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Institutional finance trend and growth in India with reference to regional rural banks

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Abstract

The prosperity of the country depends up on the agriculture sector. It plays a strategic role in the economic life of the Indian society. Sixty percent of the export directly or indirectly originates from agriculture sector. It provides employment to 67 percent of the work forces.At the time of independence, the most important source of agricultural credit was the money lenders. In 1951 the year of initiation of planning in the country, money lenders accounted for as much as 71.6 percent of the rural credit. For a section of farming community, the minimum support prices for certain crops provide a measure of income stability. Agriculture has been the weakest link in the development chain. In the Less Developed Countries (LDCs) food production had failed to keep the pace with the demand for food and thereby causing or aggravating a whole series of other problems. Public policy in the country has always been directed towards ensuring adequate and cheaper credit and adopts institutionalization of credit as the primary focus. Cooperative banks were the sale institutional credit source prior to the nationalization of commerce banks Commercial Banks and Regional Rural Banks have joined with the rural credit system in the sixties and seventies.

Indian agriculture has been subjected to various external landinternal forces that have compelled the farmers to change their product-mix as well as organisation of the farming. Distress has set in the rural economy in many areas, even forcing farmers to commit suicides as an extreme reaction. The major changes that have directly impacted the agricultural sector are financial sector reforms, decontrolling of fertiliser prices, freeing of imports of agricultural commodities, and others. Of these, the financial sector reforms have been crucial in view of its influence on rural credit delivery. The rural credit plays a very crucial role in agriculture and rural economy, and any disturbance in its delivery mechanism can cause cascading effects. Demand for credit emanates from demand for inputs and services needed for various farm operations. It constitutes a major portion of liquidity with farmers and imparts the needed purchasing power to the capital-starved farmers.

Public policy in the country has always been directed towards ensuring adequate and cheaper credit and adopts institutionalization of credit as the primary focus. Significant progress has been made in institutionalization of rural credit and the credit supply from formal agencies to agriculture has grown year after year, several gaps in the performance notwithstanding. Because of the high risk inherent in traditional farming activity, the prevalence of high interest rates was the norm rather than an exception, and the exploitation and misery that often resulted. Under the non-institutional credit system, once that were existing Development of rural credit systems has therefore, been found to be. Much needed.An alternative view is that given the less than 10% coverage by government insurance the private sector can carve out a reasonable market for itself based on improved efficiency, better design and superior services. An alternative to public-private partnership in providing agriculture insurance. The moneylenders, traders, commission agents, relatives and the organized institutional agencies like Cooperative Banks, Commercial Banks and Regional Rural Banks met the credit requirements of the Indian farmers. Thus, the present agricultural credit system in India consists of institutional and non-institutional agencies. The non – institutional agencies dominated the agricultural credit before the nationalization of Commercial Banks, while afterwards the role of non-institutional credit had declined.India continues to be primarily a rural one with still not less than 60 percent of its population seeking employment and living in rural sectors. Since the rural people were unable to meet their credit requirements from their own sources, there was a need for providing timely and adequate institutional credit to improve their economic conditions especially the weaker sections.

The small and marginal farmers and rural artisans found it difficult to make investment on modern inputs like high yielding variety seeds, chemical fertilizers, purchases of raw materials and improved machinery as they did not have sufficient funds to their own for investment purpose. Hence the Regional Rural Banks have come to extend credit for investment. At different times we have also had onerous rural tax systems under different empires, most recently under the British. Indigenous systems of credit had to develop as a consequence of seasonal needs and fluctuations in order to facilitate smoothing of consumption pattern of farmers over the year. With the intermittent failure of the monsoons and other customary vicissitudes of farming, rural indebtedness has been a serious and continuous characteristic of Indian agriculture. Because of the high risk inherent in traditional farming activity, the prevalence of high interest rates was the norm rather than an exception, and the exploitation and misery that often resulted. Development of rural credit systems has therefore, been found to be intrinsically very difficult and, as we will see, an issue of continuing official concern for over a century.

