

ANALYSIS ON AGRICULTURAL CREDIT FOR THE STATE OF CHHATTISGARH

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ABSTRACT: Chhattisgarh state is basically known as “Dhan Ka Katora” (Rice Bowl). The State has witnessed tremendous growth in the cooperative sector. Cooperative Agriculture and Rural Development Banks have plays a vital role in the socio-economic development of the State, particularly in the rural areas and in agriculture and allied sectors and always recognized as an integral part of state economy with its network. The Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) have more reached to the rural area of Chhattisgarh state, through their huge network. They operate under a two-tier system known as (a) Chhattisgarh State Cooperative Agriculture and Rural Development Bank (CSCARDB) at the state level, and (b) Primary Cooperative Agriculture and Rural Development Bank (PCARDB) at the block level numbering 77 cater to the long term credit needs. This paper attempts to analyze the overall performance of CSCARD Bank in agricultural credit. The methodology adopted for this study is mainly through compilation of theoretical inputs, tallying them with practical, observed data and logically building a case for overall systemic reforms. An exploratory research design is followed in the present study.

Keywords: agricultural credit, chattisgarh, Rural Development Bank

I.INTRODUCTION

Credit is one of the critical inputs in agriculture and an effective means of rural development in India. The institutional credit delivery system for agriculture was started in the country with the setting up of co-operative credit societies in 1904, but the coverage of these societies towards meeting the credit requirement of farmers was limited. Therefore, the farming community had to depend on informal money-lending sources for its entire credit requirement.

The recommendations of All India Rural Credit Survey Committee in fact laid the foundations of institutional mechanism for establishing a sound credit delivery system in the country for financing agriculture and allied activities.

One of the objectives of the credit policy is to minimize the role of money lenders in the flow of agricultural credit.

1.1 Financing Agricultural Investments in the Eastern Region:

In order to support the banking system finance such key investments, NABARAD has introduced a concessional refinance scheme in the year 2011-12, with an objective to accelerate investments in agriculture to enhance production and productivity of crops in the Eastern region (Assam, Bihar, Jharkhand, Chhattisgarh, Odisha, West Bengal and Eastern Uttar Pradesh) by incentivizing the banks.

Under the scheme, NABARD provides 100% refinance to banks at a concessional rate of 7.5% p.a. Provided certain minimum targets are achieved by the bank in financing these key investments. The operative period of scheme is for financial years, 2011-12 and 2012-13. Four activities viz, Water Resources development, Land development, Farm Equipment's (including tractor financing on group mode basis) and Seed Production are covered. Concessional refinance is provided subject to condition of minimum 70% lending against credit potential for the identified activities assessed

on the basis of projections made in the Potential Linked Plans.

Chhattisgarh is agricultural based state and its 80% population stay in rural area. Cooperation is a dynamic movement for the socio-economic and rural development. The cooperatives have strong local linkage in the rural area. The cooperatives covered 80% of the rural households and almost 95% villages in the state. The cooperatives which are the life blood of the state's economy and the mechanism for any development programs.

Cooperative banks form backbone of the rural economy. Especially in agriculture dominated rural sector, Cooperative Agriculture and Rural Development Banks (CARDs) plays a pivotal role in bolstering the farmer and financing his agricultural needs. CARD Banks belong to the oldest forms of the collective action in India playing essential role in the realization of the agricultural and in local development.

The CARD Banks were earlier known as Land Development Banks. They serve rural population and are main banks in Chhattisgarh supporting development of agriculture and rural areas. The Chhattisgarh State Cooperative Agriculture and Rural Development Bank (CSCARD) has always been in the forefront of committed activities aimed at bettering the social scenario of the village community. The enactment of CSCARD Bank Act 1999 gave fillip to streamline and diversify its activities to achieve the prime objective of comprehensive agricultural and rural development as envisaged by nation builders.

1.2 OBJECTIVES

1. To study the performance of cooperative banking in respect of agricultural credit and rural development.

2. To study the role of cooperative bank in agricultural credit.

3. To study the agricultural credit structure of the cooperative bank.

1.3 HYPOTHESIS

Cooperative banking is an important sector in Chhattisgarh as far as its role in agricultural credit and socioeconomic development of Chhattisgarh is concerned. It has no alternative in the era of economic reforms also.

II. LITERATURE REVIEW

Credit is a crucial input process of development. For historical reasons, Indian farming community failed to make huge investments in agriculture. There is an adage which says that "Indian farmer is born in debt, lives in debt and dies in debt". In order to mitigate the problems of the farming community, the Cooperative Credit Societies Act was passed in 1904, which permitted the formation of credit societies. They provided institutional support to farmers for short, medium- and long-term purposes. Subsequently, tiers at state and district levels were too conceived to strength these credit co-operatives. Apart from these cooperative institutions, nationalization of commercial banks and introduction of regional rural banks also helped in increasing credit supply to farmers. As mentioned before, by now the Indian credit cooperatives have a century long history.

