



Banks participation in agricultural development

Ashok Kumar Sahoo

Ph.D. Scholar in Commerce, Gangadhar Meher University, Sambalpur, Odisha, India

Abstract

This study reflects the contribution of banks towards the development of the primary sector especially in Agricultural sector. India is a land of agriculture & coming under the third position in agricultural production. The GOI imposed many schemes through many Nationalized banks and Cooperatives bank in state, district and central level. This study is primarily based on the secondary data only. It also reflects the different benefits of the different banks for the development in agriculture as well as farmers welfare. It also provides awareness to small farmers to get the loan at subsidized rate of interest. It also reflects different types of loan for the development of agricultural production. Therefore, it is necessary to aware about the norms & policies of the bank for the development in rural sector. It also reviews & compares the current status of bank participation in agricultural sector.

Keywords: nationalized banks, co-operative banks, NABARD, kisan credit card, PNB krishi

1. Introduction

Agricultural sector occupies a key position in the Indian economy. It provides employment to about 65 per cent of the working population of India. Around one-quarter of India's National income originates from the agricultural sector. It is imperative that the problems of farmers are addressed with a sense of urgency. Agriculture being a State subject, the bulk of public investment in agriculture takes place at the level of States and the Central Government supports the States as a catalyst. Like other industries, agriculture also requires capital. Small farmers and marginal farmers need credit since their capital is locked up in their loans and stock. They need funds to meet their operational expenses. Their credit need is high at the time of crop season. Millions of farmers are depending upon marginal and subsistence farming. Due to low yield, they are not in a position either to have 'surplus' for distribution or at times even to continue the production process successfully and economically.

In India, agricultural credit is being advanced by various sources. The short term and medium term loan requirements of Indian farmers are usually met by Government, co-operative credit societies and money lenders. Today, the long term and short term credit needs of Indian farmers are also being sufficed by National Bank for Agricultural and Rural Development (NABARD).

2. Objectives of the study

- To examine different banks contribution for agricultural development.
- To overview & compare the nationalized & co-operative agricultural banks towards agricultural growth.
- To study different schemes of each and every banks & their benefits to the farmers.

3. Structure of different participating banks for agricultural development

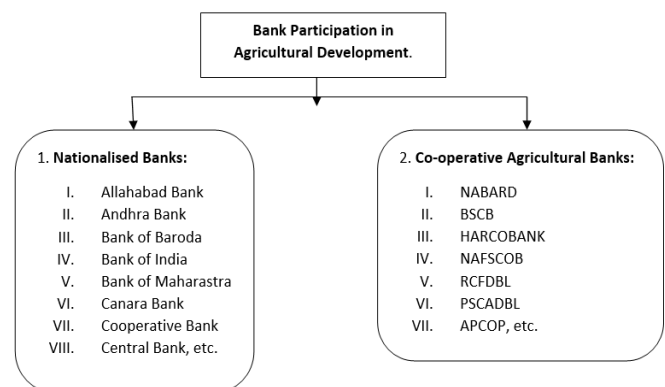


Fig 1

4. Schemes of nationalised banks

- a) **Allahabad Bank** - It offers the Kisan Credit Card and Kisan Shakti Yojana Scheme. The Kisan Credit Card offers the Kisan Credit Card and Kisan Shakti Yojana Scheme. The Kisan Credit Card is a unique scheme for farmers through which they can draw a cash loan for crop production as well as domestic needs from the card-issuing branch within the sanctioned limit. The Kisan Shakti Yojana provides farm investment credit, as well as personal/domestic loans including repayment of debt to moneylenders.
- b) **Andhra Bank** – It provides facilities to farmers like AB Kisan Vikas Card, AB Pattabhi Agricard, AB Kisan Chakra, rural godowns, agri clinics, Agri-service centres, self help groups and solar cookers. They also provide other