The All India Rural Credit Survey Committee in 1951 – 52 observed that the rural credit fell short of the right quality; was not of the right type; did not serve the right purpose; and often failed to go to the right people. Later Commercial Banks entered into the field of rural credit and a part of rural credit was met by the Commercial Banks. It was felt that the institutional finance was not available to all sections in the rural areas. "The Cooperatives and Commercial Banks are unable to meet all the planned credit requirements of the rural areas. There was a widely shared view that a determined effort was needed to speed up the flow of institutional credit to the weaker sections of the rural community. In this study an attempt was made to study the performance of the (1) institutional credit at all (2) India level and (3) the share of RRBs in specific share in institutional credit this will enable the readers to understand the role and development of specialized banks like RRBs institutional and its existence in the three-tier setup in order to achieve the so called financial inclusion for a \ inclusive growth. The role of banks in issuing of agricultural finance playsan predominant role for various agricultural and agriculture related actives.Right from 1979 when the first loan for agricultural was issued till the current year there are a lot of notable performance carried out by the banks. the total amount of loans issued by the banks depends on various loans provided by them. there are still outstanding loans that are to be replayed to them by the farmers. In the light of this situation it is clear that that bank cooperative banks, schedule commercial and regional banks have played a crucial loan in issuing various loans for the famers and non-farmers also based on their agricultural and agricultural related needs. Simultaneously there are also huge sums of amount that remain as outstanding to the farmers. The study was aimed at analysing the growth and performance of institutional credit in general and RRBs in specific for a period of 40 years since the inception of RRBs at all India level. The methods followed in the present study was, that the study was based on secondary data, the required data were collected from annual reports of RBI and NABARD. The collected data were culled at, tabulated and analysed using the simple statistical tools like percentage, growth rate to study the set forth objectives, the results were carefully interpreted in order to make valid inferences and. The analysis of the study reveals that there has been a positive trend improvement in the activities of the banks in loans issued. the growth percentage of the banks in issuing institutional agricultural finance has trend of increase in a higher level. The banks have also adopted the various types of loan scheme based on the requirement of the farmers which tend to change from time to time based on various circumstances faced by them. The scbs has played a major role in providing loans for various purpose. The outstanding loans of it was 39.20% in 1979-80 which then gradually decreased until 1993-94 with 9.90%. Which was minimum loans outstanding simultaneously there had been fluctuation until 2013-2014. The highest outstanding loans of scbs was in the year 2011-2012 with 93.37%. The percentage of loans outstanding of the rec is higher when couponed to other banks. The contribution of rrbs in loans is minimum. The outstanding loan percentage of it was just 0.70% in the year 1979-980 which gradually decreased with the following year the lower loans was recorded in the year 1999- 00 with just 0.03% which shows a positive impact. The loans outstanding of the rec was 41.76% in the year 1979-80. There had been gradually in loans outstanding from that continuing year until 1988-89. There with the year following 1989-90 there had been a loan outstanding with an average of 55%. Until 1992-93 from the year 1993-1994 there had been a gradually decrease in the outstanding loans until 2013-14.

Keywords: *Institutional Finance; Agricultural Credit; Rural Credit; Crop Insurance; Agriculture; Trent, Growth; Commercial Banks; RRBs*

1. Introduction

The prosperity of the country depends up on the agriculture sector It plays a strategic role in the economic life of the Indian society. In the Indian economy agriculture contributes one-third of the national income. Sixty percent of the export directly or indirectly originates from agriculture sector. It provides employment to 67 percent of the work forces. It plays a decisive role in economic development and planning and provides numerous to the industrial and service sector. The requirements of finance in agricultural sector, very few farmers will have capital of their own to invest in agriculture. Therefore, a need arises to provide credit to all those farmers who require it. Even if we look into the expenditure pattern of the farmer families, they have hardly any savings to fall back on. Therefore, credit enables the farmer to advantageously use seeds, fertilizers, irrigation, machinery, etc. farmers has to invariably search for a source, which supplies adequate farm credit.

At the time of independence, the most important source of agricultural credit was the money lenders. In 1951 the year of initiation of planning in the country, money lenders accounted for as much as 71.6 percent of the rural credit. This predominant position of the money lenders was due to the lack of any worth wile alternative source of credit for the farmers. Farmers were therefore forced to barrow from them. The almost total dependence of the farmers on the money lenders, enabled them to dictate terms and exploit the farmers in a numbers of ways like money lenders charged exorbitant rates of interest ranging from 18-50 per cent or even more, they often manipulated accounts to their advantage by not entering the money returns and interest paid in to the account, they also forced the farmers to sell the agricultural produce to them at lower prices. (**Gowhar 2013)**

