	0.06	8	0.61	19	4.16	29	4.83
			(6.9)	(1.2)	(27.6)	(12.6)	(65.5)	(86.1)	(100.0)	(100.0)
Delhi	29	0.88	35	1.13	78	9.65	179	45.57	321	57.23
	(9.0)	(1.5)	(10.9)	(2.0)	(24.3)	(16.8)	(55.8)	(79.6)	(100.0)	(100.0)
Total ..	5389	220.77	5320	165.33	5932	329.80	13465	2567.06	30106	3282.96
	(17.9)	(6.7)	(17.7)	(5.0)	(19.7)	(10.0)	(44.7)	(78.2)	(100.0)	(100.0)
North–Eastern Region										
Assam	364	2.93	89	3.78	43	4.99	31	5.35	527	17.05
	(69.0)	(17.1)	(16.8)	(22.1)	(8.1)	(29.2)	(5.8)	(31.3)	(100.0)	(100.0)
Manipur ..	—	—	—	—	1	0.05	4	1.71	5	1.76
					(20.0)	(2.8)	(80.0)	(97.1)	(100.0)	(100.0)
Meghalaya	10	0.11	5	0.12	4	0.07	1	0.57	20	0.87
	(50.0)	(12.6)	(25.0)	(13.7)	(20.0)	(8.0)	(5.0)	(65.5)	(100.0)	(100.0)

Appeudix Table 13 (Contd.)

1	2	3	4	5	6	7	8	9	10	11
Nagaland	—	—	—	—	—	—	—	—	—	—
Tripura	217	1.66	179	3.14	49	0.96	—	—	445	5.76
	(48.7)	(28.8)	(40.2)	(54.5)	(11.0)	(16.6)			(100.0)	(100.0)
Arunachal Pradesh	—	—	—	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—	—	—	—
Total ..	591	4.70	273	7.04	97	6.07	36	7.63	997	25.44
	(59.2)	(18.4)	(27.7)	(27.6)	(9.7)	(23.8)	(3.6)	(29.9)	(100.0)	(100.0)
Eastern Region										
Bihar ..	2640	50.10	4460	174.93	4039	132.41	2459	167.32	13598	524.76
	(19.4)	(9.5)	(32.7)	(33.3)	(29.7)	(25.2)	(18.0)	(31.8)	(100.0)	(100.0)
Orissa ..	2545	34.31	2407	51.56	1241	48.04	545	25.18	6738	159.09
	(37.7)	(21.5)	(35.7)	(32.4)	(18.4)	(30.1)	(8.0)	(15.8)	(100.0)	(100.0)
West Bengal	3116	55.31	3500	77.96	1005	64.03	686	44.18	8307	241.48
	(37.5)	(22.9)	(42.1)	(32.2)	(12.0)	(26.5)	(8.2)	(18.2)	(100.0)	(100.0)
Andaman & Nicobar Islands	112	2.35	50	1.10	—	—	—	—	162	345
	(69.1)	(68.1)	(30.8)	(31.8)					(100.0)	(100.0)
Total	8413	142.07	10417	305.55	6285	244.48	3690	236.68	28805	928.78
	(29.2)	(15.2)	(36.1)	(32.8)	(21.8)	(26.3)	(12.8)	(25.4)	(100.0)	(100.0)
Central Region										
Madhya Pradesh ..	1668	43.62	4549	136.01	8867	298.99	11509	962.40	26593	1441.02
	(6.2)	(3.0)	(17.1)	(9.4)	(33.3)	(20.7)	(43.2)	(66.7)	(100.0)	(100.0)
Uttar Praesh	3593	85.81	5282	250.30	4858	342.03	5987	1301.94	19720	1985.08
	(18.2)	(4.3)	(26.7)	(12.6)	(24.6)	(17.2)	(30.3)	(65.7)	(100.0)	(100.0)
Total	5261	129.43	9831	386.31	13725	641.02	17496	2264.34	46313	3421.10)
	(11.3)	(3.7)	(21.2)	(11.2)	(29.6)	(18.7)	(37.7)	(66.1)	(100.0)	(100.0)
Western Region										
Gujarat ..	899	15.75	1163	23.28	3718	135.42	8822	467.87	14602	642.32
	(6.1)	(2.4)	(7.9)	(3.6)	(25.4)	(21.0)	(60.4)	(72.8)	(100.0)	(100.0)
Maharashtra	2597	98.08	3376	138.05	3813	192.67	5278	871.99	15064	1300.79
	(17.2)	(7.5)	(22.4)	(10.6)	(25.3)	(14.8)	(35.0)	(67.0)	(100.0)	(100.0)
Goa, Daman & Diu	322	7.07	131	2.92	96	3.21	67	7.54	616	20.74
	(52.2)	(34.0)	(21.2)	(14.0)	(15.5)	(15.4)	(10.8)	(36.3)	(100.0)	(100.0)
Dadra & Nagar Haveli	—	—	1	0.03	3	0.11	3	0.22	7	0.36
			(14.2)	(8.3)	(42.8)	(30.5)	(42.8)	(61.1)	(100.0)	(100.0)
Total	3818	120.90	4671	164.28	7630	331.41	14170	1347.62	30289	1964.21
	(12.6)	(6.1)	(15.4)	(8.3)	(25.1)	(16.8)	(46.7)	(68.6)	(100.0)	(100.0)

Appendix Table 13 (concld.)

