

AGRICULTURAL FINANCE PROVIDED BY SCHEDULED COMMERCIAL BANKS IN HARYANA

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Abstract

Government of India (GOI) make a target for financing 50 lakh new farmers annually but Government is failed to achieve this target. GOI also failed to provide loan upto Rs. 3 lakh at 7% rate of interest. In the present era non-institutional factor play a dominate role to provide finance to farmer. Other side 3-4 crore defaulting farmers expected to avail benefit & become eligible for fresh finance due to corruption or their political relation. Decline in credit flow - Agriculture credit declined from Rs. 66,888 cr., during Apr.-July '07 to Rs.54,179 cr., during the corresponding period of 2008-09. No of farmers financed declined from 159 lakhs to only 98 lakhs during the same period. New accounts financed declined from 21 lakhs to 15 lakhs. Significant economic changes/increasing diversification in agriculture. In India there is 11 crore farmers but nearly 7 crore farmers issued KCCs; there is a lot of scope for issue of more KCCs. Short term and Medium term finance fulfill 55% to 60% of farm credit by commercial and co-operative banks in India. Rescheduling of loans and relief packages are not helping farmers. Crop Insurance is not farmer friendly. They required Govt. Support. It is very difficult to sustain agricultural credit at 7% considering hardening of market interest rates, unless GoI continues to provide subvention. Cooperative Banks suffer from structural and financial weaknesses; Governmental should interference, because they are facing the problem of lack of professionalism, good governance and adequate infrastructure, etc. Agriculture extension is a major issue in India as well as Haryana. It is increasing very fastely.

Introduction

Nature of agricultural operations is such that forming cannot be done without occasional doses of outside finance. Whereas the return is seasonal, the investment is required to be spread over a period. A part from the need for credit to support subsistence farming in backward areas, the need of credit has become greater in areas where ambitious programmes of high-yielding varieties, mechanization and modernization of agriculture have been launched. It has been the experience in Haryana that whereas the farmers are generally aware of the use of commercial fertilizers, hybrid seeds, plant protection measures, But they are not able to apply these inputs in adequate doses unless they don't get by adequate credit.

Relevance of Agricultural Finance

Adequate amount of capital investment in agriculture has emerged as vital importance for launching various development programmes. It may be recalled that, in India, 62 percent of total cropped area is being done on a subsistence level. In this context, credit has greater relevance in view of the fact that wide-spread use of modern technology depends largely on external finance.

The National Commission on Agriculture, therefore, emphasized the problem of agricultural finance that credit is one of the most important instruments of the development and the farmers would not have any access to the fruits of science and technology without adequate finance resources. Infact, shortage of capital and its sub-optimum allocation among farmers in less developed countries, has rather to be solved through improving the supply of credit. Accordingly the problem of agricultural finance has been envisaged of immense significance in nation's five years plans.

Agricultural finance plays a pivotal role in the production-processes of agriculture such as purchase of inputs; sale of output; improvement in land; development of agriculture etc. Its right quantity and right kind contribute to agriculture development immensely. It consists in enlarging the net cultivable area by bringing waste and fellow land under cultivation, providing the manure and chemical fertilizers, protection of land, the provision of irrigation, making large amount of fixed and working capital available to agriculture, changing farm organizations, enlarging its share of gross national product and increasing labour returns in agriculture.

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Adequate and timely finance enhances the withholding capacity cultivators and their bargaining position- with the increase in the holding capacity of the cultivators, the huge post-harvest market glut may be avoided. A major factor in lowering the agricultural prices just after the harvest right type of credit penetrates into agriculture and injects an element of healthy competition and concrete commercial calculations in farm operations. It turns agriculture into a way of living as distinct from its way of life. Credit thus, supports the farmers as the hangmen's rope supports the hanged.

Finance must be provided first and foremost if we want to increase the production in the shorter time. It will enable the farmers to buy more labour, saving equipment more seeds and more fertilizers.

Further, finance plays an important role in agricultural sector due to seasonal and traditional character of agricultural but the consumption character of farmer has steady pattern. This necessitates that either farmers should have saving from the previous harvest or borrow against a future harvest. Mellor correctly opines, "The demand for credit arises largely from the seasonal cycle of agricultural production which is superimposed on a largely perpetual and steady pattern of continuous consumption.

