

# Examining the Regional Disparities in Institutional Credit to Agriculture: Patterns and Dimensions

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## Abstract

The supply of institutional credit plays a critical and crucial role in promoting agricultural growth and development. It is also an imperative policy instrument to protect the farmers from the grip of the moneylenders who charge exceedingly high-interest rates and force them to live in a never-ending debt trap. The present study has examined the trends and regional-wise variations in institutional credit flow to agriculture in India from 1991-92 to 2022-23 using a CGAR and coefficient of variation (C.V.). The study is based on secondary data compiled from various published sources. Results indicated that the institutional credit to agriculture in real terms has increased tremendously in the last few decades. The flow of institutional credit to agriculture and allied activities increased at an annual compound growth rate of 19.45 per cent. The share of cooperatives in agricultural credit was about 52.71 percent in 1991-92, declining year after year and being reduced to only 11.26 percent in 2022-23. Scheduled commercial banks (SCBs) have emerged as the dominant source of agricultural credit. As of 2022-23, the southern Region had the highest share (46.47%) in institutional credit, followed by the northern (18.49%), Central Region (14.05%), Western Region (13.48%), Eastern Region (6.92%) and North Eastern (0.59%) respectively.

**Key words:** Regional disparities, Agricultural, Institutional Credit, NABARD, CGAR

Regional inequalities are a development challenge in most developing countries, especially those with large geographic areas under their jurisdiction. Following India's market liberalization in the early 1990s, the contribution of agriculture and allied sector activities to GDP, which was 55.4 per cent in 1950-51, now stands substantially reduced to only 18.3 per cent in 2022-23 (Economic Survey 2023-24). Institutional credit has played an imperative role in reducing noninstitutional sources, particularly moneylenders in the rural credit system. The structure of credit outlets has witnessed a significant change, and commercial banks have emerged as the primary source of institutional credit in the last few years. Many initiatives have been taken in this direction. A few significant milestones in rural credit such as the approval of the Rural Credit Survey Committee Report (RCSCR) (1954), The nationalization of the important Schedule Commercial Banks (SCBs) (in 1969 and 1980), The establishment of Regional Rural Banks (RRBs) in 1975, The (NABARD) in 1982.

To 2018–2019, the Southern Region had the highest share, 43.0 per cent in institutional credit, followed by the Northern Region, 21.0 per cent; the Central Region, 13.6 per cent; the Western Region, 12.0 per cent; Eastern Region, 9.0 per cent; and the North Eastern Region, 0.9 per cent respectively. The NABARD, All India Rural Financial Inclusion Survey conducted in 2016–2017 also reports that about 40 per cent of agricultural households still take loans from informal sources [1].

Since the post-Independence era, the Government of India has emphasized the development of institutional

infrastructure to ensure financial inclusion in the country. In pursuit of this objective, the government has taken several significant steps, including acceptance of the Rural Credit Survey Committee Report (1954), Nationalization of the Major Commercial Banks (1969 and 1980), inception of Regional Rural Banks (1975), establishment of NABARD (1982), financial sector reforms (1990s), Doubling Credit Policy (2004), Jan Dhan Yojana (2014) and extending Kisan Credit Card (KCC) facilities to livestock and fish farmers (2018) [2-4]. From 1991–92 to 2016–17, total institutional credit flow to agriculture witnessed a significant positive growth rate of 10.37 per cent. The agricultural credit flow from SCBs has registered an annual growth rate of 12.45 per cent. RRB lending to agriculture has grown annually significantly from 52.0 per cent to 70.0 per cent in the same period.

## MATERIALS AND METHODS

The study is based on secondary data compiled from various published sources. The data on the total cropped area (GCA), agricultural credit and agricultural gross value added (AgGVA) were compiled from the Agricultural Statistics at a Glance, 2022 published by the Department of Agriculture and Farmers Welfare, Ministry of Agriculture and Welfare, Government of India (GoI). The secondary data on credit flow and region wise distribution of agricultural credit were collected from Handbook of Statistics on Indian States (2022), Reserve Bank of India (RBI), NABARD Annual report, the study also used the data about the share of institutional and

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noninstitutional credit from the All India Debt and Investment Survey collected from the National Sample Survey Organization (NSSO) up to 2019 (77<sup>th</sup> round). This survey is generally carried out once in 10 years by NSSO. It provides valuable information on different dimensions of the rural finance system. The data provides valuable information on various dimensions of rural finance. The data were compiled and analyzed with simple tabular techniques, compound annual growth rate (CAGR) and Coefficient of Variance (CV).

For the coefficient of variation for studying the regional variations of agricultural credit, the coefficient of variation (C.V.) technique was used. The coefficient of variation is used to measure the extent of regional disparities concerning Commercial banks, cooperative banks and regional rural banks.