U.T./State/Region	Categories of Farms (Size in acres)									
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Southern Region										
Andhra Pradesh	5965	145.80	3034	111.30	1967	85.60	2388	188.17	13354	530.87
	(44.6)	(27.4)	(22.7)	(20.9)	(14.7)	(16.1)	(17.8)	(35.4)	(100.0)	(100.0)
Karnataka ..	5050	168.67	4276	175.15	3427	222.56	5100	1226.70	17853	1793.08
	(28.2)	(9.4)	(23.9)	(9.7)	(19.1)	(12.4)	(28.5)	(68.4)	(100.0)	(100.0)
Kerala ..	7904	177.57	2553	84.07	1423	71.08	843	105.48	12723	438.20
	(62.1)	(40.5)	(20.0)	(19.1)	(11.1)	(16.2)	(6.6)	(24.0)	(100.0)	(100.0)
Tamil Nadu	4945	78.47	3535	92.22	1469	89.23	1196	204.57	11145	464.49
	(44.3)	(16.8)	(31.7)	(19.8)	(13.1)	(19.2)	(10.7)	(44.0)	(100.0)	(100.0)
Pondicherry ..	88	1.31	123	2.76	75	3.95	45	7.45	331	15.47
	(26.5)	(8.4)	(37.1)	(17.8)	(22.6)	(25.5)	(13.5)	(48.1)	(100.0)	(100.0)
Lakshdweep ..	36	0.34	—	—	—	—	—	—	36	0.34
	(100.0)	(100.0)							(100.0)	(100.0)
Total ..	**23988**	**572.16**	**13521**	**465.50**	**8361**	**472.42**	**9572**	**1732.37**	**55442**	**3242.45**
	(43.2)	**(17.6)**	**(24.3)**	**(14.3)**	**(15.0)**	**(14.5)**	**(17.2)**	**(53.4)**	**(100.0)**	**(100.0)**
ALL INDIA ..	**47460**	**1190.03**	**44033**	**1494.01**	**42030**	**2025.20**	**58429**	**8155.70**	**191952**	**12864.94**
	(24.7)	**(9.2)**	**(22.9)**	**(11.6)**	**(21.8)**	**(15.7)**	**(30.4)**	**(63.3)**	**(100.0)**	**(100.0)**

Figures in brackets are percentages to total for the concerned row.

— Nil or negligible.

(Source : Special Return on Agricultural Loans-I)

APPENDIX TABLE 14

Distribution of Commercial Banks' Medium and Long Term Finance to Agriculture (Excluding Allied Activities) Among Different Categories of Farms - Loans Issued During 1975-76 (April-March)

U. T./State/Region	Distribution of accounts and advances among different categories of farms (in acres)								Amount of advances per account in different categories of farms (in acres)				
	Accounts				Advances								
	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Average
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Per cent								Rupees				
Northern Region													
Haryana ..	15	19	23	43	16	4	12	68	10021	2334	5247	15590	9819
Himachal Pradesh	68	16	8	8	33	8	32	27	1922	1863	1715	12936	3981
Jammu & Kashmir	85	7	4	4	36	22	25	16	1154	8163	18227	11682	2727
Punjab ..	16	12	17	56	2	5	7	86	2462	6917	7576	27021	17530
Rajasthan ..	11	21	22	45	3	6	10	81	2148	2254	3841	14818	8290
Chandigarh ..	—	7	28	65	—	1	13	86	—	3000	7625	21895	16655
Delhi ..	9	11	24	56	1	2	17	80	3034	3229	12372	25458	17829
Region Average	**18**	**18**	**20**	**45**	**7**	**5**	**10**	**78**	**4097**	**3108**	**5560**	**19065**	**10905**
North-Eastern Region													
Assam ..	69	17	8	6	17	22	29	31	804	4247	11605	17258	3235
Manipur ..	—	—	20	80	—	—	3	97	—	—	5000	42750	35200
Meghalaya ..	50	25	20	5	13	14	8	65	1100	2400	1750	57000	4350
Nagaland ..	—	—	—	—	—	—	—	—	—	—	—	—	—
Tripura ..	49	41	11	—	29	54	17	—	765	1754	1959	—	1294
Arunachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—
Mizoram ..	—	—	—	—	—	—	—	—	—	—	—	—	—
Region Average	**59**	**27**	**10**	**4**	**18**	**28**	**24**	**30**	**795**	**2579**	**6258**	**21194**	**2552**

Appendix Table 14 (concld.)

U. T./State/Region	Distribution of accounts and advances among different categories of farms (in acres)								Amount of advances per account in different categories of farm (in acres)				
	Accounts				Advances								
	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Up to 2.5	Above 2.5 to 5	Above 5 to 10	Above 10	Average
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eastern Region													
Bihar ..	19	33	30	18	9	33	25	32	1898	3922	3278	6804	3859
Orissa ..	38	36	18	8	21	32	30	16	1348	2142	3871	4620	2361
West Bengal..	38	42	12	8	23	32	26	18	1775	2227	6371	6440	2907
Andaman .. and Nicobor Islands	69	31	—	—	68	32	—	—	2098	2200	—	—	2130
Region Average	**29**	**36**	**22**	**13**	**15**	**33**	**26**	**25**	**1689**	**2933**	**3890**	**6414**	**3224**
Central Region													
Madhya Pradesh	6	17	33	43	3	9	21	67	2615	2989	3372	8362	5419
Uttar Pradesh	18	27	25	30	4	13	17	66	2388	4739	7041	21746	10041
Region Average	**11**	**21**	**30**	**38**	**4**	**11**	**19**	**66**	**2460**	**3930**	**4670**	**12942**	**7387**
Western Region													
Gujarat ..	6	8	25	61	2	4	21	73	1752	2002	3642	5303	4399
Maharashtra ..	17	22	25	35	7	11	15	67	3776	4089	5053	16521	8635
Goa, Daman, Diu	52	21	15	11	34	14	15	36	2196	2229	3344	11254	3367
Dadra & Nagar Haveli	—	14	43	43	—	8	31	61	—	3000	3667	7333	5143
Region Average	**13**	**15**	**25**	**47**	**6**	**8**	**17**	**68**	**3167**	**3517**	**4344**	**9510**	**6485**
Southern Region													
Andhra Pradesh	45	23	13	18	27	21	16	35	2444	3668	4352	7880	3975
Karnataka ..	28	24	19	29	9	10	12	68	3340	4096	6494	24053	10044
Kerala ..	62	20	11	7	40	19	16	24	2247	3293	4995	12512	3444
Tamil Nadu	44	32	13	11	17	20	19	44	1587	2609	6074	17105	4168
Pondicherry ..	27	37	22	13	8	18	26	48	1489	2244	5267	16556	4674
Lakshadweep	100	—	—	—	100	—	—	—	944	—	—	—	944
Region Average	**43**	**24**	**15**	**17**	**18**	**14**	**14**	**53**	**2385**	**3442**	**5650**	**18098**	**5848**
ALL INDIA	25	23	22	30	9	12	16	63	2507	3393	4818	13958	6702

— Nil or negligible

(Source : Special Return on Agricultural Loans - I)

APPENDIX TABLE 15

Distribution of Commercial Banks' Medium and Long - Term Finance to Agriculture (Excluding Allied Activities) Among Different Categories of Farms—Loans Outstanding As At the End of March 1976