Agricultural Sector and Institutional Finance

Agriculture production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes etc. All these events severely affect farmers through loss in production and farm income, and they are beyond the control of the farmers. With the growing commercialization of agriculture, the magnitude of loss due to unfavorable eventualities is increasing. The question is how to protect farmers by minimizing such losses. For a section of farming community, the minimum support prices for certain crops provide a measure of income stability. But most of the crops and in most of the states MSP is not implemented. In recent times, mechanisms like contract farming and future's trading have been established which are expected to provide some insurance against price fluctuations directly or indirectly. But, agricultural insurance is considered an important mechanism to effectively address the risk to output and income resulting from various natural and manmade events. Agricultural Insurance is a means of protecting the agriculturist against financial losses due to uncertainties that may arise agricultural losses arising from named or all unforeseen perils beyond their control (AIC, 2008). Unfortunately, agricultural insurance in the country has not made much headway even though the need to protect Indian farmers from agriculture variability has been a continuing concern of agriculture policy. According to the National Agriculture Policy 2000, "Despite technological and economic advancements, the condition of farmers continues to be unstable due to natural calamities and price fluctuations". In some extreme cases, these unfavorable events become one of the factors leading to farmers‟ suicides which are now assuming serious proportions (**Raju and Chand 2014)**

Public policies and the presence of an informal sector ultimately reflects the failure of political institutions to protect and promote an efficient and equitable market economy .That said, there is disagreement over the definition of informality; whilst we refer to it in a general way above, in fact it is a changing term with a focus on either the firm and the worker (ILO 2002).1 Furthermore, in some countries, i.e. India, the informal sector is identified with the unorganized sector whilst in advanced economies the term usually refers to the 'hidden' economy implying some kind of tax evasion. Finally, it is also evident that informality is a general term and it needs to be defined with respect to both product and factor markets.2 Is informality actually good or bad? The evidence is mixed. On the one hand, informality is often viewed as bad for a number of reasons: It leads to inferior working conditions, social vulnerabilities, low productivity, unfair competition, disrespect for the rule of law, erosion of the legitimacy and integrity of public institutions, corruption, and last but not least, low fiscal revenues. The latter in turn prevent improving public services and strengthening institutions in charge of tax and regulation enforcement, making it harder to get rid of informality in the first place. Importantly, as reviewed in section 6.2, informality has been found to be negatively correlated with economic growth by compressing productivity and restricting access of informal firms and workers to necessary public services. The costs of informality appear even larger considering that the inability of enforcing environmental, workers' welfare and consumers' protection eventually hinders the integration of many developing countries into the global market in various ways.

Institutional Credit

Public policy in the country has always been directed towards ensuring adequate and cheaper credit and adopts institutionalization of credit as the primary focus. Significant progress has been made in institutionalization of rural credit and the credit supply from formal agencies to agriculture has grown year after year, several gaps in the performance notwithstanding. Today, the rural credit situation looks grim in spite of many measures and constitution of several committees and task forces. It has been a constant target of policy coarctation, especially after 1991 which manifested in three broad areas. Enervation of the institutional architecture for rural credit, disinsertion of credit flow to agriculture through the mechanical application of Basel norms, and squeeze on resources available for agricultural credit operations **(Satish, 2007**).

Issues Related to Institutional Finance

Settled agriculture in India has had a long history because of the fertile plains of Northern India irrigated by the Indus, the Ganga-Jamuna river systems and the Brahmaputra in the East. Southern India has its own river systems and has, moreover, been characterised by its impressive history of sophisticated water management systems: perhaps among the most developed historically.As a consequence of this natural fertility and abundant availability of water, ironically, population density grew early in India, and along with that different degrees of poverty. Despite the existence of these river systems, agriculture in India has always been heavily dependent on the monsoons and has hence been an inherently risky activity. At different times we have also had onerous rural tax systems under different empires, most recently under the British. Indigenous systems of credit had to develop as a consequence of seasonal needs and fluctuations in order to facilitate smoothing of consumption pattern of farmers over the year. With the intermittent failure of the monsoons and other customary vicissitudes of farming, rural indebtedness has been a serious and continuous characteristic of Indian agriculture. Because of the high risk inherent in traditional farming activity, the prevalence of high interest rates was the norm rather than an exception, and the exploitation and misery that often resulted. Development of rural credit systems has therefore, been found to be intrinsically very difficult and, as we will see, an issue of continuing official concern for over a century.

Rural Credit System India

There are a wide variety of institutional arrangements for supply of rural credit in different LDCs**(joseph 1986)** India's rural credit system began with the cooperatives and it continued in the sole apparatus for credit delivery throughout the twentieth century. Commercial Banks and Regional Rural Banks have joined with the rural credit system in the sixties and seventies. The pace of lending by the Commercial Banks and Regional Rural Banks has been significant and it could now be said that Cooperatives, Commercial Banks and Regional Rural Banks were significant players in India's rural credit system.