Finance to agriculture participates actively and intensively in the development of agriculture. Because it assists in the financing of activities connected with the production, supply, transport and distribution of inputs for agricultural production, marketing and storage of agricultural produce, farm mechanization, animal husbandry, forestry and all other activities connected with agriculture.

The credit support extended by banks in the field of agriculture encompasses short-term crop loans for raising crops, and medium and long-term loans for financing production and development needs. Agricultural finance helps to a great extent in the modernizing agriculture, augmenting production and improving the economic condition of the small and marginal farmers. The implementation of land reforms and recent green revolution has necessitated timely and adequate financial investment in agricultural operations. The agricultural finance, thus, helpful in:-

- a) To increase agricultural production;
- b) To fill up the existing credit gap in the field of agricultural;
- c) To assist cultivators in adopting modern methods of cultivation;
- d) To fulfill the credit requirement of the agricultural sectors.

The financial support to small farmers enables them to become viable cultivators. For instance, in areas where the subsoil the water level is high due to these small cultivators must be supported by the adequate finance so as to convert his dry holding into wet holding. With a pump set loan, the cultivators can change the cropping pattern into double or even multiple cropping activity.

Agricultural finance, thus, is a nucleus of the system of farm operations. It provides a flow to the system averting ruin which would have occurred due to the lack of monetary capacity of a farmer. Adequate and timely credit for the farmer may be a vital and indispensable for the rehabilitation and progress of agriculture.

Need of Agricultural Finance

Farmers need money for many purposes because they have not adequate source of finance. Some of them can be enumerated as under:

1. To purchase seeds, manure and fertilizer, bullocks & cattle, implements of farm, machinery and develop the irrigation facilities through sinking of new wells renovation of old wells installation of pump sets tube- well, installation of lift irrigation system on rivers etc.
2. To fill up the existing credit gap in the field of agricultural.
3. To meet cultivation expenses where they employ labour, ploughing the farms and threshing the harvest.
4. To undertake land reclamation and development works, soil and moisture conservation works land-leveling, land shaping.
5. To lay out field channels and drainage.
6. To construct the farm structures such as cattle-shed, silo-pits, cold storages, fencing, gober gas plants etc.
7. To meet the unexpected expenditure on illness, religious festivals and for disasters like crop failure as no surplus from current income and generally available.
8. To assist cultivators in adopting modern methods of cultivation;
9. To fulfill the credit requirement of the agricultural sectors.

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Objectives of the Study

1. To study the role of SCBs in agriculture developments in Haryana.
2. To evaluate the performance of SCBs in providing agricultural finance.
3. To analysis the trends of agricultural finance and agriculture development.

The present study is based only on the secondary data that has been collected through various sources as like: Economic survey, CMIE of money and banking, Statistical abstract, Banking Statistical tables, Agriculture reports, NABARD, RBI publications ect.

Various statistical tools such as tabulation, percentage, ratio analysis, average growth rate, graphs and diagrams have been used for the purpose of analyzing the financial data in present study.

In the face of growing there is a need of rural credit especially after the technological breakthrough in seed, fertilizer, technology and expansion of irrigation. It is realised that they're own finance and co-operative credit, alone would not be able to meet credit requirements of farmers and it is necessary to adopt a multi-agency approach to rural lending. So that banks were nationalised at various times. The banks may be plays a significant role in the rural development in India.

Non-institutional sources like moneylenders, landlords, trader's etc. accounted for 93 percent of the total credit requirement in 1951-52, which was being provided at high rate of interest (from 24% to 60%) Institutional sources i.e. banks including the Govt. accounted for only 7 percent of the total credit needed in that year.

The All India Debt and Investment Survey (1981), estimated that the share of non-institutional sources had slumped to 37 percent in 1981 and moneylenders were accounting barely 16 percent. The share of institutional credit had jumped to 63 percent and co-operatives were contributing 30 percent and commercial banks about 29 percent. The Government and the RBI had shown keen interest in strengthening and expanding co-operative and commercial banks to meet the growing demand for agricultural credit.

Haryana is a small state which is relatively backward area of the farmers in comparison to well develop state of Punjab. It made rapid progress in the field of agriculture development since its existence in 1966 and after it has achieved a prestigious position in comparison to other advanced states of the Indian with 1.4% of the total geographical areas of the country. It contributes more than 5% of the total food grains produced in the country.