(Amount in Lakhs of Rupees

U.T./State/Region	Categories of Farms (Size in Acres)									
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		Total	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7	8	9	10	11
Northern Region										
Haryana	1733	1001.85	2681	86.55	3523	176.04	6810	865.84	14747	2130.28
	(11.8)	(47.0)	(18.2)	(4.1)	(23.9)	(8.3)	(46.2)	(40.6)	(100.0)	(100.0)
Himachal Pradesh ..	1144	19.27	493	11.73	389	18.00	284	41.27	2310	90.28
	(49.5)	(21.3)	(21.3)	(13.0)	(16.8)	(19.9)	(12.3)	(45.7)	(100.0)	(100.0)
Jammu & Kashmir	343	5.98	77	4.00	38	6.18	44	6.84	502	23.00
	(68.3)	(26.0)	(15.3)	(17.4)	(7.6)	(26.9)	(8.8)	(29.7)	(100.0)	(100.0)
Punjab	2419	58.69	2671	104.00	2742	150.73	10258	2052.86	18090	2366.28
	(13.4)	(2.5)	(14.8)	(4.4)	(15.2)	(6.4)	(56.7)	(86.8)	(100.0)	(100.0)
Rajasthan ..	2281	38.61	7417	144.55	13411	334.02	21551	1762.59	44660	2279.77
	(5.1)	(1.7)	(16.6)	(6.3)	(30.0)	(14.7)	(48.3)	(77.3)	(100.0)	(100.0)
Chandigarh ..	11	0.40	8	0.38	22	1.77	75	13.00	116	15.55
	(9.5)	(2.6)	(6.9)	(2.4)	(19.0)	(11.4)	(64.7)	(83.6)	(100.0)	(100.0)
Delhi	102	5.34	596	28.73	259	20.35	488	98.95	1445	153.37
	(7.1)	(3.5)	(41.2)	(18.7)	(17.9)	(13.3)	(33.8)	(64.5)	(100.0)	(100.0)
Total ..	8033	1130.14	13943	379.94	20384	707.19	39510	4841.35	81870	7058.53
	(9.8)	(16.0)	(17.0)	(5.4)	(24.9)	(10.0)	(48.3)	(68.6)	(100.0)	(100.0)
North-Eastern Region										
Assam ..	491	6.85	410	15.38	148	13.20	97	20.77	1146	56.20
	(42.8)	(12.2)	(35.8)	(2.4)	(12.9)	(23.5)	(8.5)	(37.0)	(100.0)	(100.0)
Manipur	6	0.40	17	0.63	16	0.86	19	4.85	58	6.74
	(10.3)	(5.9)	(29.3)	(9.3)	(27.6)	(12.8)	(32.8)	(72.0)	(100.0)	(100.0)

Appendix Table 15 (Contd.)

U.T./State/Region	Categories of Farms (size in Acres)									
	Up to 2.5 acres		Above 2.5 to 5 acres		Above 5 to 10 acres		Above 10 acres		Total	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7	8	9	10	11
Meghalaya	10	0.11	5	0.12	4	0.07	1	0.58	20	0.88
	(50.0)	(12.5)	(25.0)	(13.6)	(20.0)	(8.0)	(5.0)	(65.9)	(100.0)	(100.0)
Nagaland	—	—	—	—	—	—	—	—	—	—
Tripura	605	5.64	442	5.96	117	1.96	2	0.05	1166	13.61
	(51.9)	(41.4)	(37.9)	(43.8)	(10.0)	(14.4)	(0.2)	(0.4)	(100.0)	(100.0)
Arunachal Pradesh	—	—	—	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—	—	—	—
Total	1112	13.00	874	22.09	285	16.09	119	26.25	2390	77.4
	(46.5)	(16.8)	(36.6)	(28.5)	(11.9)	(20.8)	(5.0)	(33.9)	(100.0)	(100.0)
Eastern Region										
Bihar ..	5049	93.79	18321	428.36	9665	361.95	6662	574.81	39697	1458.91
	(12.7)	(6.4)	(46.2)	(29.4)	(24.3)	(24.8)	(16.8)	(39.5)	(100.0)	(100.0)
Orissa ..	4110	53.96	4162	61.63	2055	61.76	1346	66.64	11673	243.99
	(35.2)	(22.1)	(35.7)	(25.3)	(17.6)	(25.3)	(11.5)	(27.3)	(100.0)	(100.0)
West Bengal	18068	203.51	15982	478.69	7740	389.73	2556	593.30	44346	1665.23
	(40.7)	(12.2)	(36.0)	(28.7)	(17.5)	(23.4)	(5.8)	(35.6)	(100.0)	(100.0)
Andaman & Nicobar Islands	110	1.49	25	0.39	—	—	—	—	135	1.88
	(81.5)	(79.3)	(18.5)	(20.7)	(—)	(—)	(—)	(—)	(100.0)	(100.0)
Total	27337	352.75	38490	969.07	19460	813.44	10564	1234.75	95851	3370.01
	(28.5)	(10.5)	(40.2)	(28.8)	(20.3)	(24.1)	(11.0)	(36.6)	(100.0)	(100.0)
Central Region										
Madhya Pradesh ..	3745	87.74	10693	368.48	17606	573.60	30407	2082.71	62451	3112.53
	(6.0)	(2.8)	(17.1)	(11.8)	(28.2)	(18.4)	(48.7)	(66.9)	(100.0)	(100.0)
Uttar Pradesh	4246	109.40	12367	490.27	13016	753.37	21749	3163.77	51378	4516.81
	(8.3)	(2.4)	(24.1)	(10.9)	(25.3)	(16.7)	(42.3)	(70.0)	(100.0)	(100.0)