The trends of the Coefficient of Variation will also be ascertained to study the direction of regional disparities in each indicator in each region over the period.

The coefficient of variation will be ascertained as follows:

$$C.V = \frac{\text{Standard Deviation}}{\text{Mean}}$$

C.V. stands for coefficient of variation

Sd is the standard deviation of i<sup>th</sup> indicator

Xi is the mean value of i<sup>th</sup> indicator

#### Compound annual growth rate

Generally, the exponential trend function is preferred over the CAGR to calculate the annual growth rate. The former considers the values of all the years, and the latter considers only the ending and starting values. Therefore, the exponential trend function was used in the present case, which considers the values of all the years. The Excel function was used to get the CAGR. The formula used for the same is given below:

$$y = a \times (1 + r)^t \text{ Or, } y = a * b^t$$

Where;

b = 1 + r,

y = Amount after growth

a = Initial value

b = Growth factor

t = Time (Years)

r = Annual growth rate

The observation that accessibility of credit is more insightful in underdeveloped regions when compared to the developed region required a micro look at the underlying causes of credit distribution across states in developing economies like India against these things' backdrops; this study is undertaken to assess.

The objectives of the present study are:

1. To analyze the regional disparities in the disbursal institutional credit to agriculture.
2. To examine whether the commercial bank has gone into regions with strong RRB.
3. To analyse the Region wise disparity in the distribution of Ground Level Credit (GLC) to agriculture
4. To analyse the Regional Variations in the Role of Institutional Credit in Indian agriculture

## RESULTS AND DISCUSSION

### *The growing role of the formal institutional structure in rural credit*

In India, the primary sources of credit supply in agriculture can be divided into three parts: (i) private credit, (ii) government credit, and (iii) institutional credit agencies. Borrowing from cooperative institutions and commercial banks, such as scheduled and non-scheduled banks, are from institutional credit agencies. Noninstitutional credit agencies include relatives, landlords, agriculturalists, moneylenders, professionals, trades and commission agents. The (Table 1) reveals the proportions of borrowing by cultivating households from major credit agencies and sources as disclosed. Institutional and noninstitutional rural credit during the last 70 years (1951-2018). Informal/noninstitutional finance gradually declined during the 1960s and nearly broke down during the 1970s, with institutional agencies making steady inroads in the rural areas. The percentage of institutional credit agencies in the outstanding dues of the rural households at the all-India level doubled, from 29.2 per cent in 1971 to 66.1 per cent in 2018. Then the pace of increase was arrested, and it rose to 64 per cent in 1991.

Table 1 Trends in institutional and noninstitutional rural credit: 1951 – 2018

Source of credit	1951	1961	1971	1981	1991	2002	2012	2018
Institutional agencies	7.2	17.3	29.2	61.2	64	57.1	56.1	66.1
Government	3.3	6.6	6.7	4.0	5.7	2.3	1.2	-
Cooperative society/bank	3.1	10.4	20.1	28.6	18.6	27.3	24.8	9.9
Commercial banks, including RRBs	0.8	0.3	2.2	28	29	24.5	25.1	47.6
Insurance	-	-	0.1	0.3	0.5	0.3	0.2	0.1
Provident fund	-	-	0.1	0.3	0.9	0.3	0.1	-
Other institutional agencies*	-	-	-	-	9.3	2.4	4.6	8.5
Noninstitutional agencies	92.8	85.2	70.8	38.8	36	42.9	43.9	33.8
Landlord	1.5	0.9	8.6	4.0	4.0	1.0	0.7	1.1
Agricultural moneylender	24.9	45.9	23.1	8.6	6.3	10	5.0	6.3
Professional moneylender	44.8	14.9	13.8	8.3	9.4	19.6	28.2	16.5
Traders and commission agents	5.5	7.7	8.7	3.4	7.1	2.6	-	0.6
Relatives and friends	14.2	6.8	13.8	9.0	6.7	7.1	8.0	6.8
Others sources**	1.9	8.9	2.8	4.9	2.5	2.6	2.0	2.5

\*Include financial corporation/institution, financial company, SHG linked or non-linked/JLG, SHG NBFC/MFI, and other institutional agencies.

\*\*include Traders/input suppliers, Doctors, lawyers, Chit funds and not specified.

- It denotes not available.

Source: All India Debt and Investment Survey (various years)

### *Regional variations in the role of institutional credit*

Agricultural credit started to grow after bank nationalization. From (Table 2), there was a remarkable

increase in the percentage share of institutional credit to total rural credit over time in almost all the country's regions except the eastern region, which witnessed a marginal decline.

Considering the country, formal sources accounted for about 55.65 per cent of the total borrowing in 1991-92, which increased to 67.0 per cent in 2018-19. However, it is a concern to note that in many regions, including the southern region, the farmers continued to borrow from informal sources of credit.