Haryana is one of those states which has repeated the benefit of "Green Revolution" and has attained a very high rate of agricultural production. Since 1947 the scope for bringing more area under cultivation that was limited before green revolution. Efforts were intensified towards increasing the yields per unit of area, through an increase in irrigation facilities and cropping intensity.

Due to use of farm machinery, chemical fertilizers and high yielding varieties of seeds need of credit in agriculture sector is increasing day by day. All these efforts resulted in boosting agricultural production. As a result the production of food-grain of the state has increased from 25.92 lakh tones in 1966-67 to 129.94 lakh tones in 2005-06 i.e. more than four time increase over the year 1966-67. This chapter aims at analyzing the growth and development that took place in the state Haryana during the study period.

Agriculture Development under five years plans

After the initiation of planning in India the agricultural sector developed on an average of 3 percent. A huge amount is invested in every five year plans to make self-sufficient in foodgrain.

The food grain production was mere 54 million tones at the time of 1950-51 that has been increased 243 million tones during the year 2004-05. All most all the factors of agriculture have been brought within the preview of five years plans such a irrigation and flood control, agricultural inputs, soil and water conservation, animal husbandry and daring, fisheries, forestry, agricultural marketing and rural godowns, agricultural finance institutions, land reforms, co-operation, agricultural research and education, special area programmes etc.

Large resources have been devoted to agricultural sector in our five years plans so that study and sustained all round development in agriculture can be attained. The plan outlay on agriculture and agricultural growth rate is depicted in the following table 1.

Table 1- Plan outlay& Growth Rate of Agriculture in Haryana (Rs. in crore)

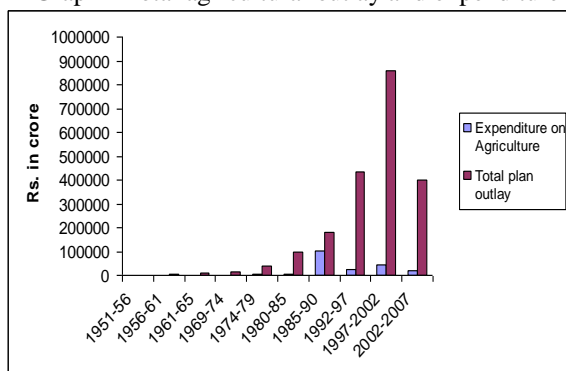
Plans	Expenditure on Agriculture	Total plan outlay	Growth Rate (Agriculture)
1951-56	354	2378	14.9
1956-61	501	4500	11.3
1961-65	1089	8577	12.7
1969-74	2320	15779	14.7
1974-79	4845	39462	12.3
1980-85	5695	97500	5.8
1985-90	100525	180000	5.9
1992-97	22467	434100	5.2
1997-02	42462	859200	4.9
2002-07	20668	398890	5.2
2007-12	1719.68	35000	NA
2012-17	NA	175760	NA

Sources:- Economic Survey of Haryana 2000 to2012

NA= data is not available.

Table 1 clearly depicts that the share of agriculture sector in total plan outlay has increased from 2378 crore in 1951-56 to 398890 crores in 2002-07 during the planning period. The growth rate of agriculture sector has declined with the decline in the percentage share of plan outlay on this sector. It declined from 14.9 percent in first five year plan to 5.2 percent in 12th five year plan. But the total volume of plan expenditure on agriculture has increased from Rs. 354 crore to 20668 crores during the same period.

Graph - Total agricultural outlay and expenditure



SCBs Credit to Agriculture

Agriculture is the main stay of the people in Haryana. The development of agriculture based on the utilisation of manpower resources of rural people, and maximum utilisation of land, holds the key to the rapid economic development of rural areas in the state. Since, mineral wealth of the district is insignificant and the growth of the industries is inadequate. Therefore, agriculture and allied (activities) sector plays an important role in providing gainful employment and to increase the level of living of the people in Haryana. To develop the living standards of rural people, to get gainful employment to generate and supplement their income and to cross the poverty line, growth of agriculture is a pre-requisite. In the face of growing there is a need of rural credit especially after the technological breakthrough in seed, fertilizer, technology and expansion of irrigation. It was realised that they're own finance and co-operative, alone would not be able to meet credit requirements and it is necessary to adopt a multi-agency approach to rural lending. So that banks were nationalised at various times. The banks may be plays a significant role in the rural development in India as well as Haryana.