1	2	3	4	5	6	7	8	9	10	11
Total	7991	197.14	23060	858.75	30622	1326.97	52156	5246.48	113829	7629.34
	(7.0)	(2.6)	(20.3)	(11.3)	(26.9)	(17.4)	(45.8)	(68.8)	(100.0)	(100.0)
Western Region										
Gujarat ..	3839	101.72	8306	145.16	11775	569.01	25565	1950.11	49485	2766.00
	(7.8)	(3.7)	(16.8)	(5.2)	(23.8)	(20.6)	(51.7)	(70.5)	(100.0)	(100.0)
Maharashtra	7232	236.51	14623	545.32	25697	1387.05	38525	3215.60	86077	5384.48
	(8.4)	(4.4)	(17.0)	(10.1)	(29.9)	(25.8)	(44.8)	(59.7)	(100.0)	(100.0)
Goa, Daman & Diu	603	10.19	122	3.00	76	2.55	82	29.01	883	44.75
	(68.3)	(22.8)	(13.8)	(6.7)	(8.6)	(5.7)	(9.3)	(64.8)	(100.0)	(100.0)
Dadra & Nagar Haveli ..	5	0.44	8	0.48	—	—	—	—	13	0.92
	(38.5)	(47.8)	(61.5)	(52.2)	(—)	(—)	(—)	(—)	(100.0)	(100.0)
Total ..	11679	348.86	23059	693.96	37548	1958.61	64172	5194.72	136458	8196.15
	(6.6)	(4.3)	(16.9)	(8.5)	(27.5)	(23.9)	(47.0)	(63.4)	(100.0)	(100.0)
Southern Region										
Andhra Pradesh	12541	415.94	8513	367.29	6992	302.97	7374	568.30	35420	1654.50
	(35.4)	(25.1)	(24.0)	(22.2)	(19.7)	(18.3)	(20.8)	(34.3)	(100.0)	(100.0)
Karnataka ..	11367	306.56	11756	400.29	12238	618.98	16678	2324.98	52039	3650.81
	(21.8)	(8.4)	(22.6)	(11.0)	(23.5)	(17.0)	(32.0)	(63.7)	(100.0)	(100.0)
Kerala	14802	255.13	3702	111.34	2106	99.73	1727	528.97	22337	995.17
	(66.3)	(25.6)	(16.6)	(11.2)	(9.4)	(10.0)	(7.7)	(53.2)	(100.0)	(100.0)
Tamil Nadu	13552	225.29	12191	294.75	6840	302.38	4516	940.21	37099	1762.63
	(36.5)	(12.8)	(32.9)	(16.7)	(18.4)	(17.2)	(12.2)	(53.3)	(100.0)	(100.0)
Pondicherry ..	377	4.12	209	8.52	194	7.88	285	37.86	1065	58.38
	(35.4)	(7.1)	(19.6)	(14.6)	(18.2)	(13.5)	(26.8)	(64.9)	(100.0)	(100.0)
Lakshadweep	35	0.15	—	—	—	—	—	—	35	0.15
	(100.0)	(100.0)	(—)	(—)	(—)	(—)	(—)	(—)	(100.0)	(100.0)
Total	52674	1207.19	36371	1182.19	28370	1331.94	30580	4400.32	147995	8121.64
	(35.6)	(14.9)	(24.6)	(14.6)	(19.2)	(16.4)	(20.7)	(54.2)	(100.0)	(100.0)
All India	108826	3249.08	135797	4106.00	136669	6154.15	197101	20943.87	578393	34453.10
	(18.8)	(9.4)	(23.5)	(11.9)	(23.6)	(17.9)	(34.1)	(60.8)	(100.0)	(100.0)

—Nil or Negligible. Figures in brackets are percentages to total of the row concerned.

(Source: Special Return on Agricultural Loans-I.)

APPENDIX TABLE 16

Distribution of Outstanding Medium and Long-Term Advances of Scheduled Commercial Banks As At the End of March 1976 According to Purpose

(Amount in Lakhs of Rupees)

U.T./State/Region	Sinking and Deepening of Wells and Tube Wells		Pump Sets/Oil Engines		Composite Minor Irrigation Schemes	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	2.	3.	4.	5.	6.	7.
Northern Region						
Haryana	1779 (1.5)	994.54 (17.5)	1528 (0.7)	60.37 (0.9)	684 (1.5)	84.54 (3.6)
Himachal Pradesh ..	165 (0.1)	5.42 (0.1)	275 (0.1)	4.09 (0.1)	513 (0.1)	16.86 (0.7)
Jammu and Kashmir ..	—	—	17 (—)	0.57 (—)	—	—
Punjab	785 (0.7)	27.67 (0.5)	3939 (1.9)	123.44 (1.8)	410 (0.9)	18.69 (0.8)
Rajasthan	21242 (18.6)	520.66 (9.2)	11780 (5.7)	372.41 (5.3)	1016 (2.2)	21.47 (0.9)
Chandigrh	33 (—)	1.12 (—)	9 (—)	0.34 (—)	—	—
Delhi	451 (0.4)	21.12 (0.4)	328 (0.2)	10.66 (0.2)	3 (—)	0.99 (—)
Total ..	24455 (21.5)	1570.53 (27.7)	17876 (8.6)	571.88 (8.2)	2626 (5.7)	142.55 (6.0)
North-Eastern Region						
Assam	184 (0.2)	7.36 (0.1)	133 (0.1)	4.24 (0.1)	1 (—)	0.08 (—)
Manipur	—	—	33 (—)	1.11 (—)	—	—
Meghalaya	—	—	—	—	—	—
Nagaland	—	—	—	—	—	—
Tripura	64 (0.1)	0.52	238 (0.1)	6.42 (0.1)	—	—
Arunachal Pradesh ..	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—
Total ..	248 (0.2)	7.88 (0.1)	404 (0.2)	11.77 (0.2)	1 (—)	0.08 (—)
Eastern Region						
Bihar	5588 (4.9)	139.51 (2.5)	20152 (9.7)	573.86 (8.2)	4173 (9.0)	139.81 (5.9)
Orissa	7098 (6.2)	120.78 (2.1)	391 (0.2)	14.28 (0.2)	347 (0.8)	7.02 (0.3)
West Bengal	6464 (5.7)	200.37 (3.5)	13602 (6.6)	536.78 (7.7)	9572 (20.7)	220.92 (9.3)
Andaman and Nicobar Islands	—	—	—	—	—	—
Total ..	19150 (16.8)	460.66 (8.1)	34145 (16.5)	1124.92 (16.1)	14092 (30.5)	367.75 (15.5)