Over the years, there has been a significant increase in the access of rural cultivators to institutional credit, and simultaneously, the role of informal agencies, including money

lenders, as a source of credit has declined. All-India Debt and Investment Survey 1991-92, the share of formal agencies in the total cash debt of rural cultivators increased from 31.70 per cent in 1971 to 63.20 per cent in 1981 and further to 66.30 per cent in 1991. It has been observed that there has been a significant increase in rural cultivators' access to institutional credit. The western region's highest borrowing was 75.88 per cent in the year 1991 [5].

Table 2 The region-wise trend in institutional and noninstitutional borrowings in India from 1991-92 to 2018-19 (%)

Region wise	Institutional credit				Noninstitutional credit			
	1991-92	2002-03	2012-13	2018-19	1991-92	2002-03	2012-13	2018-19
Northern region	49.06	58.84	65.09	72.5	50.94	41.16	34.91	27.5
North-eastern region	71.27	59.55	68.46	81.41	28.73	40.45	31.54	18.59
Eastern region	67.83	58.09	38.23	60.5	32.18	41.92	61.77	39.5
Central region	53.99	56.78	65.69	76.33	46.01	43.22	34.31	23.68
Western region	75.88	76.93	77.85	84.9	24.12	23.07	22.15	15.1
Southern region	58.01	57.07	59.01	60.02	33.59	42.93	34.87	39.98
All India	55.65	57.09	59.8	67.0	44.35	42.91	40.2	33.0

Source: All India Debt and Investment Survey NSSO, 48<sup>th</sup>, 59<sup>th</sup>, 70<sup>th</sup> and NSO 77<sup>th</sup> Rounds

#### To analyze regional disparities in credit dispensation

The ratio of State-wide total agricultural credit disbursed to its agricultural gross value added (GVA) is shown in (Fig 1). Regional disparity as states falls under central, eastern and northeastern regions are getting meagre agricultural credit as a percentage of their agri-GVA. The farm credit to gross value added from agriculture ratio was relatively high in the case of Kerala (324 per cent), Tamil Nadu (267 per cent), and

Telangana (129 per cent). In comparison, it was shallow in the States of Madhya Pradesh (28 per cent), West Bengal (40 per cent), Chhattisgarh (42 per cent) and Uttar Pradesh (47 per cent). Some States are getting more agricultural credit than agricultural Gross value added by crops, while others need more agricultural credit for various farm operations. These regional disparities may be addressed for the balanced growth of the country's agricultural sector [6].

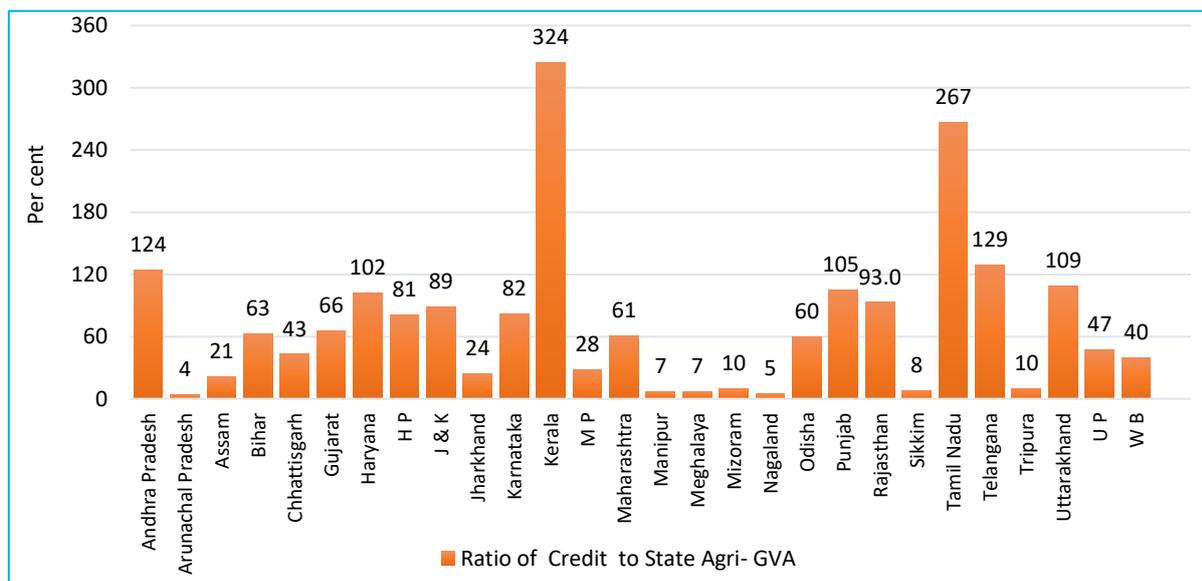


Fig 1 Disparities in credit dispensation

#### Market shares of rural financial agencies in GLC

The agency-wise share indicates that agriculture credit dispensation in the country heavily depends on commercial banks and points towards the poor credit delivery capability of RCBs and RRBs. Agency-wise, agriculture credit started to grow after banks' nationalization. (Table 2) shows the agency-wise distribution of ground-level credit to agriculture and allied activities in various regions. It may be seen from the table that cooperative bank credit accounted for the highest share (about 52.71 per cent) in the total supply of loans in rural India, followed by commercial banks (41.88 per cent) and rural regional banks (5.42 per cent) in 1991-92.

