

Agricultural Credit and Banking Sector in Tamil Nadu

K. Murugan

Assistant Professor, Department of Economics, Guru Nanak College,
Velachery, Chennai, Tamil Nadu
E-mail: murugan.kaliappani@gmail.com

Received: 9 April 2020; Revised: 20 April 2020;
Accepted: 25 May 2020; Publication: 15 July 2020

Abstract: Most of Indian farmers live near the edge of famine especially the vulnerability is more among small and marginal farmers. There is the multitude of such 'distress' or unproductive loans. The sources of institutional credit are rural co-operatives, commercial banks in India and Tamil Nadu. The objective of the paper is to examine the agriculture credit and banking sector in Tamil Nadu. The secondary data has collecting from Trend and Progress of Banking India, District Potential Credit Linkage Plans (PLPs), and State Level Banker Committee (SLBC). The paper is divided into five sections. The first section is introductory in nature; it contains the background, objectives. The second section describes review of literature. Third section was deals with data base and methodology analyses. The fourth section examines the results and discussion and lastly provides the summary and conclusions.

The percentage share of agriculture credit by commercial banks in the state is shows as 20 percent (Rs.174404 crore) during March ended 2019. The percentage shares of agriculture credit by nationalized banks are issued 56 percent of total agriculture credit. Followed by private banks are issued 24 percent of credit and 13 percent credit issued by State Bank of India. Nationalized banks, Private Banks and State Bank of India are issued the credit worth of Rs. 98040 crore, Rs. 41040 crore and Rs.22292 crore respectively. The percentage share of agriculture by Canera Bank, Indian Bank and SBI are recorded single largest issuer of Rs. 29407 crore, Rs.25982 crore and Rs. 22292 crore, respectively. On other hand, Punjab and Sindhi Bank, Dena Bank and Bank of Maharashtra are recorded lowest issue of credit to the farmers.

Key Words: Agriculture credit, Banking sector, Farmers, Institutional credit, Tamil Nadu

I. INTRODUCTION

Finance is prerequisite for the farmers not only for the production and marketing of crops but also to keep a stationary agricultural economy active. Most Indian farmers live near the edge of famine especially the vulnerability is more among small and marginal farmers. Erratic monsoon, a poor harvest, health complications of members of family forces to approach the moneylender for a loan. In India, there is the multitude of such 'distress' or unproductive loans. The sources of institutional credit are rural co-

operatives, commercial banks, particularly the State Bank of India (SBI). And, with the setting up of a specialized institution called the National Bank for Agricultural and Rural Development (NABARD) the Agricultural Refinance and Development Corporation (ARDC) has ceased to exist. However, Situation Assessment Survey (SAS) of Agricultural Households latest NSSO report implied that about 52 percent of the agricultural households in the country were appraised to be indebted. At all India level, about 60 percent of the outstanding loans were taken from institutional sources which encompassed Government (2.1 percent), Co-operative society (14.8 percent) and Banks (42.9 percent). The report of NABARD implied that the share of SF/MFs constitutes out of total number financed by all institutional financial agencies grew from 60.07 percent in 2015-16 to 72.06 percent in 2016-17. More prominently, in terms of amount distributed, the proportion of SMFs grew from 41.51 percent in 2015-16 to 50.14 percent in 2016-17. Moreover, the agriculture credit disbursement towards Small and Marginal farmers (SF/MF) escalated from Rs. 3.80 lakh crore in 2015-16 to Rs. 5.34 lakh crore in 2016-17, while the number of SF/MF accounts grew from 5.40 crore to 7.71 crore during this period. However, the reports confining to farmers suicide implied that lack of institutional credit perpetuated them to commit suicide. According to Financial Inclusion Insights Survey, conducted by Intermedia, a global research consultancy, (2015) has noted that 43 percent of those who work primarily in the agricultural sector do not have access to a bank account. The survey also reveals a large disparity between farmers and farm workers: 36 percent of farmer's and 55 percent of farm workers do not have a registered bank account. It is also worthy to note that Government of India has disbursed the loan for Agriculture more than targeted level still the prevalence of non-institutional credits which eventually poised huge sufferings to the farmers. (Government of India Budget 2018-19, Agriculture).

Statement of the Problem

Providing adequate agricultural credit to the rural mass is a challenging one and it involves vulnerability to multiple risks factors. The fragmentation of the land become small size, rural non-farm activities and high operational costs are the major causes. In rural area, there are increase in the non-agricultural activities and it is create non-agricultural activities has increased at tremendous manner. The new rural finance paradigm shift changes '*rural people are bankable*'. Even though, the farmers could not have bank account in India. According to Financial Inclusion Insights Survey, conducted by Intermedia, a global research consultancy, (2015) has noted that 43 percent of those who work primarily in the agricultural sector do not have access

to a bank account. The survey also reveals a large disparity between farmers and farm workers: 36 percent of farmer's and 55 percent of farm workers do not have a registered bank account.

A majority of the farmers in rural area are not accessing the agricultural credit from the banking sector. Farmers are using lack of formal finance providing by the banking sector and co-operative institutions. But, they are turning to many lenders reducing their burdens. The overall flow of institutional credit in India as well as in Tamil Nadu have been going over the period of times. There is wide gap in the banking sectors like inadequate provision of credit to small and marginal famers. The research paper addresses to study the current status of agricultural credit system in Tamil Nadu.

II. REVIEW OF LITERATURE

Kumar, *et al.* (2012) study discussed about the farmer's problems like complicated process of credit time, high interest rate and lack of cooperative by bank staff. Another Rav, *et al.* (2011) study has find out that the positive, negative and highly significant relationship has direct influence overall constraints. Satyasai (2008) study has showed the institutionalization of banks providing credit to farmers. The study has discussed the share of private money lender had decreased substantially from 93 percent in 1950s to 39 percent in 2002. Therefore, the cooperative banks RRBs and Commercial Banks were slow prominent in the study area.