U.T./State/Region	Tractors and Agricultural Implements and Machinery		Plough Animals (Bullocks)		Reclamation and Land Development Scheme	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
	8.	9.	10.	11.	12.	13.
Northern Region						
Haryana	3243 (4.7)	607.94 (4.8)	1133 (4.3)	149.43 (22.3)	110 (0.4)	6.01 (0.4)
Himachal Pradesh ..	216 (0.3)	42.25 (0.3)	635 (2.4)	7.72 (1.2)	155 (0.6)	3.41 (0.3)
Jammu and Kashmir ..	80 (0.1)	15.53 (0.1)	7 (—)	0.08 (—)	296 (1.1)	3.03 (0.2)
Punjab	9219 (13.4)	1885.15 (14.9)	105 (0.4)	2.32 (0.4)	167 (0.6)	9.07 (0.7)
Rajasthan	6332 (9.2)	1186.94 (9.4)	2014 (7.6)	103.51 (15.5)	403 (1.5)	9.45 (0.7)
Chandigarh	58 (0.1)	12.19 (0.1)	2 (—)	0.03 (—)	8 (—)	0.31 (—)
Delhi	543 (0.8)	104.70 (0.8)	20 (0.1)	0.36 (0.1)	29 (0.1)	3.48 (0.3)
Total ..	19691 (28.7)	3854.70 (30.5)	3916 (14.9)	263.45 (39.4)	1168 (4.4)	34.76 (2.5)
North-Eastern Region						
Assam	154 (0.2)	24.38 (0.2)	434 (1.7)	3.75 (0.6)	15 (0.1)	2.53 (0.2)
Manipur	25 (—)	5.63 (—)	—	—	—	—
Meghalaya	1 (—)	0.58 (—)	—	—	—	—
Nagaland	—	—	—	—	—	—
Tripura	203 (0.3)	1.46 (—)	27 (0.1)	0.06 (—)	329 (1.2)	3.44 (0.3)
Arunachal Pradesh ..	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—
Total ..	383 (0.6)	32.05 (0.3)	461 (1.8)	3.81 (0.6)	344 1.3)	5.97 (0.4)
Eastern Region						
Bihar	4586 (6.7)	472.75 (3.7)	2115 (8.0)	11.54 (1.7)	762 (2.9)	14.76 (1.1)
Orissa	614 (0.9)	42.54 (0.3)	1192 (4.5)	9.63 (1.4)	1399 (5.3)	14.43 (1.1)
West Bengal	1572 (2.3)	161.56 (1.3)	1231 (4.7)	9.18 (1.4)	632 (2.4)	26.80 (2.0)
Andaman and Nicobar Islands	—	—	135 (0.5)	1.88 (0.3)	—	—
Total ..	6772 (9.9)	676.85 (5.4)	4673 (17.7)	32.23 (4.8)	2793 (10.6)	55.99 (4.1)

Appendix Table 16 (Contd.)

UT./State/Region	Construction of Godowns and Cold Storage		Plantations		Other Term Loans		Total	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	14.	15.	16.	17.	18.	19.	20.	21.
Northern Region								
Haryana	87(4.4)	0.93(0.5)	3(0.1)	0.43(—)	6180(7.5)	226.09(9.5)	14747(2.5)	2130.28(6.2)
Himachal Pradesh ..	27(1.4)	2.36(1.4)	23(0.5)	2.75(0.1)	301(0.4)	5.42(0.2)	2310(0.4)	90.28(0.3)
Jammu and Kashmir	—	—	3(0.1)	0.22(—)	99(0.1)	3.57(0.1)	502(0.1)	23.00(0.1)
Punjab	26(1.3)	6.97(4.0)	1(—)	0.05(—)	3438(4.1)	292.92(12.3)	18090(3.1)	2366.28(6.9)
Rajasthan	247(12.6)	26.62(15.3)	6(0.1)	0.21(—)	1620(2.0)	38.50(1.6)	44660(7.7)	2279.77(6.6)
Chandigarh.. ..	3(0.2)	0.51(0.3)	—	—	3(—)	1.05(—)	116(—)	15.55(—)
Delhi	1(0.1)	0.88(—)	1(—)	—	69(0.1)	11.98(0.5)	1445(0.2)	153.37(0.4)
Total ..	391(20.0)	37.47(21.5)	37(0.8)	3.66(0.2)	11710(14.1)	579.53(24.3)	81870(14.2)	7058.53(20.5)
North-Eastern Region								
Assam	1(0.1)	0.06(—)	6(0.1)	3.44(0.2)	218(0.3)	10.36(0.4)	1146(0.2)	56.20(0.2)
Manipur	—	—	—	—	—	—	58(—)	6.74(—)
Meghalaya	—	—	19(0.4)	0.30(—)	—	—	20(—)	0.88(—)
Nagaland	—	—	—	—	—	—	—	—
Tripura	—	—	—	—	305(0.4)	1.71(0.1)	1166(0.2)	13.61(—)
Arunachal Pradesh ..	—	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—	—
Total ..	1(0.1)	0.06(—)	25(0.5)	3.74(0.2)	523(0.6)	12.07(0.5)	2390(0.4)	77.43(0.2)
Eastern Region								
Bihar	21(1.1)	18.05(10.3)	50(1.0)	1.20(0.1)	2250(2.7)	87.43(3.7)	39697(6.9)	1458.91(4.2)
Orissa	17(0.9)	1.23(0.7)	43(0.9)	1.89(0.1)	572(0.7)	32.19(1.4)	11673(2.0)	243.99(0.7)
West Bengal ..	588(29.9)	15.13(8.7)	473(9.9)	419.71(19.1)	10212(12.3)	74.78(3.1)	44346(7.7)	1665.23(4.8)
Andaman and Nicobar Islands	—	—	—	—	—	—	135(—)	1.88(—)
Total ..	626(31.9)	34.41(19.7)	566(11.9)	422.80(19.2)	13034(15.7)	194.40(8.2)	95851(16.6)	3370.01(9.8)