Extent of Finance to Agriculture

Bank Finance to agriculture sector is classified in to two broad categories:

1. Direct Finance
2. Indirect Finance

Direct Finance includes

Direct finance comprises the credit provided direct to agriculturists for financing their production and developmental needs etc. viz.

- (1) Purchase of Agricultural inputs and machinery;
- (2) Development of irrigation facilities;
- (3) Construction of farm building;
- (4) Construction of storage facilities;
- (5) Dairy development and animal husbandry;
- (6) Development of Poultry and Piggery;
- (7) Development of land etc.

Indirect Finance includes

- (1) Credit for financing distribution of fertilizers, pesticides and seeds;
- (2) Loans to Electricity Boards to reimburse them for providing low tension connections from step down point to individual farmers for energination of wells;
- (3) Loans to farmers through primary agricultural credit societies;
- (4) Loans to various other agencies in indirectly with agriculturists.

In Haryana like other parts of the country the SCBs has helped the farmers directly quite much more than helped indirectly. In this sort of financing the farmers get the finance directly and the relation of lender and loanees figures directly between the bank and the farmer. SCBs in Haryana has played a significant role in agricultural since nationalization of banks. The year-wise progress of agricultural Advances of commercial banks in Haryana is presented in Table No. 2. The table 2 reveals that SCBs advances to agriculture have increased significantly. The volume of agricultural ad-

vances in the state has increased from Rs 1145 crores in 1996-97 to Rs. 15688 crores in 2009-10, registering an increase of 13.7 times. Number of borrowing cultivator accounts has also increased from 413271 in 1996-97 to 811083 in 2009-10, showing an increase of 2 times in the same period. The growth rate of agricultural advances varies between 5.66 to 46.25 during the study period. The growth rate of agricultural advances which stood at 44.47 in year 2001-02 but decreased to level 14.48 in year 2002-03 and again increased to level 46.25 in year 2005-06.

Table 2 No. of Borrowers from SCB's in Haryana for Agricultural

Year	Total no of Borrowers	No of Direct	%age of Direct	No of Indirect	%age of Indirect
1996-97	413271	408607	98.87	4664	1.13
1997-98	361869	356218	98.44	5651	1.56
1998-99	351968	346590	98.47	5378	1.53
1999-00	415074	407083	98.07	7991	1.93
2000-01	484381	476585	98.40	7796	1.60
2001-02	443483	430594	97.10	12889	2.90
2002-03	422015	412886	97.84	9129	2.16
2003-04	479692	468911	97.76	10781	2.24
2004-05	534368	522686	97.84	11882	2.16
2005-06	600838	589639	98.15	11199	1.85
2006-07	663115	650891	98.16	12224	1.84
2007-08	696622	686255	98.51	10367	1.49
2008-09	772630	751698	98.59	10932	1.41
2009-10	811083	800441	98.69	10642	1.31

Source: Money & Banking, Centre for Monitoring Indian Economic 2001 to 2011

The table depicts that indirect advances of SCBs to agricultural sector in Haryana is showing fluctuating trends. The numbers of borrower's for indirect accounts also showing fluctuating trends. Numbers of borrower's for indirect accounts was lowest (4664) in 1996-97 and highest (12889) in 2001-02. It also shows that the percentage of borrowers for indirect accounts is in fluctuating trends. The highest percentage of borrower's indirect accounts is 2.90 in 2001-02 and lowest is 1.13 in 1996-97.

This is a settled fact that direct agricultural advances are more meaningful to the farmers and farming both; that is why in Haryana much of agriculture advances have been given away in the form of direct agricultural advances. The direct agricultural advances provided by the SCBs to the farmers are given in the table 3. Table 3 has been presented to show the participation of direct advances to agricultural advances during the study period.