Sharma, *et al.*, (2007) result has indicated that more than 75 percent of the households borrowed credit from the institutional agencies. Of which contribution of banks is found 68 percent. It observed that the respective credit requirements for these four zones being 75 percent and need to provide adequate credit facilities in farms. Snekalatha (2017) study focused on the SBI agricultural credit services provided to the customers. There are factors influencing customer satisfaction for a particular bank is the time, quality of services and convenience to its customers. The market of the agricultural loan has experienced tremendous growth over the past few years. Padma and Senthil Kumar (2018) study focused problems faced in settling the agricultural credits. About one-third of the farmers (30 percent) received finance from cooperative societies for agriculture activities. Most of them are faced the problems in receiving agricultural finance for low level of awareness about the banking schemes.

Alexpandi and S. Rameshkumar (2014), results indicated that the large proportion of the respondents have fully and properly utilised the loan amount. The delay in getting loan was identified as the main reason for misutilisation of the loan amount. Though full and proper utilisation of the

loan amount is made by a vast majority of the sample farmers, the other side of the coin presents a gloomy picture as full and prompt repayment is made by only less than 30 percent of beneficiaries. Another study Saugandh Datta and Anirban Ghosh (2013) attempt to evolve the rural credit system in India. The study focused that the certain rural households fail to have any access to credit from any source. Three probit models were used to explain in terms of village and household characteristics of the sample households. The study highlights the need for strengthening rural infrastructure. It is found to stand in complementary relation with credit demand and credit access. It is also strengthening of semi-formal sources of credit known as micro-finance. Familiarity to powerful rural personnel seems to be playing a dubious role in influencing credit demand and credit access. They suggested that the needs to be addressed revamping of development policy administration in the countryside.

Revathy and Thilagavathi (2016) results indicated 33 percent of farmers were availing investment credits, while 67 percent were not. The study indicated that the logistic regression analysis showed the relationship between determinants of investment credit and farmers. The study has revealed that perception of farmers towards ease of procedural formalities, possession of membership of farmers association and access to secondary source of income influences demand for investment credit significantly. Devaraja T.S. (2011) examined agriculture credit delivery to the farmers continues to be inadequate. Banking system is still hesitant on various grounds to purvey credit to small and marginal farmers. The situation calls for concerted efforts to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes.

III. RESEARCH METHODOLOGY AND DATA BASE

The paper is based on secondary sources in Tamil Nadu. The secondary data has collected from Ministries of Agriculture and Finance, Government of India, Planning Commission of India, Economic Survey, Trend and Progress of Banking India, District Potential Credit Linkage Plans (PLPs), Reserve Bank of India, various issues Directorate of Economics & Statistics, Government of Tamil Nadu and State Level Banker Committee (SLBC). The secondary data obtained from Government of Tamil Nadu publications and Government of India Publications.

The paper is divided into five sections. The first section is introductory in nature; it contains the background, objectives. The second section describes review of literature. Third section deals with data base and

methodology analyses. The fourth section examines the results and discussion and lastly provides the summary and conclusions.

IV. RESULTS AND DISCUSSION

Agricultural Credit and the Banking Sector in India

The percentage share of agricultural credit by banking sector in India during 1951 to 2013 is shown in Table 1. The percentage changing trends in the institutional and non-institutional credit to the agricultural sector were changed during seven decades in India. The percentage share of institutional to agriculture was increased from 10.2 percent in 1951 to 64 percent in 2013. In midterm of 1991, it slightly increased to 66 percent. On the other hand, percentage share of non-institutional to agricultural sector was declined from 90 percent in 1951 to 36 percent in 2013. In 1991, it declined to 34 percent. The moneylenders and landlords among non-institutional sources accounted for as much as 40 percent of the total credit followed by 21 percent provided by landlords. Among institutional credit, like the cooperatives banks was insignificant with 6 percent during 1951. During 2013, among instructional credit, commercial banks and cooperative banks were contributing more of 31 percent and 26 percent, respectively nearly 60 percent of contribution by commercial and cooperative banks.

Table 1
Institutional and Non-Institutional Agricultural Credit in India (in Percent)

<i>Sources of Credit</i>	1951	1961	1971	1981	1991	2002	2013
Institutional	10.2	20.9	32	56.2	66.3	61.1	64
Government	-	6.2	4	5.7	1.7	1.3	1.3
Co-operative Societies	6.2	12.5	27.6	23.6	30.2	28.9	25.8
Commercial Banks	4	2.2	23.8	35.2	26.3	30.7	30.7
Insurance, PF	-	-	0.8	0.7	0.5	0.1	0.1
sOther Agencies*	-	-	-	1.1	2.4	3	3
Non-Institutional	89.8	79.1	68	43.8	33.7	38.9	36
Moneylenders	39.8	25.3	17.2	17.5	26.8	29.6	29.6
Relatives, Friends	-	-	11.5	4.6	6.2	4.3	4.3
Traders, Comm. Agents	-	-	-	5.8	2.2	2.6	-
Landlords	21.4	15	3.6	3.7	0.9	0.4	0.4
Others	28.6	38.8	5.7	5.7	2.4	1.7	1.7
Total	100	100	100	100	100	100	100

Source: All India Debt & Investment Surveys, Various Issues, NSSO

Note: Breakup of the share of each source is taken from RBI Working Paper Series, Persistence of Informal Credit in Rural India: Evidence from 'All India Debt and Investment Survey' and beyond.

* includes financial corporation's/institutions, financial companies.