U.T./State/Region	Sinking and Deepening of Wells and Tube Wells		Pump Sets/Oil Engines		Composite Minor Irrigation Schemes	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	2	3	4	5	6	7
Central Region						
Madhya Pradesh	18172 (15.9)	700.97 (12.4)	25276 (12.2)	731.69 (10.5)	10127 (21.9)	416.99 (17.6)
Uttar Pradesh ..	2158 (1.9)	108.72 (1.9)	21198 (10.2)	936.14 (13.4)	1611 (3.5)	87.78 (3.7)
Total ..	20330 (17.8)	809.69 (14.3)	46474 (22.4)	1667.83 (24.0)	11738 (25.4)	504.77 (21.3)
Western Region						
Gujarat	11131 (9.8)	596.36 (10.5)	12593 (6.1)	619.89 (8.9)	7234 (15.7)	435.33 (18.4)
Maharashtra	17099 (15.0)	1192.25 (21.0)	43723 (21.1)	1563.26 (22.4)	3853 (8.4)	416.65 (17.6)
Goa, Daman and Diu ..	127 (0.1)	1.84 (—)	175 (0.1)	4.24 (0.1)	27 (0.1)	3.68 (0.2)
Dadra and Nagar Haveli	2 (—)	0.06 (—)	8 (—)	0.38 (—)	—	--
Total ..	28359 (24.9)	1790.51 (31.6)	56499 (27.2)	2187.77 (31.4)	11114 (24.1)	855.66 (36.1)
Southern Region						
Andhra Pradesh ..	7163 (6.3)	311.33 (5.5)	9001 (4.3)	267.73 (3.8)	4817 (10.4)	350.68 (14.8)
Karnataka	8754 (7.7)	496.92 (8.8)	18014 (8.7)	584.18 (8.4)	885 (1.9)	97.76 (4.1)
Kerala	1223 (1.1)	21.93 (0.4)	7137 (3.4)	160.59 (2.3)	172 (0.4)	1.14 (0.1)
Tamil Nadu	4255 (3.7)	204.76 (3.6)	17124 (8.3)	385.01 (5.5)	582 (1.3)	48.23 (2.0)
Pondicherry	56 (0.1)	0.53 (—)	500 (0.2)	13.20 (0.2)	126 (0.3)	2.08 (0.1)
Lakshadweep	—	—	—	—	—	—
Total ..	21451 (18.8)	1035.47 (18.3)	51776 (25.0)	1410.71 (20.2)	6582 (14.3)	499.89 (21.1)
ALL INDIA	113993 (100.0)	5674.74 (100.0)	207174 (100.0)	6974.88 (100.0)	46153 (100.0)	2370.70 (100.0)

Appendix Table 16 (Contd.)

U.T./State/Region	Tractors and Agricultural Implements and Machinery		Plough animals (Bullocks)		Reclamation and Land Development Schemes	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
	8	9	10	11	12	13
Central Region						
Madhya Pradesh ..	4591 (6.7)	1154.84 (9.1)	795 (3.0)	14.64 (2.2)	385 (1.5)	16.55 (1.2)
Uttar Pradesh	19015 (27.7)	3173.76 (25.1)	3153 (12.0)	53.98 (8.1)	687 (2.6)	28.80 (2.1)
Total ..	23606 (34.4)	4328.60 (34.3)	3948 (15.0)	68.62 (10.3)	1072 (4.1)	45.35 (3.3)
Western Region						
Gujarat	3352 (4.9)	752.06 (6.0)	1496 (5.7)	26.81 (4.0)	1738 (6.6)	47.16 (3.4)
Maharashtra	4035 (5.9)	918.23 (7.3)	2866 (10.9)	56.00 (8.4)	8307 (31.4)	609.37 (44.5)
Goa, Daman and Diu ..	12 (—)	4.37 (—)	239 (—)	2.45 (0.4)	145 (0.6)	10.18 (0.7)
Dadra and Nagar Haveli	3 (—)	0.48 (—)	—	—	—	—
Total ..	7402 (10.8)	1675.14 (13.3)	4601 (17.4)	85.26 (12.7)	10190 (38.6)	666.71 (48.6)
Southern Region						
Andhra Pradesh ..	2006 (2.9)	294.32 (2.3)	2548 (9.7)	122.11 (18.3)	579 (2.2)	65.68 (4.8)
Karnataka	4090 (6.0)	1046.63 (8.3)	3007 (11.4)	53.29 (8.0)	4269 (16.1)	262.56 (19.2)
Kerala	1551 (2.3)	215.44 (1.7)	1176 (4.5)	8.74 (1.3)	3516 (13.3)	114.37 (8.3)
Tamil Nadu	2892 (4.2)	473.41 (3.8)	1965 (7.5)	30.24 (4.5)	2537 (9.6)	119.37 (8.7)
Pondicherry	267 (0.4)	39.79 (0.3)	65 (0.3)	1.25 (0.2)	—	—
Lakshadweep	—	—	—	—	—	—
Total ..	10806 (15.7)	2069.59 (16.4)	8761 (33.2)	215.63 (32.2)	10901 (41.2)	561.98 (41.0)
ALL INDIA	68660 (100.0)	12636.93 (100.0)	26360 (100.0)	669.00 (100.0)	26468 (100.0)	1370.76 (100.0)

Appendix Table 16 (Concld.)

U.T./State/Region	Construction of Godowns and Cold Storage		Plantations		Other Term Loans		Total	
	No. of Accounts	Amount	No· of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1	14.	15.	16.	17.	18.	19.	20.	21.
Central Region								
	25 (1.3)	0.95 (0.5)	5 (0.1)	0.32 (—)	3075 (3.7)	75.58 (3.2)	62451 (10.8)	3112.53 (9.0)
Madhya Pradesh ..	128 (6.5)	12.67 (7.3)	72 (1.5)	1.83 (0.1)	3356 (4.1)	113.13 (4.7)	51378 (8.9)	4516.81 (13.1)
Uttar Pradesh ..	153 (7.8)	13.62 (7.8)	77 (1.6)	2.15 (0.1)	6431 (7.8)	188.71 (7.9)	113829 (19.7)	7629.34 (22.1)
Total ..								
Western Region								
	183 (9.3)	8.74 (5.0)	103 (2.2)	9.11 (0.4)	11655 (14.1)	270.54 (11.3)	49485 (8.6)	2766.00 (8.0)
Gujarat	82 (4.2)	49.97 (28.6)	509 (10.7)	56.06 (2.6)	5603 (6.8)	522.69 (21.9)	86077 (14.9)	5384.48 (15.6)
Maharashtra ..	1 (0.1)	0.04 (—)	31 (0.7)	13.58 (0.6)	126 (0.2)	4.37 (0.2)	883 (0.2)	44.75 (0.1)
Goa, Daman & Diu	—	—	—	—	—	—	13 (—)	0.92 (—)
Dadra & Nagar Haveli	266 (13.5)	58.75 (33.7)	643 (13.5)	78.75 (3.6)	17384 (21.0)	797.60 (33.5)	136458 (23.6)	8196.15 (23.8)
Total ..								
Southern Region								
	53 (2.7)	2.31 (1.3)	472 (9.9)	26.25 (1.2)	8781 (10.6)	214.09 (9.0)	35420 (6.1)	1654.50 (4.8)
Andhra Pradesh	312 (15.9)	20.90 (12.0)	2051 (43.0)	912.94 (41.5)	10657 (12.9)	175.63 (7.4)	52039 (9.0)	3650.81 (0.6)
Karnataka ..	12 (0.6)	0.68 (0.4)	457 (9.6)	400.68 (18.2)	7093 (8.6)	71.60 (3.0)	22337 (3.9)	995.17 (2.9)
Kerala	151 (7.7)	6.35 (3.6)	438 (9.2)	346.48 (15.8)	7155 (8.6)	148.78 (6.2)	37099 (6.4)	1762.63 (5.1)
Tamil Nadu ..	—	—	—	—	51 (0.1)	1.53 (0.1)	1065 (0.2)	58.38 (0.2)
Pondicherry ..	—	—	—	—	35 (—)	0.15 (—)	35 (—)	0.15 (—)
Lakshadweep ..	528 (26.9)	30.24 (17.3)	3418 (71.7)	1686.35 (76.7)	33772 (40.8)	611.78 (25.7)	147995 (25.6)	8121.64 (23.6)
Total ..								
ALL INDIA ..	1965 (100.0)	174.55 (100.0)	4766 (100.0)	2197.45 (100.0)	82854 (100.0)	2384.9 (100.0)	578393 (100.0)	34453.10 (100.0)