The moneylenders, traders, commission agents, relatives and the organized institutional agencies like Cooperative Banks, Commercial Banks and Regional Rural Banks met the credit requirements of the Indian farmers. Thus, the present agricultural credit system in India consists of institutional and non-institutional agencies. The non – institutional agencies dominated the agricultural credit before the nationalization of Commercial Banks, while afterwards the role of non-institutional credit had declined.

The All India Rural Credit Survey Committee in 1951 – 52 observed that the rural credit fell short of the right quality; was not of the right type; did not serve the right purpose; and often failed to go to the right people. Later Commercial Banks entered into the field of rural credit and a part of rural credit was met by the Commercial Banks. It was felt that the institutional finance was not available to all sections in the rural areas. "The Cooperatives and Commercial Banks are unable to meet all the planned credit requirements of the rural areas. There was a widely shared view that a determined effort was needed to speed up the flow of institutional credit to the weaker sections of the rural community.

2. Statement of the research problem

India continues to be primarily a rural one with still not less than 60 percent of its population seeking employment and living in rural sectors. Since the rural people were unable to meet their credit requirements from their own sources, there was a need for providing timely and adequate institutional credit to improve their economic conditions especially the weaker sections. The small and marginal farmers and rural artisans found it difficult to make investment on modern inputs like high yielding variety seeds, chemical fertilizers, purchases of raw materials and improved machinery as they did not have sufficient funds to their own for investment purpose. Hence the Regional Rural Banks have come to extend credit for investment.

Sustainable development in rural sector particularly in agriculture requires adequate investment, innovation and technology. Among them investment can be considered as a catalyst in undertaking productive activities. Historically, both private and public agencies had been meeting these investments through their financial operations and Cooperatives were earliest institutional agency in this respect in India.

Now, more than three decades were over after the establishment of Regional Rural Banks. It is an appropriate time for having a look at the Regional Rural Banks with prime focus on their past performance. This requires a detailed study of the Regional Rural Banks in the country. Hence, the scholar had developed an interest on the study of the phenomenon of agricultural credit particularly the Regional Rural Banks in Coimbatore district of Tamil Nadu and the study is named as, **"**Institutional Finance Trend and Growth in India."

3. Objectives of the study

1 To know the growth of intuitional credit in India
2 To analysis the trend and growth of institutional finance in India

4. Methodology

The methodology of the study has the following components. They are the study aims to know about the trend and growth of institutional finance. Both in India and TamilNadu during the year 1979-80 to 2016-17. Hence the study both descriptive and analytical in nature. The study takes into account the secondary data related to trend and growth of intuitional finance.The collected data will be analyzed with the help of statistical tools like annual growth rate (AGR), compound growth rate (CGR**),**OLS Curve fitting method.

5. Scope of the study

In this study an attempt was made to study the performance of the institutional at all india and its share in institutional credit this will enable the readers to understand the role and development of specialized banks like institutional and its existence in the three-tier setup in order to achieves the so called financial conclusion \ inclusive growth.

6. Limitations of the study

The study focuses only the institutional and based on secondary data alone collected from the published sources of RBI. Henceit suffers from generalization.

7. Review of Literature

(Calvin Miller 2013) conveyed that on credit guarantee funds for agriculture is an in-depth analysis of different models ofguarantee system. An assessment of these cases, together with a review of the global industry of agriculturalguarantee systems, was published as Credit guarantee systems for agriculture and rural enterprisedevelopment. The four case studies in this document provide the reader with a more detailed descriptionof how these individual programmes have worked over time. Three of the programmes are among thelargest and longest standing agricultural guarantee funds in the world and have had both successful anddifficult experiences as they evolve over time. The fourth case, from Estonia, shows how a small, efficientguarantee fund can operate profitably year after year.

(Richard L. Meyer 2015) spite of investments and policy reforms, Sub- Saharan African countries lag in supplying financial services for agriculture and rural areas. New products, delivery channels, and partnerships, along with greater attention to savings, provide fresh optimism that this situation will be corrected. This paper examines several examples, with special attention to developments with savings groups and financial innovations with mobile phones and information and communication technologies (ICT). The telecom revolution and other innovations suggest that their use may leapfrog some difficult transportation and communication problems that drive up transaction costs and risks and restrict financial inclusion for the poor.