Among non-institutional credit, money lenders were contributing 30 percent. Money lenders contributing declined from 40 percent to 30 percent during seven decades. The institutional agencies like commercial banks, cooperative banks and RRBs have been a manifold increase in the volume of agricultural credit. The growth of institutional sources to agricultural credit during 1951 to 2013, the share of institutional sources of credit in 1991 was phenomenally as high as 66.3 percent. In the subsequent decade 2013 the share of institutional sources declined to 64 percent. Among non-institutional credit, borrowings from money lenders followed by relatives were as high as 30 percent and 4.3 percent respectively.

It witnessed a clear shift and commercial banks and cooperative banks have emerged as the major source of such credit to agriculture in three decades. It reveals that the major source of finance towards agriculture is provided by commercial banks and co-operative sector and the money lenders also play a major role. Over the years the share of commercial banks shows an increasing trend whereas, the co-operative banks were unable to increase their share of financing towards agriculture particularly during the past 3 decades. But, the sourcing by the money lenders is showing a diminishing trend over the years. It would have been due to the initiatives taken by the government and the banking regulators towards provision of greater financial access by formal sources of finance. Further, the role of the Government in extending finance to agriculture continues to remain subdued over the years.

Bank-Wise Credit Disbursed to Agriculture in India

The direct institutional credit for agriculture and allied activities in India during short-term and long-term period is presented in Table. 2. The different sources of credit like cooperative societies, commercial banks and Regional Rural Banks are contributing mores credit facilities to the agriculture in India. The percentage share by cooperative societies and commercial banks was 57.70 percent and 35 percent in 1981-82. The share of commercial banks in total direct institutional credit increased sharply from 35 percent in 1981-82 to 73.48 percent in 2012-13 and completely replaced cooperative banks' lending; with a corresponding fall in the share from 57 percent in 1981-82 to 17 percent in 2012-13. However, it is note that despite the diminishing share of cooperative bank credit as a proportion of total direct credit to agriculture (outstanding), they still have the largest outreach at the grassroots level and their exposure in the loan portfolio to small and marginal farmers is greater compared to that of commercial banks.

Table 2
Direct Institutional Credit for Agriculture and Allied Activities in India:
(Short-term and Long-term) (Amount in Billion)

Year	Loans Issued				Loans Outstanding			
	Co-operatives	SCBs	RRBs	Total	Co-operatives	SCBs	RRBs	Total
1981-82	24.79	14.96	1.68	42.96	48.21	35.41	2.73	86.35
1991-92	57.97	48.06	5.96	115.38	121.76	169.81	19.84	311.42
2001-02	305.69	186.38	45.46	541.95	521.10	451.06	82.86	1055.02
2010-11	781.21	2227.92	439.65	3448.78	766.74	3575.84	550.67	4893.25
2011-12	879.63	3128.77	544.50	4552.90	725.45	4432.98	703.84	5862.27
2012-13	1112.03	4844.99	636.81	6593.83	1197.75	5224.78	794.99	7217.52
2013-14	1199.64	-	826.52	-	1352.45	5035.32	982.06	7369.83
2014-15	1384.69	-	1024.82	-	1542.86	6839.69	1126.03	9508.58
2015-16	1532.94	-	1192.60	-	1561.20	8148.41	1334.01	11043.62
2016-17	1427.58	-	1232.16	-	2266.97	6681.09	1534.16	10482.22
2017-18	1503.89	-	1409.59	-	2466.99	-	1710.62	-

Source: National Bank for Agriculture and Rural Development, National Federation of State Co-operative Banks

SCBs : Scheduled Commercial Banks. RRBs: Regional Rural Banks

Notes : 1. Data for 2017-18 are provisional.

2. Data up to 1990-91 pertain to the period July-June and April-March thereafter. In case of SCBs, data for all the years pertain to July-June period.

3. RRBs came into existence in 1975-76.

4. The data since 1999-2000 are strictly not comparable with the earlier years as it covers not only PACS but also SCARDBs and PCARDBs, while the earlier period covers PACs only.

The short and long term loan issued by banks was increased from Rs. 46.92 billion in 1981-82 to Rs.6594 billion in 2012-13. Of which, cooperative banks has been increased from Rs.25 billion in 1981-82 to Rs.1504 billion in 2017-18. The commercial banks have been increased from Rs. 15 billion to Rs. 4845 billion in 2012-13. RRBs issued the loan, it has been increased from Rs. 1.68 billion to Rs. 1410 billion. During 2017-18, commercial banks and RRBs were contributing Rs. 1504 billion and Rs. 1410 billion, respectively.

Loan outstanding has been increased from Rs. 86.35 billion in 1981-82 to Rs.10482 billion in 2016-17. Out of that, commercial banking outstanding advances to agriculture and allied activities have grown significantly to Rs.6681 billion in 2017-18 which formed approximately 64 percent of total bank credit, followed by cooperative banks outstanding were Rs. 2267 billion (22 percent), RRBs share was Rs. 1534 billion (15 percent).

Agriculture Credit Distribution in Tamil Nadu

In Tamil Nadu, the agriculture is dominant sector and 65 percent of rural population is employment in the state. The estimated Gross State Domestic Product (GSDP) and Net State Domestic Product during 2016-17 was Rs. 1445227 crore and Rs.1280,000 crore, respectively. The state has achieved more of 11.60 percent than of India with 11.49 percent. The per capita income has recorded highest value of Rs. 153, 263 than India average of Rs. 103, 219.