— Nil or negligible.
Figures within brackets are percentages to grand totals for all india.
(Source : Special Return on Agricultural Loans -- I).

APPENDIX TABLE 17

State-wise Distribution of Outstanding Scheduled Commercial Banks' Loans and Advances For Allied Activities As At the End of March 1976

(Amount in Lakhs of Rupees)

U.T./State/Region	Dairying		Poultry, Piggery and Bee-keeping		Fisheries		Other Purposes		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
1	2	3	4	5	6	7	8	9	10	11
I. NORTHERN REGION										
Haryana	3585	81.01	469	45.84	5	0.09	1166	35.29	5225	162.23
	(2.2)	(2.4)	(2.1)	(3.2)	(—)	—	(0.3)	(0.8)	(0.8)	(1.6)
Himachal Pradesh	1966	28.04	889	17.05	41	0.39	316	9.69	3212	55.17
	(1.2)	(0.8)	(4.1)	(1.2)	(0.4)	(—)	(0.1)	(0.2)	(0.5)	(0.5)
Jammu & Kashmir	1209	20.14	287	9.26	—	—	473	6.52	1969	35.92
	(0.7)	(0.6)	(1.3)	(0.6)			(0.1)	(0.1)	(0.3)	(0.3)
Punjab	21564	292.26	1376	63.14	15	0.62	1264	55.43	24219	411.45
	(13.3)	(8.6)	(6.3)	(4.4)	(0.1)	(0.1)	(0.3)	(1.2)	(3.9)	(3.9)
Rajasthan ..	3621	116.66	497	28.94	—	—	2320	60.54	6438	206.14
	(2.2)	(3.4)	(2.3)	(2.0)			(0.5)	(1.4)	(1.0)	(2.0)
Chandigarh ..	90	34.31	45	14.86	—	—	5	0.18	140	49.35
	—	(1.0)	(0.2)	(1.0)			(—)	(—)	(—)	(0.5)
Delhi	1874	54.29	87	80.14	1	0.75	102	88.55	2064	223.73
	(1.1)	(1.6)	(0.4)	(5.5)	—	(0.1)	—	(2.0)	(0·3)	(2.1)
Total ..	33909	626.71	3650	259.23	62	1.85	5646	256.20	43267	1143.99
	(20.9)	(18.4)	(16.9)	(17.9)	(0.6)	(0.2)	(1.3)	(5.8)	(7.0)	(11.0)
II. NORTH-EASTERN REGION										
Assam	213	7.60	125	9.97	50	1.97	421	10.38	809	29.92
	(0.1)	(0.2)	(0.6)	(0.7)	(0.5)	(0.20)	(0.1)	(0.2)	(0.1)	(0.3)
Manipur	1	0.21	—	—	—	—	1	0.18	2	0.39
	(—)	(—)					—	—	—	—
Meghalaya ..	3	0.11	10	0.23	—	—	—	—	13	0.34
	(—)	(—)	(—)	(—)					(—)	(—)

Appendix Table 17 (Contd.)

1	2	3	4	5	6	7	8	9	10	11
Nagaland	—	—	—	—	—	—	—	—	—	—
Tripura	216 (0.1)	1.61 —	99 (0.4)	1.10 (0.1)	115 (1.1)	1.83 (0.2)	90 —	0.72 —	520 (0.1)	5.26 —
Arunachal Pradesh	—	—	—	—	—	—	—	—	—	—
Mizoram	—	—	—	—	—	—	—	—	—	—
Total ..	433 (0.3)	9.53 (0.3)	234 (1.1)	11.30 (0.8)	165 (1.6)	3.80 (0.3)	512 (0.1)	11.28 (0.2)	1344 (0.2)	35.91 (0.3)
III. **EASTERN REGION**										
Bihar	1523 (0.9)	159.25 (4.7)	254 (1.2)	106.51 (7.3)	43 (0.4)	10.50 (0.9)	1724 (0.4)	108.90 (2.4)	3544 (0.6)	385.16 (3.7)
Orissa ..	990 (0.6)	12.16 (0.3)	261 (1.2)	5.36 (0.4)	238 (2.3)	4.13 (0.4)	5749 (1.4)	39.41 (0.9)	7238 (1.2)	61.06 (0.6)
West Bengal ..	1618 (1.0)	86.85 (2.5)	479 (2.2)	45.33 (3.1)	798 (7.6)	11.73 (1.05)	1297 (0.3)	75.10 (1.7)	4192 (0.7)	219.01 (2.1)
Andaman and Nicobar Islands	97 (0.1)	1.44 —	6 —	0.07 —	— —	— —	— —	0.03 —	104 —	1.54 —
Total ..	4228 (2.6)	259.70 (7.6)	1000 (4.6)	157.27 (10.9)	1079 (10.3)	26.36 (2.4)	8771 (2.1)	223.44 (5.0)	15078 (2.4)	666.77 (6.4)
IV. **CENTRAL REGION**										
Madhya Pradesh ..	2390 (1.5)	69.09 (2.0)	248 (1.1)	15.86 (1.1)	70 (0.7)	2.70 (0.2)	423 (0.1)	13.71 (0.4)	3131 (0.5)	101.36 (1.0)
Uttar Pradesh ..	10399 (6.4)	206.13 (6.0)	615 (2.8)	24.97 (1.7)	12 (0.1)	0.97 (0.1)	1990 (0.5)	49.39 (1.1)	13016 (2.1)	281.46 (2.7)
Total ..	12789 (7.9)	275.22 (8.1)	863 (4.0)	40.83 (2.8)	82 (0.8)	3.67 (0.3)	2413 (0.6)	68.10 (1.5)	16147 (2.6)	382.82 (3.7)
V. **WESTERN REGION**										
Gujarat	16107 (9.9)	245.19 (7.2)	588 (2.7)	47.56 (3.3)	240 (2.3)	62.84 (5.6)	3703 (0.9)	112.94 (2.5)	20638 (3.4)	468.53 (4.5)
Maharashtra ..	22336 (13.8)	698.06 (20.5)	1182 (5.4)	356.01 (24.6)	765 (7.3)	139.87 (12.5)	13382 (3.2)	446.87 (10.1)	37665 (6.1)	1640.81 (15.8)
Goa, Daman & Diu	562 (0.3)	10.79 (0.3)	54 (0.2)	3.97 (0.3)	318 (3.0)	79.61 (7.1)	3485 (0.8)	31.69 (0.7)	4419 (0.7)	126.06 (1.2)