(**Priyanka Yadav.et all 2015)** analyzed the agricultural credit in developing countries: a review of relevant literature stated that, agricultural credit has gained interest of the policy makers and researchers in developing economies in recent years with rising concerns of issues like food security and rising population. However, the situations of small and marginal farmers are still vulnerable and they lack timely and adequate access to institutional sources of finance non-institutional source of credit is still dominant in rural credit markets; while the role of micro-finance appears dubious.

(Jatinyadav 2017) Agriculture credit is very essential for poor and marginal farmers. Farmers use the credit amount for crop production and for the ancillary activities. Before independence almost all the farm borrowers used to take loans/credit from non-institutional sources. After that government emphasized more on institutional credit schemes. The objective of present study was to understand different institutional and non-institutional credit sources and to compare their merits and demerits. It is observed that the interest rate of non-institutional sources is much higher than that of institutional sources. The study also aimed to give suggestions on how to motivate farmers to take credit from institutional sources instead of non-institutional source.

Results and Discussion

Direct Institutional Credit for Agricultural and Allied Activity Long Term Loans issued

S.NO	Year	COOP	SCBS	RRBS	TOTAL	AGR
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1979-80	5.62 (51.94)	5.20 (48.05)	-	10.82	
2	1980-81	6.43 (46.29)	7. 46 (53.71)	-	13.89	17.83
3	1981-82	6.83 (43.89)	8.73 (56.11)	-	15.56	17.43
4	1982-83	8.09 (50.78)	6.60 (41.43)	1.24 (7.78)	15.93	16.31
5	1983-84	7.80 (40.86)	9.86 (51.65)	1.43 (7.49)	19.09	22.88
6	1984-85	8.31 (34.13)	14.26 (58.56)	1.78 (7.31)	24.35	31.06
7	1985-86	9.27 (35.25)	14.77 (56.16)	2.26 (8.59)	26.3	28.41
8	1986-87	10.81 (33.7)	18.51 (57.7)	2.76 (8.6)	32.08	39.13
9	1987-88	15.91 (43.21)	18.54 (50.35)	2.37 (6.44)	36.82	42.26
10	1988-89	12.79 (36.57)	20.48 (58.56)	1.7 (4.86)	34.97	33.21
11	1989-90	14.33 (34.7)	23.85 (57.75)	3.12 (7.55)	41.3	48.78
12	1990-91	13.72 (32.59)	26.28 (62.42)	2.10 (4.99)	42.1	42.92
13	1991-92	18.63 (40.61)	24.65 (53.73)	2.60 (5.67)	45.88	50

14	1992-93	20.89 (42.95)	25.28 (51.97)	2.47 (5.08)	48.64	51.57
15	1993-94	24.45 (46.47)	25.40 (48.28)	2.76 (5.25)	52.61	56.9
16	1994-95	28.79 (42.09)	35.66 (52.13)	3.95 (5.77)	68.4	88.93
17	1995-96	32.40 (38.48)	46.47 (55.2)	5.32 (6.32)	84.19	103.63
18	1996-97	37.65 (40.10)	50.50 (53.78)	5.75 (6.12)	93.9	104.73
19	1997-98	40.75 (40.65)	53.04 (52.91)	6.45 (6.43)	100.24	107.01
20	1998-99	44.01 (36.41)	69.21 (57.26)	7.65 (6.33)	120.87	145.75
21	1999-00	84.23 (52.75)	68.45 (42.87)	7.00 (4.38)	159.68	210.95
22	2000-01	87.39 (56.95)	57.36 (37.38)	8.71 (5.68)	153.46	147.48
23	2001-02	88.99 (57.550	59.77 (38.28)	7.36 (4.71)	156.12	158.83
24	2002-03	104.11 (52.35)	84.31 (42.39)	10.45 (5.25)	198.87	253.33
25	2003-04	107.23 (44.99)	120.69 (50.64)	10.42 (4.37)	238.34	285.64
26	2004-05	131.22 (39.11)	183.89 (54.8)	20.43 (6.09)	335.54	472.38
27	2005-06	124.99 (25.03)	349.55 (69.9)	24.84 (4.97)	499.38	743.22
28	2006-07	132.23 (19.9)	500.21 (75.29)	31.98 (4.81)	664.42	884
29	2007-08	102.53 (17.39)	452.29 (76.73)	34.61 (5.87)	589.43	522.9
30	2008-09	107.65 (15.99)	529.24 (78.6)	36.48 (5.42)	673.37	769.26
31	2009-10	65.34 (8.80)	636.07 (85.66)	41.11 (5.54)	742.52	818.77
32	2010-11	90.83 (9.96)	767.29 (84.12)	54.05 (5.93)	912.17	1120.58
33	2011-12	61.34 (5.72)	949.80 (88.63)	60.48 (5.64)	1071.62	1258.94
34	2012-13	86.11 (55.54)	-	68.92 (44.46)	155.03	22.43
35	2013-14	63.90 (45.26)	-	77.28 (54.74)	141.18	128.57
36	2014-15	81.19 (38.17)	-	131.51 (61.33)	212.7	320.45
37	2015-16	94.92 (31.77)	-	203.84 (68.23)	298.76	419.64
38	2016-17	108.78	-	-	-	-
39	**TOTAL**	**2090.46**	**5258.47**	**885.18**	**8130.53**	**9586.1**
40	**CAGR**	**8.11**		**14.37**	**8.02**	