The state has 21 Public Sector Banks, 20 Private Sector Banks and 12 Foreign Banks with total of 9994 branches and 2 RRBs with 618 branches during march ended 2018. Tamil Nadu State Apex Cooperative Bank (TNStCB) with 23 affiliated District Central Cooperative Banks (DCCBs) and Tamil Nadu State Cooperative Agriculture and Rural Development Bank. The deposits were increased from Rs. 638088 crore during March ended 2017 to Rs. 753759 crore during March ended 2018, which registering a growth of 10 percent. The loans and advances has increased from Rs. 661866 crore to Rs.812570 crore and it showing a growth of 16.0 percent (*State Level Banker's Committee, IOB, Chennai*).

According to RBI, Banks have provided to priority sector advances, agriculture, weaker sections and women beneficiaries in Tamil Nadu. During 2017-18, the target amount was Rs. 178, 801 crore under annual credit plan. But achievement of disbursed to Rs. 178, 784 crore and recorded an achievement of 99.99 percent. According to the Agricultural Census (2015-16), the numbers of operational landholders are 79.38 lakh, operating operational area of 59.70 lakh hectares. Small and Marginal farmers are 11.19 lakhs and 62.24 lakhs constituting 14.10 percent and 78.41 percent respectively. The average size of operational landholding is 0.75 ha against the National average of 1.08 ha.

Table 3
Banking Development in Tamil Nadu (Rs. in Crore)

<i>Particulars</i>	<i>September 2008</i>	<i>June 2017</i>	<i>June 2018</i>	<i>Variation</i>
No. of Branches	5619	10498	10721	5102
Deposits	206877	665466	715836	508959
Advances	247264	721082	789189	541925
Priority Sector Advances	92026	322961	357739	265713
Percent of Priority sector advance to Total Advances	40.11	46.44	51.44	49.03
Agriculture Advances	33070	141041	160453	127383
Percent of Agriculture Advance to Total Advances	14.41	20.28	23.07	23.50

Source: NABARD, 2018

Banking development in Tamil Nadu is given in Tables 3. The number of branches of banking sector was increased from 5617 in September, 2008 to 10721 in June 2018. The banking branches were increased to 5102 over the 10 years. The advances of banking sector was increased from Rs. 247264 crore in 2008 to Rs. 789189 crore in 2018. The advance was increased to Rs. 541925 crore over the period of times. Of which, the percentage share of priority sector advance to total advance was increased from Rs.92026 crore in 2008 to Rs. 357739 crore in 2018, which the growth rate was increased from 40.11 percent to 51.44 percent. The percentage share of agricultural advances to total advances was increased from Rs.33070 crore to Rs.160453 crore. The growth rate of agriculture advance was increased from 14.41 percent to 23 percent.

Table 4
Ground Level Credit during 2015-16 to 2018-19 in Tamil Nadu (Rs. Crore)

Particulars	2015-16		2016-17		2017-18		2018-19
	Target	Achievement	Target	Achievement	Target	Achievement	Target
Com. Banks	117727 (86)	122905 (90)	129520 (86)	137840 (91)	156132 (87)	155812 (87)	172304 (87)
StCB/CCBs	11272 (8)	12819 (9)	13116 (9)	11919 (8)	14159 (8)	14356 (8)	15962 (8)
RRBs	5858 (4)	5702 (4)	6738 (4)	6610 (4)	7601 (4)	8043 (4)	8335 (4)
SCARDB	114.78 (0)	19.22 (0)	173.37 (0)	704 (0)	187 (0)	102 (0)	298 (0)
Others	1381.32 (1)	1311 (1)	1482 (1)	1308 (1)	722 (1)	471 (1)	680 (1)
Total	136353 (100)	142756 (100)	151028 (100)	158381 (100)	178801 (100)	178784 (100)	197578 (100)

Source: State Level Banker's Committee, IOB, Chennai

Ground Level Credit during 2015-16 to 2018-19 is shown in Table 4. The total priority sector lending during 2015-16 stood at Rs. 1,42,756 crore as against the target of Rs. 1,36,353 crore. During 2017-18, the achievement is to Rs. 1,78,784 crore as against the target of Rs. 1,78,801 crore. During 2018-19, the target fixed at 197,578 crore. The total GLC flow is an increasing trend over the last 4 years. The ground level credit flow reveals that the State has achieved the National Goals set by Government of India and adhered to the guidelines of RBI on Priority Sector lending at 40 percent out of which 18 percent is towards agriculture lending, during the last four years.

Out of various sources, commercial banks are issued highest credit to farmers. The target of commercial banks was increased from Rs. 117, 727 crore during 2015-16 to Rs.172302 crore during 2018-19. The target of credit by CBs was increased to 32 percent. Whereas, the achievement of commercial banks were increased from Rs.122905 crore in 2015-16 to Rs. 155812 crore in 2017-18. The achievement was increased to 21 percent over the four years.

The State Cooperative Bank were issued loan to farmers, the target was increased from Rs.11272 crore to Rs.15962 crore, which is increased to 29 percent. But the achievement of SCB was increased from Rs.12819 crore in 2015-16 to Rs.14356 crore in 2017-18, which was increased to 12 percent.

Table 5
Performance of Commercial Banks under Stipulated National Norms in Tamil Nadu (Rs. in Crores)

<i>Particulars</i>	<i>National Norms for March 2010</i>		<i>Achievement upto September 2009</i>	
	<i>Percent</i>	<i>Target Amount</i>	<i>Percent</i>	<i>Amount</i>
Priority sector Advance to Total Advance	40	107824	41.50	111865
Agricultural Advances to Total Advances	18	48521	16.51	44507
Weaker Section Advance to Total Advance	10	26956	8.65	23318
DRI Advance to Advances of Previous Year	1	2696	0.03	86.33
		<i>June 2018</i>	<i>June 2018</i>	
Priority sector Advance to Total Advance	40	278200	51.44	357739
Agricultural Advances to Total Advances	18	125190	23.07	160453
Weaker Section Advance to Total Advance	10	69550	15.65	108880
DRI Advance to Advances of Previous Year	1	6955	0.01	88

Source: State Level Banker' s Committee, IOB, Chennai

Table 5 is shows performance of commercial banks under the stipulated national norms during 2009 to 2018. Credit disbursement to farming activities was accelerated for achieving the March 2010 target of Rs.48521 crores. The share of agriculture advances to total credit has gone up from 16.50 percent in September 2009 to 23.07 percent in June 2018. The lending to agriculture credit was achieved above norms of 23 percent, so that this national norm of 18 percent is achieved.