Table 3- Direct & Indirect Agriculture Advances of SCBs in Haryana (Rs in Crores)

Year	Total Agricultural Advances	Direct Advances	% Share of Direct Advances	Indirect advances	% Share of Indirect Advances
1996-97	1145	1020	89.00	126	11
1997-98	1210	1121	92.60	90	7.40
1998-99	1468	1370	93.20	99	6.80
1999-00	1730	1630	94.16	101	5.84
2000-01	1898	1787	94.15	111	5.85
2001-02	2742	2107	76.80	635	23.20
2002-03	3119	2753	88.27	366	11.73
2003-04	3952	3414	86.30	584	13.70
2004-05	4872	4268	87.60	603	12.40
2005-06	7125	5938	83.34	1187	16.66

2006-07	9904	7869	79.45	2035	20.55
2007-08	11049	8648	78.27	2401	21.73
2008-09	12492	10102	80.86	2391	19.14
2009-10	15688	12462	79.44	3226	20.56

Source: Various Money and Banking CMIE, 1996 to 2011.

Table 3 shows that there is increasing trends in direct agricultural advances of SCBs during the period of study. Direct agricultural advances in the state Haryana has increased from Rs. 1020 crore in 1996-97 to Rs. 12642 crores in 2009-10, registering an increase of 12 times while the number of borrower's accounts has increased from 408607 in 1996-97 to 800441 showing increase of 51 percent during the same period. The numbers of borrower's accounts are showing fluctuating trends up to 2002-03 and after that it is increasing trends.

Table explains clearly that the percentage share of direct agricultural advances in total agricultural advances is more than 78 percent throughout the study period except year 2001-02. It means the credit requirement of the farmers are directly assessed and met by the SCBs. The direct agricultural advances have been grown at a faster rate than the growth in number of accounts. The percentage share of direct advance is the highest with 94.11 percent in 1999-00 and lowest with 76.80 percent in 2001-02.

Comparative Position of Direct Agricultural Advances

Scheduled SCBs in India has made all efforts to procure finance to the farmers and in this process the direct financing has been the main stay. Table 4 incorporates that the percentage of direct agriculture advances in relation to total advances. To evaluate the performance of SCBs in Haryana the comparative data for the whole country has also been presented in this table. The study of this table will give the basis of role of SCBs in agricultural financing in the state of Haryana.

Table 4 - Agricultural Advances in Haryana as well as India (in %age)

Year	Haryana	India
2003-04	21.66	10.93
2004-05	20.97	10.79
2005-06	20.75	11.41
2006-07	23.84	11.82
2007-08	22.08	11.34
2008-09	19.41	10.87
2009-10	18.87	11.67

Source: Money and Banking CMIE 1996 to 2011

Table 4 explicit that agricultural advances in Haryana as well as all India. It shows that whole study period Haryana remain greater than the corresponding figure for India. The percentage share of agricultural advances of the SCBs in Haryana is declining while it is fluctuating in India. In Haryana, it declined from 21.66 percent in 2003-04 to 18.87 percent in 2009-10. Result shows that SCBs has no keen interest in agriculture advances while demand of agricultural advances is increasing day by day due to commercialization and modernization of agricultural sector. In case of India it was lowest 10.79 percent in 2004-05 and highest 11.82 percent in 2006-07. Indirect finance to agricultural sector by SCBs are principally concerned with assistance to individual agencies undertaking the distributions of fertilizers and other inputs, financing to primary agricultural credit co-operating societies and loans to electricity boards for their well energisation programme. It may be recalled that the entry of SCBs in the field of agricultural finance directly outpaced the indirect financing to the agricultural sector.

Comparative Analysis

To evaluate the performance of commercial banks in Haryana as well as all India's comparative data has been presented in total no 5.

Table 5- Direct & Indirect Agricultural Advances of Total Advances of SCB's in Haryana as well as India (in %age)

Year	Indirect		Direct	
	Haryana	India	Haryana	India
1996-97	2.22	1.55	18.06	11.25
1997-98	1.32	1.44	16.56	9.25
1998-99	1.26	1.82	17.57	8.88
1999-00	1.11	1.54	17.91	8.38
2000-01	1.03	1.54	16.62	8.06
2001-02	4.92	2.53	16.35	7.23
2002-03	2.33	2.23	17.57	7.81
2003-04	2.95	2.97	18.70	7.96
2004-05	2.59	2.58	18.37	8.21
2005-06	3.45	3.18	17.29	8.23
2006-07	4.90	3.01	18.94	8.80
2007-08	4.80	2.55	17.28	8.79
2008-09	3.71	2.49	15.70	8.38
2009-10	3.88	2.79	14.99	8.87

Source: Money & Banking, CMIE, 2001 to 2011.