Sources: Hand Book of Statistics on Indian Economy, Annual Report (Various Issues)

The cooperative bank was 51.94% loans issued in 1979-80. there had been a gradual increase and decrease in the loans issued until the year 2008-2009. The consequent years of 2009-2010 until 2011-2012 had the minimum loans issued percentage.the higher loans issued was recorded in the year 2001-2002 with 57% and the lowest loans issued is the year 2011-2012 with just 5.72 percentage.

The loans issued by the SCBS had been 48.05% in the year 1979-1980. It had maintained it loans issued percentage up to the percentage year. The loans issued by it was minimum in the 2000-2001 with 37.38 percentage. Consequently, there has the minimum percentage of the loan issued in the year 2009-2010 with 85.66 percentage.

The RRBs has issued loans from the year 1982-1983 at that time it had issued nearly 7.78 percentage of loans. There has been a constant fluctuation in loans issued until 2001- 2012 with just single digit value percentage there had been a high leap of loans issued in the year 20012-2013 with 44.46 percentage the highest loan issued was recorded in 2015-2016 with 68.23 percentage.

As observed in table 4.2, the total amount of was loan issued for the agricultural and allied activity long term of the co-operative bank (CO-OP),schedule commercial bank(SCBs), and regional rural bank(RRBs) sum up to rs.8130.53 billion for the respective years of 1979-2017. It gives the fitting the straight-line trend for the total institutional credit of institutional finance in India. the trend value is plotted in chart -1 the total institutional credit was above the trend line the year 1997-98 to 2015-16. And the same equal to the trend line from year 1979-80. There was huge fall in total institutional credit than trend line was during 2016-17 it was because of the co-operative and commercial banks and regional rural bank contributes to the total.

Total and Growth Rate of Loans Issued

S.NO	Year	Total	AGR
(1)	(2)	(3)	(40
1	1979-80	10.82	-
2	1980-81	13.89	17.83
3	1981-82	15.56	17.43
4	1982-83	15.93	16.31
5	1983-84	19.09	22.88
6	1984-85	24.35	31.06
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9	1987-88	36.82	42.26
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11	1989-90	41.3	48.78
12	1990-91	42.1	42.92
13	1991-92	45.88	50
14	1992-93	48.64	51.57
15	1993-94	52.61	56.9
16	1994-95	68.4	88.93
17	1995-96	84.19	103.63
18	1996-97	93.9	104.73
19	1997-98	100.24	107.01
20	1998-99	120.87	145.75
21	1999-00	159.68	210.95
22	2000-01	153.46	147.48
23	2001-02	156.12	158.83
24	2002-03	198.87	253.33
25	2003-04	238.34	285.64
26	2004-05	335.54	472.38
27	2005-06	499.38	743.22
28	2006-07	664.42	884
29	2007-08	589.43	522.9
30	2008-09	673.37	769.26
31	2009-10	742.52	818.77
32	2010-11	912.17	1120.58
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34	2012-13	155.03	22.43
35	2013-14	141.18	128.57
36	2014-15	212.7	320.45
37	2015-16	298.76	419.64
38	2016-17	-	-
39	**TOTAL**	**8130.53**	**9586.1**
40	**CAGR**	**8.02**	