During this period these institutional financing agencies failed to a large extend, to meet the requirements (consumption and production) of the farmers. Some of the factors responsible for their failure are inadequate supply of credit, poor recovery, demand-supply gaps, interference by politicians, lack of monitoring, mis-utilisation of credit, problems in identification of target groups, high

transaction costs, and lags in time, natural calamities and competition from informal credit agencies.

Kolamakkolli and Ramachandran (2014) in their study assessed the performance of India's agricultural exports for the time period 1990-91 to 2011-12, by analyzing magnitude, direction and composition. They found that, even though, there is an increase in the absolute quantum of agricultural exports, there is consistent decline in the percentage share of agricultural products in total export during the study period. The analysis provided the conclusion that when marine product shows as the major commodity of export from allied sector, oil meals, cashew, and rice are the major exporting commodity from agricultural sector, where concerned to compound growth rate it is visible that meat and sugar made a substantial increase.

A number of committees such as the Rural Banking Inquiry Committee (1949), the All India Rural Credit Survey Committee (1954), the Committee on Cooperative Credit (1960), the All India Rural Debt and Investment Survey (1962), the All India Rural Credit Review Committee (1969), the Working Group on Rural Banks (1975), the Committee to Review Arrangement for Institutional Credit for Agriculture and Rural Development (1981), the Agricultural Review Committee (1989) and the Narasimhan Committee (1991 and 1998) were constituted by the Government of India to look into their working and made several recommendations to improve their health and functioning. Of the total credit provided by these institutions 44 per cent was met by the cooperative banks and 48 per cent by the commercial banks leaving a paltry amount by the regional rural banks.

III. RESEARCH METHODOLOGY AND DATA COLLECTION

The present study is based on the secondary data published by office of the Registrar of Cooperative societies, Chhattisgarh, Raipur. The required data and literature for the study purpose were collected from the number of reference books, Journals and Internet.

3.1 SCOPE AND LIMITATIONS OF STUDY

1. Study is limited to concept of cooperative and agricultural credit.
2. The information collected from 50 respondents of Kabirdham District only.

3.2 The study is applicable to other Districts of Chhattisgarh.

3.2.1 Agricultural Credit

The Agricultural Credit Policy essentially lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies, rationalization of lending policies and procedures and bringing down the cost of borrowing. Bank credit is available to the farmers in the form of short-term credit for financing crop production programs and in the form of medium-term/long-term credit for financing capital investment in agriculture and allied activities like land development including purchase of land, minor irrigation, farm mechanization, dairy development, poultry, animal husbandry, fisheries, plantation, and horticulture. Loans are also available for storage, processing and marketing of agricultural produce.

3.2.2 National Bank for Agriculture And Rural Development (NABARD)

The NABARD provides refinance to the Apex Bank and CARD Bank. NABARD is an apex institution accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas. It is an apex refinancing agency for the institutions providing investment and production credit for promoting the various

developmental activities in rural areas. It coordinates the rural financing activities of all the institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India and other national level institutions concerned with policy formulation.

3.2.3 Primary Agricultural Cooperative Societies (PACS)

PACS are playing a crucial role in improving the economic and social conditions of the common masses of Chhattisgarh. They provide short-term and medium-term loan to the members/farmers at reasonable interest rates to meet their various needs. They are providing credit to the farmers for agriculture purposes at cheap and easy terms. PACS is the foundation of the Cooperative Credit System on which the super structure of the shortterm cooperative credit system is built.

3.2.4 Profile of the cscardbank:-

The Chhattisgarh State Cooperative Agricultural and Rural Development Bank Ltd (CSCARDB) established/ registered on 30th October 2000 (Registration No. 215 dated 30.10.2000), with the avowed purpose of catering the long term agricultural credit needs of the farmers in the state; is the apex financial institution organized under federal structure, having 12 District Cooperative Agricultural and Rural Development Banks (DCARDBs) and 77 Primary Cooperative Agricultural and Rural Development Banks (PCARDBs) as its members functioning at block level.

The CSCARDB being the apex cooperative institution registered under Chhattisgarh Cooperative Societies Act 1960; its operations are regulated by the Chhattisgarh State Cooperative Agricultural and Rural Development Bank Act 1999 and the Rules and bye laws framed there under. The CSCARD Bank is 'Federal' basis functioning

as the apex long term credit cooperative organization in the state.

IV. AGRICULTURAL COOPERATIVE CREDIT STRUCTURE

Short-term structure is a three tier structure with PACS in rural areas, Co-operative Central Banks at the district level and the Apex Bank at the state level. The short-term credit structure provides short-term credit for crop production and medium-term credit for small developments. Chhattisgarh State Cooperative Agriculture and Rural Development Bank (CSCARDB) at the State level and Primary CARD Bank at the Block level cater to the longterm credit needs in the two tier credit delivery system. In the short term credit structure, 1333 PACS including 476 LAMPS are functioning. In addition to this, there are 6 District Cooperative Central Banks with 209 branches. Chhattisgarh State Co-operative Apex Bank is functioning as state level financial institution. In the long term credit structure CSCARD Bank with 12 District CARD Banks including 77 branches are functioning.