It is clear from the table 5 that Haryana is better position in the percentage share of indirect agricultural advances to total advances in comparison to all India in whole study period. In case of Haryana the highest percentage of indirect agricultural advances to total advances is 4.92 percent in 2001-02 and lowest 1.03 percent in 2000-01. While in case of all India the highest percentage of indirect agricultural advances to total advances is 3.18 percent in 2005-06 and lowest 1.44 percent in 1997-98.

Table explains that the total percentage share of direct agricultural financing in Haryana all over the study period remain greater than the corresponding figure for India. The percentage share of direct agricultural advances in the total advances of the SCBs in Haryana as well as in India is declining. In Haryana, it declined from 18.06 percent in 1996-97 to 14.99 percent in 2009-10. Result shows that SCBs has no keen interest in agriculture advances while demand of agricultural advances is increasing day by day due to commercialization and modernization of agricultural sector. In India it also has declined from 11.25 percent in 1996-97 to 8.87 percent in 2009-10.

Table 6- Agricultural Credit through Plans in Haryana (Rs. in Crores)

Year	Target	Achievement	% age Achievement
1998-99	2516	2523	100
1999-00	3025	3141	104
2000-01	3578	3754	105
2001-02	4264	4219	99
2002-03	4778	4798	100
2003-04	5821	6029	104
2004-05	4989	5070	102
2006-07	6139	6138	100
2008-09	8415	5646	67
2009-10	9014	9739	108
2010-11	11103	13748	124
2011-12	15823	13450	85

Source: Money & Banking, CMIE, 2001 to 2011.

The table 6 depicts the agricultural credit through plans in Haryana. Table shows that there is increasing trends in agricultural credit through plans in Haryana of SCBs during the period of study. Agricultural credit target and achievement through plans has increased from 2516 crore and 2523 crore in 1998-99 to 15823 crore and 13450 crore in 2011-12 respectively. The target and achievement has increased 6.3 & 5.3 times respectively during the study period. The percentage of achievement shows the fluctuating trends during study period.

Findings and Suggestions

In the rural areas most of the households are illiterate and tradition bound. Adding to this difficulty is the uncertainty about farm production owing to dependence on rainfall and weather conditions. All these factors mean that where as many of the low-income households are not in a position to borrow at a higher rate of interest, the risk involved and the cost of servicing such a large number of small loans in remote and far-flung villages would necessitate the credit agencies to keep themselves at an arm's length. In an adverse situation like this, the lending agencies are generally reluctant to finance the poorer groups.

Finding Regarding Institutional Finance to Agriculture

Study finds that scheduled commercial banks advances to agriculture have increased significantly. The volume of agricultural advances in the state has increased from Rs 1145 crores in 1996-97 to Rs. 15688 crores in 2009-10, registering an increase of 13.7 times. Number of borrowing cultivator accounts has also increased from 413271 in 1996-97 to 811083 in 2009-10, showing a increase of 2 times in the same period. The growth rate of agricultural advances varies from 5.66% to 46.25% during the study period. The growth rate of agricultural advances which stood at 44.47 in year 2001-02 but decreased to level 14.48 in year 2002-03 and again increased to level 46.25 in year 2005-06.

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Study finds that in whole study period Haryana remain greater agricultural advances in comarisation in India. The percentage share of agricultural advances of the SCBs in Haryana is declining while it is fluctuating in India. In Haryana, it declined from 21.66 percent in 2003-04 to 18.87 percent in 2009-10. Result shows that SCBs has no keen interest in agriculture advances

while demand of agricultural advances is increasing day by day due to commercialization and modernization of agricultural sector. In case of India it was lowest 10.79 percent in 2004-05 and highest 11.82 percent in 2006-07.

We find that the percentage share of direct agricultural advances in the total advances of the SCBs in Haryana as well as in India is declining. In Haryana, it declined from 18.06 percent in 1996-97 to 14.99 percent in 2009-10. In India it also declined from 11.25 percent in 1996-97 to 8.87 percent in 2009-10.