Priority sector advances of commercial banks including foreign banks have gone up from Rs.111865.03 crores during September 2009 to Rs. 357739

crore during June 2018. There by showing an increase of Rs. 245874 crores, it represents 51.44 percent growth. The share of Priority Sector credit to total credit, as at the end of June 2018 was 51.44 percent as against the national norm of 40 percent.

Priority sector advances have shown an incremental growth of 10 percent during September 2009 to June 2018. The aggregate agricultural advances extended by Banks in Tamil Nadu have increased from Rs.44507 crores during September 2009 to Rs.160453 crores during June 2018, it recorded an increase of Rs. 115946 crores. The share of agricultural credit in total advances as of June 2018 was 23 percent against the national norm of 18 percent.

Agency-wise, broad sector-wise flow of ground level credit in Tamil Nadu during 2015-16 to 2018-19 is presented in Table 6. The total priority sector allocation by all banking sector in Tamil Nadu was increased. The target of total priority sector was increased from Rs. 135353 crore in 2015-16 to Rs. 197578 crore in 2018-19. The growth rate of target was increased to 31 percent over the years. The total priority sector's achievements were increased to Rs. 178784 crore in 2017-18 against to Rs. 142756 core in 2015-16. The growth rate of achievement by the banking sector was 20 percent.

Of that, commercial banks were distributing more priority sector lending in Tamil Nadu. The commercial banks have been achieved highest share of 86 percent during four years. These banks were target fixed at Rs. 117727 crore in 2015-16 to Rs.172304 crore in 2018-19. The growth rate of CBs was 32 percent increased. The total credit was achieved from Rs. 122905 crore to Rs. 155812 crore in 2017-18. These banks have increase their achieved to 21 percent. Out that, the total agricultural credit was increased from Rs.86121 crore to Rs.123017 crore. The percentage share of agriculture credit was achieved to 30 percent.

District-wise agriculture disbursement during April 2018 to March 2019 is shown in Table 7. Out of various districts in Tamil Nadu, the percentage share to total credit allocation by Coimbatore (5.46 percent), Madurai (5.30 percent), Tirunelveli (5.22 percent), Villupuram (4.59 percent), Cuddalore (4.55 percent) and Vellore (4.50 percent) recorded highest target fixed by the banking sector. On other hand, Ramanathapuram (1.99 percent), Tiruvallur (1.98 percent), Kancheepuram (1.95 percent), Ariyalur (1.76 percent), The Nilgiris (1.69 percent) and Karur (1.63 percent) are recorded lowest target fixed.

In terms of achievement, the percentage share of Coimbatore (5.63 percent), Trichirapalli (5.50 percent), Villupuram (5.41 percent), Madurai (5.27 percent), Tirunelveli (5.12 percent) and Vellore (5.09 percent) are

Table 6
Agency-Wise, Broad Sector-Wise Flow of Ground Level Credit in Tamil Nadu

Type of Loan	2015-16		2016-17		2017-18		2018-19	
	Target	Achievements %	Target	Achievements %	Target	Achievements %	Target	Achievements %
1. Crop Loan	61988	71684 116	66389	70417 106	79487	87860 111	88339	111
CBs	51779	60327 117	55377	59567 108	67597	73902 109	75518	109
SCB	6656	7520 113	7164	6795 95	7656	8948 117	8079	117
SCARDB	5	5 91	8	218 2599	8	60 723	209	209
RRBs	3297	3485 106	3584	3581 100	4227	4949 117	4499	117
Other Agencies	251	347 138	256	256 100	0	0 182	33	33
2. Term Loan MT + LT	24132	20172 84	29820	29938 100	32745	23529 72	34678	72
CBs	21274	17954 84	26002	26526 102	28868	20641 72	30503	72
SCB	1366	1140 83	1957	1452 74	2143	1628 76	2198	76
SCARDB	55	13 23	66	220 333	93	14 15	30	15
RRBs	1376	1034 75	1718	1664 97	1635	1246 76	1935	76
Other	62	31 51	77	77 100	5	0 0	12	0
3. Total Agri Credit (1+2)	86121	91856 107	96209	100355 104	112232	111389 99	123017	99
CBs	73053	78280 107	81379	86093 106	96431	94416 98	105598	98
SCB	8021	8660 108	9120	8247 90	9679	10482 108	10485	108
SCARDB	60	17 29	74	437 588	102	75 73	239	73
RRBs	4673	4520 97	5302	5245 99	5983	6197 104	6650	104
Other	313	378 121	333	333 100	5	0 8	45	8
4. Non-farm	24453	25094 103	28463	29761 105	34356	36757 107	38208	107
CBs	22398	23159 103	25529	27321 107	31409	34564 110	34808	110
SCB	908	829 91	1437	1055 73	1544	1051 68	2103	68

contd. table 6

Type of Loan	2015-16		2016-17		2017-18		2018-19	
	Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
SCARDB	13	1	48	145	23	4	18	16
RRBs	456	427	692	671	856	824	96	756
Other	678	679	757	569	523	314	60	524
5. Other Priority	25779	25806	26356	28265	32213	30638	95	36354
CBs	22275	21466	22612	24425	28258	26705	95	31898
SCB	2343	3330	2558	2618	2817	2729	97	3374
SCARDB	42	1	51	121	63	23	37	43
RRBs	728	755	744	694	883	1024	116	928
Other	391	254	391	406	193	156	81	110
6. Total Priority Sector	136353	142756	151028	158381	178801	178784	100	197578
CBs	117727	122905	129520	137840	156132	155812	100	172304
SCB	11272	12818	13116	11919	14159	14356	101	15962
SCARDB	115	19	173	704	187	102	54	298
RRBs	5858	5702	6738	6610	7601	8043	106	8335
Other	1381	1311	1482	1308	722	471	65	680