- schemes such as Kisan Sampathi, tractor financing, Kisan Green Card, Surya Sakhti and loans to dairy agents.
- c) **Bank of Baroda** - It offers farmers the Baroda Kisan Credit Card. It also has schemes for the purchase of agricultural implements, heavy agricultural machinery like tractors, irrigation and other infrastructure. Bank of Baroda also finances the development of agri industries like horticulture, sericulture, fisheries, dairy and poultry.
 - d) **Bank of India** – This bank has a Kisan Credit Card Scheme that helps farmers raise short-term funds for agriculture and other farm-based activities, on an on-going basis, with very flexible and friendly repayment terms. It also offers an agricultural loan for development of agriculture related industries, purchase of machinery and other agricultural purposes.
 - e) **Bank of Maharashtra** - It offers agriculturists a Mahabank Kisan Credit Card and financial schemes for digging new wells, purchasing harvesters, livestock, vehicles and land. Repayment terms for different agricultural loans range from three to fifteen years.
 - f) **Canara Bank** - It provides Kisan Credit Cards. Limits up to 50,000 have no margin while those above 50,000 have a margin of 15 to 20 percent. Other than this, Canara Bank provides a wide array of financial schemes for different agricultural purposes.
 - g) **Central Bank of India** - The Central Kisan Credit Card is a credit service provided to farmers on the basis of their holdings for purchasing agricultural inputs. Only those farmers having a good track record for the past 2 years with the bank as a borrower or depositor and who are not defaulters to any credit institution would be considered for loans.
 - h) **Corporation Bank** - It offers a range of loan schemes to farmers. They are the Corp Gram Mitra Yojana, Corp Arthias Loan Yojana, Corp Kisan Tie-Up Loan Scheme, Corp Kisan Farm Mechanisation Scheme and Corp Kisan Vehicle Loan Yojna.
 - i) **Dena Bank** - Dena Bank has sponsored 2 Regional Rural Banks namely Dena Gujarat Gramin Bank in Gujarat and Durg Rajnandgaon Gramin Bank (DRGB) in Chhattisgarh. The bank has set up a Rural Development Foundation for training unemployed youth in rural areas. Other financial schemes of the bank are the Dena Swacch Gram Yojana, Dena Kisan Gold Credit Card Scheme and the Dena Bhumihheen Kisan Credit Card Scheme.
 - j) **Indian Bank** – It has a wide range of schemes for agriculturalists such as Swarojgar Credit Card, Gramin Mahila Sowbhagya Scheme, Kisan Bike Loan Scheme, Yuva Kisan Vidya Nidhi Yojana and Indian Bank Kisan Card Scheme.
 - k) **Indian Overseas Bank** – It offers agri-business consultancy services that include conducting feasibility and market studies, preparation of detailed project reports and formulation of rehabilitation packages for sick agro units.
 - l) **Oriental Bank of Commerce** - It has two agricultural projects - the Grameen Project and the Comprehensive Village Development Programme. The Grameen Project involves disbursing small loans ranging from Rs.75 onwards to mostly women. Training is also provided in villages in using locally available raw material to produce pickles and jams. The Comprehensive Village Development Programme focuses on providing an integrated package of rural finance to villagers to build up their village.
 - m) **Punjab and Sind Bank** – It offers a range of financial schemes for farmers like the Zimidara Credit Card, tractor finance scheme, drip irrigation scheme, Kheti Udyog Khazana Yojana, vermi composting scheme, horticulture clinic and private veterinary clinic with dairy unit scheme.
 - n) **Punjab National Bank** - This bank has a special website called “PNB Krishi” for agriculturalists. It gives details on crop practices, plant protection, farm machinery, market prices and other farming news and activities. The website also provides a list of financial schemes offered by Punjab National Bank on production credit, investment credit, composite loans, animal husbandry and farm mechanization.
 - o) **Syndicate Bank** – It offers a wide range of agricultural loan products such as the Synd Jai Kisan Loan Scheme, Jewel Loan Scheme for Agriculture, Syndicate Farm House Scheme, Finance for Hi-tech Agriculture, Development of Irrigation Infrastructure scheme, Syndicate 2/3/4 Wheelers Scheme and the Syndicate Kisan Credit Card (S.K.C.C).
 - p) **UCO Bank** - This Bank provides the UCO Hirak Jayanti Krishi Yojana to meet the long-term credit needs of the farming community in rural areas for agriculture, allied activities as well as for personal purposes. Only farmers below 60 years are eligible to apply. Minimum quantum of the loan is Rs.25,000/- and the maximum is Rs.5 lakhs.
 - q) **Union Bank of India** – This bank provides facilities to farmers include Kisan ATM Cards and special Kisan ATM Machines. These ATM's are easy to operate and do not require farmers to have a high level of literacy. They are voice enabled in the local language, have a touch screen monitor and work on a bio-metric authentication system like finger print verification.
 - r) **United Bank of India** - The range of financial schemes offered to agriculturalists include the United Krishi Laghu Paribahan Yojana, United Krishi Sahayak Yojana, United Gramyashree Yojana, Gramin Bhandaran Yojana and the United Bhumihheen Kisan Credit Card.
 - s) **Vijaya Bank** - This bank offers one comprehensive financial scheme known as the Vijaya Krishi Vikas (VKV) Scheme. This scheme provides a simple package to farmers to meet entire agricultural credit requirements such as crop production, investment credit and consumption credit. All farmers including owners, tenant cultivators, leased land farmers and sharecroppers are eligible for this scheme.

5. Schemes of cooperative agricultural banks

1. **National Bank for Agriculture and Rural Development (NABARD):** It is responsible for refinance disbursement to commercial banks, State cooperative banks, State cooperatives, rural development banks, Regional Rural Banks (RRBs) and other eligible financial institutions. It also sanctions money through its Rural Infrastructure Development Fund for projects covering irrigation, rural

roads and bridges, health and education, soil conservation and drinking water schemes. NABARD also offers a Kisan Credit Card Scheme and crop loans under the Rashtriya Krishi Bima Yojana. Banks and RRB's introduced the Kisan Credit Card Scheme of NABARD in their areas of operation.

