

## Agricultural Credit

27. Policy on agriculture credit has been its progressive institutionalisation for providing credit to farmers for agricultural production and raising productivity. Agricultural credit is disbursed through a multi-agency network consisting of Cooperatives, Commercial banks and Regional Rural Banks (RRBs). Agricultural loans provided by various agencies rose from Rs.15169 crore in 1992-93 to Rs.28653 crore in 1996-97. The projections for disbursement of agricultural term loan during 1997-98 is Rs.34274 crore. Details regarding agricultural credit disbursed by various agencies during the period 1992-93 to 1996-97 and the target for 1997-98 are shown in Table 8.15.

28. In order to increase flow of credit to agriculture, the paid up capital of National Bank for Agriculture and Rural Development (NABARD) was doubled in the fiscal 1997-98. Even after significant increase in overall agricultural credit, there is a serious problem of over dues that dampens flow of credit besides affecting adversely economic viability of lending institutions, especially the cooperatives and Regional Rural Banks. However, the recovery of agricultural advances by commercial banks has improved from 54.2 per cent in 1992 to 61.9 per cent (Table 8.16).

Agency	1992-93	1993-94	1994-95	1995-96	1996-97*	1997-98#
<b>COOPERATIVE BANKS</b>						
Short-term	7170	7839	7250	8331	9750	11500
Medium-term & Long-term	2208	2278	2156	2148	2729	3275
Sub-Total	9378	10117	9406	10479	12479	14775
<b>COMMERCIAL BANKS, REGIONAL RURAL BANKS</b>						
Short-term	2921	3432	688	6194	7941	9377
Medium & Long Term	2870	2945	8650	5359	8233	10122
Sub-total	5791	6377	9338	11553	16174	19499
<b>Grand total</b>	<b>15169</b>	<b>16494</b>	<b>18744</b>	<b>22032</b>	<b>28653</b>	<b>34274</b>
<b>#Targets</b>	<b>* Anticipated</b>					

Year (ended June)	Demand	Recovery	Overdues	Recovery per cent
1992	9338.31	5056.56	4281.75	54.2
1993	10460.92	5847.33	4613.59	55.9
1994	11231.48	6477.27	4754.21	57.6
1995	11073.48	6629.32	4444.26	59.9
1996*	13009.39	8044.10	4965.28	61.9
<b>* Latest available</b>				