Source: State Level Banking Committee, Indian Overseas Bank, Chennai

Note: CBs-Commercial Banks, SCB-State Cooperative Bank, SCARDB- State Cooperative Agriculture Regional Development Bank

RRBs: Regional Rural Banks

Table 7
District wise Agriculture Disbursement during April 2018 to March 2019
(LBS MIS III) (No. of accounts in actual/Amt. in thousands)

Name of the Districts	Target		Achievements		Percent of Achievements	
	No	Amt	No	Amt	No	Amt
Ariyalur	307366	21495612 (1.76)	259385	20470271 (1.64)	84	95
Coimbatore	127363	66820000 (5.46)	129041	70160000 (5.63)	101	105
Cuddalore	742293	55695867 (4.55)	779174	58199953 (4.67)	105	104
Dharmapuri	368396	31652227 (2.59)	426389	34989400 (2.81)	116	111
Dindigul	115932	50876305 (4.16)	77357	58662960 (4.70)	67	115
Erode	264158	50171006 (4.10)	250865	53724500 (4.31)	95	107
Kancheepuram	480449	23807014 (1.95)	526351	23144166 (1.86)	110	97
Kanniyakumari	875444	50087710 (4.03)	866689	49586833 (3.98)	99	99
Karur	355802	19995585 (1.63)	379389	21785588 (1.75)	107	109
Krishnagiri	360081	38672258 (3.16)	429843	37954600 (3.04)	119	98
Madurai	167050	64815188 (5.30)	167125	65760984 (5.27)	100	101
Nagapattinam	315567	36849466 (3.01)	129606	18407371 (1.48)	41	50
Namakkal	396781	33436386 (2.73)	250521	35776221 (2.86)	63	107
Perambalur	253077	27150000 (2.22)	236647	25700931 (2.06)	94	95
Pudukkottai	532144	33000002 (2.70)	596006	3630000 (0.29)	112	11
Ramanathapuram	313696	24360134 (1.99)	316812	23792218 (1.91)	101	98
Salem	490756	45679734 (3.73)	434710	46622691 (3.74)	89	102
Sivaganga	313840	40512136 (3.31)	345224	45373592 (3.64)	110	112
Thanjavur	639889	50828203 (4.16)	646289	51112840 (4.10)	101	101
The Nilgiris	107840	20650000 (1.69)	119474	21889000 (1.76)	111	106
Theni	134859	40395800 (3.30)	135664	40645811 (3.26)	101	101
Thiruvallur	188436	24199219 (1.98)	186578	23318553 (1.87)	99	96
Thiruvarur	313050	24531600 (2.01)	323652	23983200 (1.92)	103	98
Thoothukkudi	334348	33053225 (2.70)	394868	33753043 (2.71)	118	102
Tiruchirappalli	525157	46067860 (3.77)	602498	68642739 (5.50)	115	149
Tirunelveli	1106352	63900640 (5.22)	998625	63844400 (5.12)	90	100
Tiruppur	124900	29030922 (2.37)	127040	29853774 (2.39)	102	103
Tiruvannamalai	644583	37490098 (3.06)	594983	38255126 (3.07)	92	102
Vellore	557872	55082465 (4.50)	469747	63436563 (5.09)	84	115
Viluppuram	955279	56117455 (4.59)	794158	67519974 (5.41)	83	120
Virudhunagar	396301	26810241 (2.19)	392283	27038711 (2.17)	99	101
Grand Total	12809061	1223234358 (100)	12386993	1247036013 (100)	97	102

Source: State Level Banker's Committee, IOB, Chennai. Note: bracket shows in percentage

recorded highest share of achievements in terms of agriculture credit in Tamil Nadu. On the contrary, Ramanathapuram (1.91 percent), Tiruvallor (1.87 percent), Kancheepuram (1.86 percent), The Nilgiris (1.76 percent), Karur (1.75 percent), Ariyalur (1.64 percent), Nagapattinam (1.48 percent and Pudukottai (0.26 percent) are recorded lowest achievements in terms of credit.

Table 8
Bank-wise Performance of Commercial Banks in Tamil Nadu during March 2019

<i>Bank</i>	<i>Deposits</i>	<i>Advances</i>	<i>Agri. Adv</i>	<i>% of Agri. Advance to Total Advance</i>
State Bank Group	141374	161713	22292	14
Nationalised Banks	313284	348691	98040	28
Other Public Sector Banks	9496	10977	2480	23
Private Sector Banks	278642	320838	41028	13
Regional Rural Banks	11257	11310	9685	86
Foreign Banks	17686	20196	879	4
Grand Total	771740	873725	174404	20
State Bank Group				0
State Bank of India	141374	161713	22292	14
Sub total	141374	161713	22292	14
Nationalised Banks				0
Allahabad Bank	2571	2504	152	6
Andhra Bank	7631	9094	915	10
Bank of Baroda	15867	25161	3071	12
Bank of India	12049	11379	2606	23
Bank of Maharashtra	1196	1324	36	3
Canara Bank	55985	71989	29407	41
Central Bank of India	10712	12061	3203	27
Corporation Bank	8472	14563	2851	20
Dena Bank	1294	1395	34	2
Indian Bank	82914	69522	25982	37
Indian Overseas Bank	67376	47202	17750	38
Oriental Bank of Commerce	2459	8690	162	2
Punjab National Bank	10746	24809	1225	5
Punjab & Sind Bank	572	1582	3	0
Syndicate Bank	9771	14406	4054	28
UCO Bank	3808	5683	857	15
Union Bank of India	12839	15386	3967	26
Vijaya Bank	6427	11234	1705	15
Sub total	313284	348691	98040	28
Regional Rural Banks				
Pandiyana Grama Bank	6155	6014	5270	88
Pallavan Grama Bank	5102	5296	4415	83
Sub total	11257	11310	9685	86
Private Sector Banks	278642	320838	41028	13
Foreign Banks	141374	161713	22292	14