In this scheme eligible farmers are provided with a Kisan Credit Card and a passbook or card-cum-pass book. The revolving cash credit facility allows any number of withdrawals and repayments within the limit. This limit is fixed on the basis of operational land holding, cropping pattern and the scale of finance. Sub-limits may be fixed at the discretion of banks. This Kisan Credit Card is valid for 3 years subject to annual review.

As incentive for good performance, credit limits may be enhanced to take care of increase in costs, change in cropping pattern, etc. Each drawl should be repaid within a maximum period of 12 months. Conversion or rescheduling of loans is allowed in case of damage to crops due to natural calamities. Security, margin, rate of interest and other details are fixed according to RBI norms.

2. **Bihar State Co-operative Bank Limited (BSCB):** This bank Offers a range of loans and financial schemes to agriculturalists.
3. **Haryana State Co-operative Apex Bank Limited (HARCOBANK):** The bank offers crop loans, Kisan Credit Cards, cash credit against hypothecation of stocks and interim finance by way of cash credit.
4. **National Federation of State Co-operative Banks Limited (NAFSCOB):** This federation offers a range of agricultural loans through member State Cooperative Banks, District Central Cooperative Banks and Primary Agricultural Cooperative Societies.
5. **Odisha State Co-operative Bank Limited (OSCB):** The bank has introduced Kisan Credit Cards in the S.T. Cooperative Credit Sector. It also organizes seminars on agri finance. OSCB has 17 Central Cooperative Banks and around 810 mini banks in different districts of Odisha.
6. **Repatriates Co-operative Finance and Development Bank Limited (RCFDBL):** This bank does not have any specific agricultural loan, but offers a range of financial products that can be accessed by people who wish to develop agriculture and related activities.
7. **Punjab State Cooperative Agriculture Development Bank Ltd (PSCADBL):** Initially, the bank only gave farmers loans to pay off old debts and purchase land. Today, the bank provides loans for various purposes like improvement of alkaline and saline lands, purchase of tractors, installing tube wells and other modern agricultural equipment. It also offers financial schemes for poultry development, dairy development, horticulture, floriculture, sheep rearing and inland fisheries.
8. **Andhra Pradesh State Cooperative Bank Limited (APCOB):** This bank provide a loan portfolio that covers crop loans, medium term loans and long term loans for agricultural purposes. It also supports government sponsored District Rural Development Agency projects through IRDP loans and cooperative sugar factories, spinning mills, weaver's societies, employees' cooperative credit societies and other organizations. APCOB has also

extended finance to apex cooperative institutions in the State such as APCO, MARKFED and GCC.

6. Conclusion

In India many schemes are implemented by Government of India, but due to the lack of awareness of the farmers they are not economically stable as like foreign countries. For that reason in our country farmers need proper credit supply to expand their standard of living. It's totally depended on the growth or increases the production and reduces the production cost. When farmers adopt new technology as well as concentrate on organic farming. Farmers need credit supply from authorize sources like banks and cooperative societies in low interest rate. Now a day's near about 70 % credit supply provided by authorize sources we need to expand it near about 100 %. Banking and cooperative society need to reduce the paper work in credit and loan facility. Overall banking facility is really useful for farmers.

7. References

1. Anil Kumar Soni, Dr. Harjinder Pal Singh Saluja. Role of cooperative bank in agricultural credit: a study based on Chhattisgarh, from Abhinav. 1, 10, ISSN 2277-1166.
2. Atul N Patil. Impact of agricultural banking on farmers, North Maharashtra University, International Journal of Commerce and Management Research. 2016; 2(6). ISSN: 2455-1627. Pp.19-21.
3. Venkata Rao B, Dr. G Sudrasana Rao. Performance of regional rural banks of India a study on Andhra Pradesh grameena vikas bank in Andhra Pradesh from International Journal of Advance Research in Computer Science and Management Studies. 2014; 2(4). ISSN 2321-7782.
4. Dr. Kewal Kumar, Atul Gambhir. Financing of agricultural by commercial banks- problems faced by farmers from Abhinav, 1(5), ISSN 2277-1166.
5. Dr. M. Syed Ibrahim. Role of Indian regional rural banks (rrbs) in the priority sector lending-an analysis.from International Management Journal. 2012; 1(1-2).
6. Dyavappa Habalappa, Prakash M Badiger, laxyapati ET. Facilities to the farmers at nationalised banks from Golden Research Thoughts. 2015; 4(7). ISSN 2231-5063.
7. <https://www.rbi.org.in>.
8. <https://www.nabard.org>.