Short Term Agricultural Cooperative Credit Distributions and Recoveries Table 1 shows the short-term credit distribution and Table 2 presents short-term credit recoveries for the last three years from 2009-2010 to 2011-2012. Graph 1 and Graph 2 show the same. The credit distribution was increased year by year and recovery of credit was poor.

Table 1. Short-term Agricultural Loan Distribution

| Year | Kharif | Rabi | Total |
|-----------|--------|-------|---------------------------|
| 2009-2010 | 82141 | 12417 | 94558 |
| 2010-2011 | 90784 | 20809 | 111674 |
| 2011-2012 | 121739 | 5203 | 126942 (up to 31.12.2011) |

Source: Cooperative Department Report - 2010-2011. *(Figures- Rs. in lakhs)

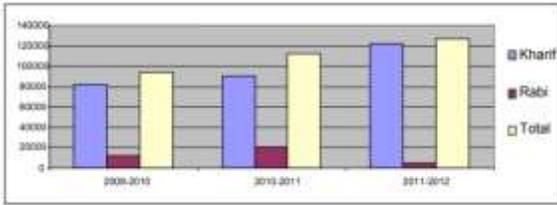


Fig. 1: Short-term Agricultural Loan Distribution

Table 2. Short-term Agricultural Loan Recovery

| Year | Demand | Recovery | % of Recovery |
|-----------|--------|----------|-----------------------|
| 2009-2010 | 148086 | 114659 | 77 |
| 2010-2011 | 170724 | 133681 | 78 |
| 2011-2012 | 188864 | 68210 | 36 (up to 31.12.2011) |

Source: Cooperative Department Report - 2010-2011. *(Figures- Rs. in lakhs)

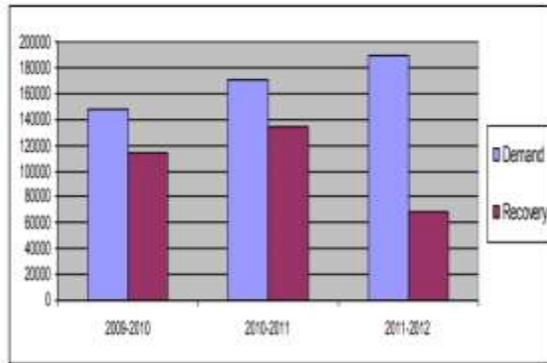


Fig. 2: Short-term Agricultural Loan Recovery

**Agriculture loan insurance
In Chhattisgarh Crop Loans Worth Rs 2,500 Crore Disbursed.**

In Chhattisgarh, during the ongoing kharif season, Crop loans to the tune of over Rs 2,500 crore have been disbursed so far. During Kharif season 2016-17, State Cooperative Bank, APEX Bank through its primary agriculture cooperative societies has set a target to disburse Rs 2,800 crore interest-free short-term agriculture loans, informed Ashok Bajaj, who is chairman of the bank.

Bajaj also said, sum to the tune of Rs 2,559 crore have so far been disbursed at the rate

of 0 % to 9.29 lakh farmers as short term crop loan which is 91.39% of the set target. Rs 17, 477 crore has been distributed as cash while Rs 8,119 crore in form of agricultural related materials out of the total loans distributed

The interest incurred on loans given to farmers borne by State Government and Centre. Farmers of state are being provided short-term agricultural loan without interest for both kharif and rabi season, as per the policy of government. The last date of loan distribution is September 30. Bajaj informed that to the 59,584 farmers of Raipur, an amount of Rs 159 crore had been given away as loan, to 77, 334 farmers of Balodabazar-Bhatapara Rs 197.90 crore, 51,656 farmers in Mahasamund is Rs 166.94 crore, to 56,114 farmers of Durg is Rs 178.48 crore, to 74,000 farmers in Bemetara is Rs 231.71 crore and in Rajnandgaon to 1.05 lakh farmers is Rs 251 crore.

V.CONCLUSION

As we analyze the data it shows that CSCARD Bank is working for the 360 degree development of rural area of Chhattisgarh. Every year the financial assistance received by NABARD and the disbursement made out of it are increasing. In short we can say that CARD Banks are providing rural Chhattisgarh all round assistance and proved to be an institution where "Growth with Social Justice" exists. CARD Banks plays a major role in rural credit delivery of Chhattisgarh state. Their key role is to give credits financing various rural based entrepreneurships. Agricultural credits play a number of significant functions of which the primary include the

intensification and growth of the agricultural production. In a developing State like Chhattisgarh with huge deficits in terms of quality and quantity, the State has to shoulder the primary responsibility of providing cooperative credit. Considering the low living standards of common man, incomplete and imperfect markets, and other socio political considerations it is the primary duty of the government to ensure that its citizens have easy access to cooperative credit.

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