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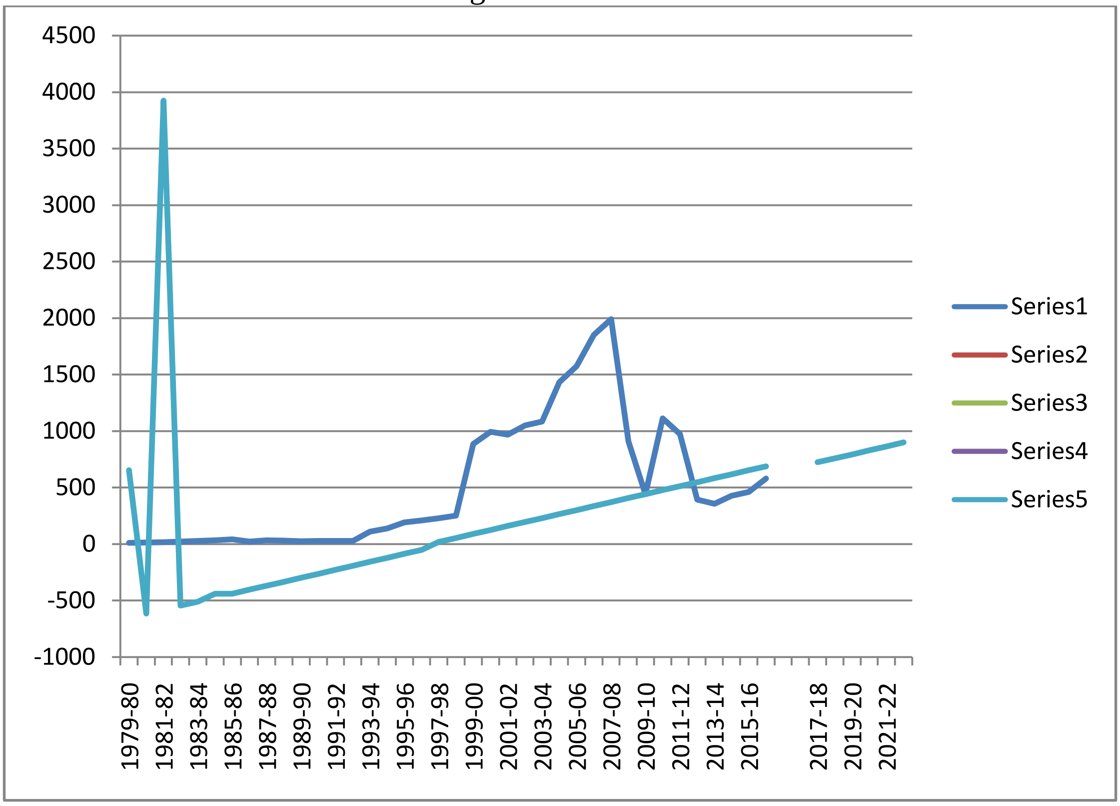
Chart-1
Curve Fitting Method for Loans Issued



Direct Institutional Credit for Long Term Loans Outstanding

S.NO	Year	Co-op	SCBS	RRBS	TOTAL	AGR
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1979-80	21.53 (57.62)	14.15 (37.87)	1.68 (4.50)	37.36	-
2	1980-81	24.07 (52.61)	18.82 (41.14)	2.86 (6.25)	45.75	56.02
3	1981-82	26.72 (55.17)	21.71 (44.83)	-	48.43	51.27
4	1982-83	29.3 (48.87)	27.92 (46.57)	2.73 (4.55)	59.95	74.21
5	1983-84	31.8 (40.73)	36.42 (50.69)	3.63 (5.05)	71.85	86.11
6	1984-85	35.31 (40.73	46.49 (53.62)	4.90 (5.65)	86.7	104.62
7	1985-86	37.1 (35.75)	60.61 (58.41)	6.06 (5.84)	103.77	124.2
8	1986-87	41.72 (35.83)	67.36 (57.84)	7.37 (6.33)	116.45	130.68
9	1987-88	44.76 (32.57)	83.53 (60.78)	9.13 (6.64)	137.42	162.17
10	1988-89	47.4 (31.10)	94.26 (61.85)	10.73 (7.04)	152.39	168.99