Researcher found that an indirect advance of SCBs to agricultural sector in Haryana is showing fluctuating trends. The numbers of borrower's for indirect accounts also showing fluctuating trends. Numbers of borrower's for indirect accounts was lowest (4664) in 1996-97 and highest (12889) in 2001-02. It also shows that the percentage of borrowers for indirect accounts is in fluctuating trends. The highest percentage of borrower's indirect accounts is 2.90 in 2001-02 and lowest is 1.13 in 1996-97.

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Study finds that there is increasing trends in agricultural credit through plans in Haryana of SCBs during the period of study. Agricultural credit target and achievement through plans has increased from 2516 crore and 2523 crore in 1998-99 to 15823 crore and 13450 crore in 2011-12 respectively. The target and achievement has increased 6.3 & 5.3 times respectively during the study period. The percentage of achievement shows the fluctuating trends during study period.

Suggestions of the Study

The issue of farmers' indebtedness becomes a matter of intense debate whenever the agricultural sector faces distress. But, the root cause of the current crisis is not indebtedness alone - indebtedness is just a symptom. The underlying causes are stagnation in agriculture, increasing production and marketing risks, institutional vacuum and lack of alternative livelihood opportunities. In fact, the credit needs of the agricultural sector have vastly expanded in the wake of its modernisation and commercialisation. There is an urgent need to ex-

pand the production base of agriculture with emphasis on small and marginal farmers so as to integrate them with mainstream development. This calls for appropriate technological innovations, institutional alternatives and introduction of novel instruments of intervention.

There is large scope for institutional agencies to expand the credit base of farm households further. Institutional credit availability to agriculture should be increased, excluded sections of the farmer households be brought into its ambit and a qualitative improvement in the credit delivery arrangements be brought about. The debt burden of farmers to informal sources should be reduced by formalising it through transferring the informal debt to formal institutions.

Policy interventions and institutional reforms may be essential for resolving the farm crisis, which go beyond the credit delivery system. In the long-term interest of the financial system, a positive repayment culture for bank loans deserves to be actively promoted. There should be a sound system of incentives for prompt repayment.

A major factor contributing to agrarian distress is the collapse of R&D and extension systems. The Expert Group recommends that major efforts should be made to intensify agricultural research in frontier areas like bio-technology through increased investment. These are as like:

1. The direct agricultural advances in Haryana should be increased in terms of volume by SCBs.
2. The study finds that the indirect agricultural advances of total advances of SCBs in Haryana as well as India are less than five percent throughout study period. It is suggested that the percentage of indirect agricultural advances is increase.
3. The bank management should keep constant contract with the borrowers at a regular interval and motivate them to make timely payment by offering rebate on interest.
4. The SCBs should reduce the delays in sanctioning of loans.
5. The SCBs should alter the schemes for advancing the loans as per the requirements of agriculturists from time to time.
6. The employees of bank should avoid "I don't Care" or "Don't bother me" type attitude towards customers. There "How should I help you" attitude will help in improving the present situation.

Conclusion

Government of India (GOI) make a target for financing 50 lakh new farmers annually but Government is failed to achieve this target. GOI also failed to provide loan

upto Rs. 3 lakh at 7% rate of interest. In the present era non-institutional factor play a dominate role to provide finance to farmer. Other side 3-4 crore defaulting farmers expected to avail benefit & become eligible for fresh finance due to corruption or their political relation. Decline in credit flow - Agriculture credit declined from Rs. 66,888 cr., during Apr.-July '07 to Rs.54,179 cr., during the corresponding period of 2008-09. No of farmers financed declined from 159 lakhs to only 98 lakhs during the same period. New accounts financed declined from 21 lakhs to 15 lakhs. Significant economic changes/increasing diversification in agriculture. In India there is 11 crore farmers but nearly 7 crore farmers issued KCCs; there is a lot of scope for issue of more KCCs. Short term and Medium term finance fulfill 55% to 60% of farm credit by commercial and co-operative banks in India. Rescheduling of loans and relief packages are not helping farmers. Crop Insurance is not farmer friendly. They required Govt. Support. It is very difficult to sustain agricultural credit at 7% considering hardening of market interest rates, unless GoI continues to provide subvention. Cooperative Banks suffer from structural and financial weaknesses; Governmental should interference, because they are facing the problem of lack of professionalism, good governance and adequate infrastructure, etc. Agriculture extension is a major issue in India as well as Haryana. It is increasing very fastely.

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