Appendix Table 17 (concld.)

U.T./State/Region	Dairying		Poultry, Piggery and Bee-keeping		Fisheries		Other Purposes		Total	
	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
Dadra and Nagar Havei	20	0.33	4	0.09	1	0.28	2	0.05	27	0.75
Total ..	39025	954.37	1828	407.63	1324	282.60	20572	591.55	62749	2236.15
	(24.0)	(28.0)	(8.4)	(28.2)	(12.6)	(25.3)	(4.9)	(13.3)	(10.2)	(21.5)
VI. **SOUTHERN REGION :**										
Andhra Pradesh	16838	389.45	3341	258.33	2034	44.66	32112	371.38	54325	1063.82
	(10.4)	(11.4)	(15.4)	(17.8)	(19.4)	(4.0)	(7.6)	(8.4)	(8.8)	(10.2)
Karnataka ..	14242	307.85	2747	131.22	942	148.15	74777	633.95	92708	1221.17
	(8.8)	(9.0)	(12.7)	(9.0)	(9.0)	(13.3)	(17.8)	(14.3)	(15.1)	(11.7)
Kerala	9805	155.50	488	14.42	3560	382.06	156347	917.02	170200	1469.00
	(6.0)	(4.5)	(2.2)	(1.0)	(33.9)	(34.2)	(37.2)	(20.7)	(27.7)	(14.1)
Tamil Nadu	28600	414.24	7255	164.97	726	217.58	116207	1331.71	152788	2128.50
	(17.6)	(12.1)	(33.5)	(11.4)	(6.9)	(19.5)	(27.7)	(30.0)	(24.9)	(20.4)
Pondicherry	2286	18.30	252	2.28	525	6.18	2523	33.68	5586	60.44
	(1.4)	(0.5)	(1.2)	(0.1)	(5.0)	(0.5)	(0.6)	(0.7)	(0.9)	(0.6)
Lakshadweep	13	0.08	—	—	—	—	—	—	13	0.08
Total	71784	1285.42	14083	571.22	7787	798.63	381966	3287.44	475620	5943.01
	(44.3)	(37.7)	(65.0)	(39.5)	(74.2)	(71.5)	(91.0)	(74.1)	(77.4)	(57.1)
All India	162168	3410.95	21658	1447.48	10499	1116.91	419880	4433.31	614205	10408.65
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

—Nil or negligible

Figures within brackets are percentages to totals for All India.

(Source : Special Return on Agricultural Loans - I).

APPENDIX TABLE 18
Village Adoption Scheme

(As on December 31, 1976)

Name of State/Union Territory	No. of villages adopted	No. of direct agricultural loan accounts serviced in these villages	Amount outstanding (In lakhs of Rupees)	No. of accounts per village	Amount outstanding (In Rupees) Per village	Per Account
1.	2.	3.	4.	5.	6.	7.
1. Andhra Pradesh	4,313	3,26,865	7,958.32	75	1,84,519	2,434
2. Assam	888	12,767	139.07	14	15,661	1,089
3. Bihar	2,129	50,024	727.04	23	34,149	1,453
4. Gujarat	1,503	16,711	786.54	11	52,331	4,706
5. Haryana	1,381	15,444	656.63	11	47,547	4,251
6. Himachal Pradesh	692	8,234	68.21	11	9,856	828
7. Jammu & Kashmir	79	1,193	19.90	15	25,189	1,668
8. Karnataka	2,949	76,890	1,920.98	26	65,140	2,498
9. Kerala	697	71,534	522.78	26	75,004	730
10. Maharashtra	2,286	53,220	2,155.30	23	94,283	4,049
11. Manipur	93	1,794	21.14	19	22,731	1,178
12. Madhya Pradesh	2,434	19,481	595.24	8	24,455	3,055
13. Meghalaya	77	3,194	27.34	41	35,506	855
14. Nagaland	16	195	1.56	12	9,750	846
15. Orissa	2,090	76,478	823.10	36	39,382	1,076
16. Punjab	1,543	25,172	801.36	16	51,935	3,183
17. Rajasthan	3,263	25,652	830.28	7	25,445	3,236
18. Tamil Nadu	2,100	97,533	1,388.51	46	66,119	1,423
19. Tripura	968	14,916	78.67	15	8,127	527

Appendix Table 18 (concld.)

Name of State/Union Territory	No. of villages adopted	No. of direct agricultural loan accounts serviced in these villages	Amount outstanding (In lakhs of Rupees)	No. of accounts per village	**Amount outstanding** (In Rupees) Per village	Per Account
1.	2.	3.	4.	5.	6.	7.
20. Uttar Pradesh ..	7,021	1,32,228	2,113.42	18	30,101	1,598
21. West Bengal	8,608	1,38,048	1,646.33	16	19,125	1,192
22. Arunachal Pradesh ..	3	7	0.05	2	1,666	714
23. Chandigarh	3	5	0.12	1	4,000	2,400
24. Dadra and Nagar Haveli	—	—	—	—	—	—
25. Delhi	95	1,342	36.76	14	38,694	2,739
26. Goa, Daman and Diu	97	1,330	38.15	13	39,329	2,868
27. Mizoram	1	30	0.30	30	30,000	1,000
28. Pondicherry	53	3,023	51.31	57	96,811	1,697
	45,382	**11,73,310**	**23,408.41**	**26**	**51,580**	**1,995**

(Source : Department of Banking Operations and Development, Reserve Bank of India, Bombay).