Source: State Level Banker's Committee, IOB, Chennai

Table 8 is provided bank-wise performance of commercial banks in Tamil Nadu during March 2019. The percentage share of agriculture credit by commercial banks in the state is shows as 20 percent (Rs.174404 crore) during March ended 2019. The percentage shares of agriculture credit by nationalized banks are issued 56 percent of total agriculture credit. Followed by private banks are issued 24 percent of credit and 13 percent credit issued by State Bank of India. Nationalized banks, Private Banks and State Bank of India are issued the credit worth of Rs. 98040, crore, Rs. 41040 crore and Rs.22292 crore respectively. The percentage share of agriculture by Canara Bank, Indian Bank and SBI are recorded single largest issuer of Rs. 29407 crore, Rs.25982 crore and Rs. 22292 crore, respectively. On other hand, Punjab and Sindhi Bank, Dena Bank and Bank of Maharashtra are recorded lowest issue of credit to the farmers.

Table 9
Bank-wise Agriculture Advance by Commercial Banks in
Tamil Nadu (in Rs. Crores)

Name of Banks	March Ended 2018		March Ended 2019	
	Agriculture Advance	Percent of Agri. Advance	Agriculture Advance	Percent of Agri. Advance
State Bank Group	19639.86	15.81	22291.85	15.17
Nationalized Banks	87035.68	29.41	98040.41	30.10
Other Public Sector Banks	2347.16	16.52	2479.65	34.61
Private Sector Banks	38655.10	16.99	41027.87	15.11
Regional Rural Banks	7692.07	103.34	9685.46	105.59
Foreign Banks	1411.36	5.39	879.19	3.63
Grand Total	156781.22	22.54	174404.43	22.22
State Bank of India Group	19639.86	17.55	22291.85	15.17
Nationalized Banks				
Allahabad Bank	152.48	4.38	152.07	3.99
Andhra Bank	773.93	9.32	915.41	11.08
Bank of Baroda	2285.27	18.75	3071.40	14.60
Bank of India	2489.53	13.83	2606.01	23.12
Bank of Maharashtra	78.15	3.82	35.90	2.56
Canara Bank	26112.39	46.61	29406.80	46.92
Central Bank of India	3131.96	34.80	3203.34	26.27
Corporation Bank	2979.00	18.39	2850.91	18.37
Dena Bank	58.11	2.74	33.99	2.03
Indian Bank	20586.80	40.32	25982.16	42.75

contd. table 9

Name of Banks	March Ended 2018		March Ended 2019	
	Agriculture Advance	Percent of Agri. Advance	Agriculture Advance	Percent of Agri. Advance
Indian Overseas Bank	16102.25	37.91	17750.20	38.43
Oriental Bank of Commerce	547.13	10.74	162.45	2.56
Punjab National Bank	1142.74	5.29	1225.40	5.36
Punjab & Sind Bank	2.40	0.12	3.26	0.18
Syndicate Bank	3547.98	24.90	4053.52	27.34
UCO Bank	765.36	13.11	857.35	15.19
Union Bank of India	4678.93	26.54	3966.79	21.37
United Bank of India	106.00	4.70	58.63	7.25
Vijaya Bank	1495.27	23.15	1704.82	16.96
Sub total	87035.68	29.41	98040.41	30.10
Other Public Sector Banks				
IDBI Bank Ltd.	2347.16	16.52	2479.65	34.61
Regional Rural Banks				
Pandiyana Grama Bank	4507.09	99.92	5270.31	101.05
Pallavan Grama Bank	3184.98	108.61	4415.15	111.58
Sub total	7692.07	103.34	9685.46	105.59
Private Sector Banks				
Sub total	38655.10	16.99	41027.87	15.11

Source: State Level Banker's Committee, IOB, Chennai

Bank-wise agriculture advance by commercial banks in Tamil Nadu during 2018 and 2019 is given in Table 9. The amount of agriculture advance was increased to Rs. 174404 crore during 2019 against to Rs. 156781 crore during 2018. The amount has increased to Rs. 17623 crore during two years. During 2019, Nationalised Banks and Private sector Banks and SBI were issued credit worth Rs 98040 crore, Rs. 41027 crore and Rs.22292 crore respectively. Canara Bank, Indian Bank and Indian Overseas Bank was issued the highest credit Rs.29404, Rs.25982 and Rs. 17750 crore respectively. On the other hand, Punjab and Sindhi Bank, Dena Bank and Bank of Maharashtra were issued lowest credit in Tamil Nadu.

V. SUMMARY AND CONCLUSIONS

In Tamil Nadu, the advances of banking sector was increased from Rs. 247264 crore in 2008 to Rs. 789189 crore in 2018. The percentage share of agricultural advances to total advances was increased from Rs.33070 crore to Rs.160453 crore, which was increased from 14.41 percent to 23 percent.