11	1989-90	56.18 (30.94)	112.79 (62.11)	12.63 (6.95)	181.6	216.41
12	1990-91	53.53 (27.72)	127.97 (66.26)	11.63 (6.02)	193.13	205.39
13	1991-92	70.67 (34.10)	123.51 (59.60)	13.06 (6.30)	207.24	222.38
14	1992-93	78.69 (34.86)	133 (58.91)	14.07 (6.23)	225.76	245.94
15	1993-94	86.76 (36.09)	136.88 (56.95)	16.73 (6.69)	240.37	255.93
16	1994-95	97.18 (36.84)	147.66 (55.98)	18.94 -7.18	263.78	289.47
17	1995-96	98.14 (34.77)	162.55 (57.59)	21.58 (7.65)	282.27	302.06
18	1996-97	109.38 (35.38)	175.61 (56.81)	24.13 (7.81)	309.12	338.52
19	1997-98	113.3 (34.31)	189.24 (57.31)	27.69 (8.39)	330.23	352.78
20	1998-99	117.37 (34.64)	189.98 (56.06)	31.51 (9.30)	338.86	347.72
21	1999-00	257.09 (51.70)	208.32 (41.90)	31.83 (6.40)	497.24	729.65
22	2000-01	279.67 (51.46)	228.28 (42.00)	35.57 (6.54)	543.52	594.11
23	2001-02	305.7 (50.72)	262.24 (43.51)	34.74 (5.76)	602.68	668.28
24	2002-03	345.46 (50.14)	305.93 (44.40)	37.66 (5.47)	689.05	787.8
25	2003-04	405.95 (50.26)	361.21 (44.72)	40.58 (5.02)	807.74	946.87
26	2004-05	463.41 (44.22)	527.21 (50.31)	57.3 (5.47)	1047.92	1359.52
27	2005-06	481.87 (36.66)	756.32 (57.54)	76.32 (5.81)	1314.51	1648.92
28	2006-07	516.79 (33.68)	930.12 (60.62)	87.45 (5.70)	1534.36	1790.98
29	2007-08	219.7 (15.80)	1066.44 (76.68)	104.68 (7.53)	1390.82	1260.71
30	2008-09	183.59 (11.55)	1298.34 (81.70)	107.15 (6.74)	1589.08	1815.6
31	2009-10	240.74 (13.05)	1478.13 (80.11)	126.1 (6.84)	1845.06	2142.28
32	2010-11	270.29 (13.14)	1643.22 (79.86)	144.04 (7.00)	2057.55	2294.51
33	2011-12	280.28 (12.77)	1742.68 (79.38)	172.44 (7.85)	2195.4	2342.49
34	2012-13	275.79 (12.76)	1690.53 (78.25)	194.06 (8.98)	2160.38	2125.92
35	2013-14	339.7 (15.03)	1699.6 (75.22)	220.27 (9.75)	2259.57	2363.31
36	2014-15	327.63 (11.72)	2190.49 (78.36)	277.42 (9.92)	2795.54	3458.64
37	2015-16	265.87 (7.44)	2944.46 (82.44)	361.1 (10.11)	3571.43	4562.66
38	2016-17	-	-	-	-	-
39	**TOTAL**	**6680.44**	**21303.98**	**2349.86**	**30334.3**	**34627.1**
40	**CAGR**	**6.84**	**15.08**	**15.18**	**12.75**	

Sources: Hand Book of Statistics on Indian Economy, Annual Report (Various Issues)

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The loans outstanding of the cooperate was 57.62 percentage. The year 1979-1980. Which was the highest recorded of outstanding loans until the current year. Consequently, the outstanding loans demand to decrease in the following year which is a positive perspective. the lowest amount of outstanding loans was recorded in the year 2015-2016 with just 7.44 percentage.The SCBS loans outstanding were 37.87 percentage in the year 1979-1980. Which is minimum until the current year.the resulting percentage of the preceding years state that there has been a gradual increase in the amount of loans outstanding was recorded in the year 2015-16 with 82.44 percentage which shows a negative impact.RRBs has also loan outstanding right from the year 1979-1980 until 2015-2016. There has been fluctuation in loans outstanding by it until current year .in the year 1981-82 there has been no loans outstanding by it with nil percentage. The highest outstanding of RRBs was increased in 2015-2016 with 10.11 percentage.

8. Conclusion

The role of banks in issuing of agricultural finance plays a predominant role for the various agricultural and agriculture related actives.Right from 1979 when the first loan for agricultural was issued till the current year there are a lot of notable performance carried out by the banks. the total amount of loans issued by the banks depends on various loans provided by them. there are still outstanding loans that are to be replayed to them by the farmers. In the light of this situation it is clear that that bank cooperative banks, schedule commercial and regional banks have played a crucial loan in issuing various loans for the famers based on their agricultural and agricultural related needs. Simultaneously there are also a huge sum of amount that remain as outstanding to the farmers. The analysis of the study reveals that there has been a positive trend improvement in the activities of the banks in loans issued. the growth percentage of the banks in issuing institutional agricultural finance has trend of increase in a higher level with the following year of increased in a higher level with the following years right from its initial year when it has begun. The banks have also adopted the various types of loan scheme based on the requirement of the farmers which trend to change from time to time based on various circumstances faced by them. Thereaspects during out a positive view on the loans issued and loans outstanding provided by the banks

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