The total priority sector lending during 2015-16 stood at Rs. 1,42,756 crore as against the target of Rs. 1,36,353 crore. During 2017-18, the achievement is to Rs. 1,78,784 crore as against the target of Rs. 1,78,801 crore. During 2018-19, the target fixed at 197,578 crore. Commercial banks are issued highest credit to farmers. The target of commercial banks was increased from Rs. 117,727 crore during 2015-16 to Rs.172302 crore during 2018-19. The target of credit by CBs was increased to 32 percent. Whereas, the achievement of commercial banks were increased from Rs.122905 crore in 2015-16 to Rs. 155812 crore in 2017-18. The achievement was increased to 21 percent over the four years.

The share of agriculture advances to total credit has gone up from 16.50 percent in September 2009 to 23.07 percent in June 2018. Priority sector advances of commercial banks including foreign banks have gone up from Rs.111865 crores during September 2009 to Rs. 357739 crore during June 2018. There by showing an increase of Rs. 245874 crores, it represents 51.44 percent growth. The share of Priority Sector credit to total credit, as at the end of June 2018 was 51.44 percent as against the national norm of 40 percent.

The aggregate agricultural advances extended by Banks in Tamil Nadu have increased from Rs.44507 crores during September 2009 to Rs.160453 crores during June 2018, it recorded an increase of Rs. 115946 crores. The share of agricultural credit in total advances as of June 2018 was 23 percent against the national norm of 18 percent. The commercial banks have been achieved highest share of 86 percent during four years. These banks were target fixed at Rs. 117727 crore in 2015-16 to Rs.172304 crore in 2018-19. The growth rate of CBs was 32 percent increased. The total credit was achieved from Rs. 122905 crore to Rs. 155812 crore in 2017-18. These banks have increase their achieved to 21 percent. Out that, the total agricultural credit was increased from Rs.86121 crore to Rs.123017 crore. The percentage share of agriculture credit was achieved to 30 percent.

In terms of achievement, the percentage share of Coimbatore (5.63 percent), Trichirapalli (5.50 percent), Villupuram (5.41 percent), Madurai (5.27 percent), Tirunelveli (5.12 percent) and Vellore (5.09 percent) are recorded highest share of achievements in terms of agriculture credit in Tamil Nadu. On the contrary, Ramanathapuram (1.91 percent), Tiruvallor (1.87 percent), Kancheepuram (1.86 percent), The Nilgiris (1.76 percent), Karur (1.75 percent), Ariyalur (1.64 percent), Nagapattinam (1.48 percent and Pudukottai (0.26 percent) are recorded lowest achievements in terms of credit.

The percentage share of agriculture credit by commercial banks in the state is shows as 20 percent (Rs.174404 crore) during March ended 2019.

The percentage shares of agriculture credit by nationalized banks are issued 56 percent of total agriculture credit. Followed by private banks are issued 24 percent of credit and 13 percent credit issued by State Bank of India. Nationalized banks, Private Banks and State Bank of India are issued the credit worth of Rs. 98040, crore, Rs. 41040 crore and Rs.22292 crore respectively. The percentage share of agriculture by Canara Bank, Indian Bank and SBI are recorded single largest issuer of Rs. 29407 crore, Rs.25982 crore and Rs. 22292 crore, respectively. On other hand, Punjab and Sindhi Bank, Dena Bank and Bank of Maharashtra are recorded lowest issue of credit to the farmers.

REFERENCES

- All India Debt & Investment Surveys, Various Issues, NSSO.
- Annual Report (Various Years) National Agricultural Banking Agriculture and Rural Development, 2018.
- Devaraja T.S. (2011). An Analysis of Institutional Financing and Agricultural Credit Policy in India, Working Paper, UGC, 2011.
- Directorate of Economics and Statistics, *Agricultural Statistics at Glance*, (Annual issues from 1970-2008) Ministry of Agriculture and Cooperation, Govt. of India, New Delhi.
- Government of India Budget 2018-19, Agriculture.
- M. Alexpandi and S. Rameshkumar (2014). Utilisation and Repayment of Agricultural Credit: The Case of Madurai District, Tamil Nadu, *Journal of Rural Development*, Vol. 33 No. (2) NIRD, Hyderabad.
- NABARD, *Databank* (various issues) National Bank for Agriculture and Rural Development, Mumbai, India.
- National Bank for Agriculture and Rural Development, National Federation of State Co-operative Banks.
- Padma. R and P. Senthil Kumar (2018). A Study on Farmers Perception towards Agriculture Finance in Coimbatore District, *IRJIF*, Volume : VI, Issue : 20 | July - September 2018 ©
- Rav Singh Lakra (2011). Association of Psycho-social factors with Constraints in Credit Management by farmers. *The Journal of Rural and Agricultural Research*, (11)2: 63-66.
- Revathy N & Thilagavathi M (2016). Empirical Study on Determinants of Agricultural Investment Credit Demand among Farm Households, *Amity Journal of Agribusiness*, 1(2), (27-37).
- Satyasai (2008). Rural credit delivery in India: structural Constraints and Some Corrective Measures, *Agricultural Economic Research Review* 2008; 21: 387-394.
- Saugandh Datta and Anirban Ghosh (2013). Explaining Access to Credit by Rural Households: Results based on a Study of Several States in India, Indian Institute of Management Ahmadabad, India, W.P. No. 2013-02-03, February.

- Sharma, Bala (2007). Access to Credit-A Study of Hill Farms in Himachal Pradesh. *Journal of Rural Development*. 2007; 26(4): 483-501.
- State Level Banker's Committee, Indian Overseas Bank, Chennai, Tamil Nadu, (2013, 2018).
- T. Snekalatha (2017). A study on customers awareness and satisfaction about agricultural credit provided by State Bank of India (with special reference to Tirupur district) *International Journal of Applied Research* 2017; 3(6): 1014-1016.