The share of different institutional Agency-wise Ground Level Credit Flow for Agriculture and Allied Activities to

agriculture (short-term and long-term loans) is depicted in (Table 2). The perusal of (Table 2) revealed that the share of scheduled commercial banks (SCBs) was 76.86 per cent in the total institutional credit to agriculture and allied activities with a significant compound annual growth rate (CAGR) of 22.45 per cent during the period 1991-92 to 2022-23. Before nationalization (1969), commercial banks were virtually not lending credit to the agricultural sector. Among the institutional agencies, the share of RRBs in institutional credit disbursement was 11.88 per cent, with the highest CAGR of 22.62 per cent from 1991-92 to 2022-23 [7-8].

The cooperative banks, which were the primary source of institutional credit to agriculture, had witnessed a CAGR of 12.64 per cent in direct institutional agricultural credit

disbursement, which was comparatively low in comparison to Scheduled commercial banks (SCBs) and regional rural banks (RRBs). It was due to the resource constraints faced by the cooperative banks. In addition, the State Cooperative Agricultural and Rural Development Banks (SCARDBs) in

various states became weak, leading to a decline in the share of cooperative banks in the flow of agricultural credit. However, in absolute terms, credit disbursement by cooperative banks has maintained a steady increase (NABARD, 2012-13).

Table 3 Share of various agencies in total agricultural GLC (Amount in ₹ crore)

Year	Coop. banks	% to total	RRBs	% to total	Comm. banks	% to total	Total
1991-92	5800	52.71	596	5.42	4608	41.88	11004
1992-93	9378	62.47	831	5.54	4802	31.99	15011
1993-94	10117	62.60	977	6.05	5068	31.36	16162
1994-95	9876	48.43	1381	6.77	9136	44.80	20393
1995-96	10479	49.91	1381	6.58	9136	43.51	20996
1996-97	11944	47.51	1684	6.70	11512	45.79	25140
1997-98	14085	46.87	2040	6.79	13927	46.34	30052
1998-99	15957	43.29	2460	6.67	18443	50.04	36860
1999-00	18363	39.69	3172	6.86	24733	53.46	46268
2000-01	20801	39.38	4219	7.99	27807	52.64	52827
2001-02	23604	38.04	4854	7.82	33587	54.13	62045
2002-03	23716	34.09	6070	8.73	39774	57.18	69560
2003-04	26959	30.99	7581	8.72	52441	60.29	86981
2004-05	31424	25.08	12404	9.90	81481	65.02	125309
2005-06	39785	22.04	15223	8.43	125477	69.52	180485
2006-07	42480	18.52	20435	8.91	166485	72.57	229400
2007-08	48258	18.95	25312	9.94	181088	71.11	254658
2008-09	46192	15.3	26765	8.87	228951	75.83	301908
2009-10	63497	16.51	35217	9.16	285800	74.33	384514
2010-11	78121	16.68	44293	9.46	345877	73.86	468291
2011-12	87963	17.21	54450	10.65	368616	72.13	511029
2012-13	111203	18.31	63681	10.48	432491	71.21	607375
2013-14	119963	16.43	82653	11.32	527506	72.25	730122
2014-15	138469	16.38	102483	12.12	604376	71.50	845328
2015-16	153295	16.74	119260	13.03	642954	70.23	915509
2016-17	142758	13.40	123216	11.56	799781	75.04	1065755
2017-18	150389	12.87	140959	12.06	877155	75.07	1168503
2018-19	152340	12.12	149667	11.91	954823	75.97	1256830
2019-20	157367	11.30	165326	11.87	1070036	76.83	1392729
2020-21	190682	12.10	190012	12.06	1194704	75.84	1575398
2021-22	243220	13.05	204180	10.96	1415964	75.99	1863363
2022-23	243824	11.26	257078	11.88	1663942	76.86	2164844
CV (%)	93.93		124.23		121.92		117.79
CAGR (%)	12.64		22.62		22.45		19.45

Source: Handbook of Statistics on Indian Economy (2023), Reserve Bank of India, Agricultural Statistics at a Glance, 2022, Department Agriculture and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, GoI

Table 4 Region-wise share of number of accounts and amount disbursed towards crop loan and term loan, 2022-23

Region	Crop loan		Term loan		Total	
	No. of A/cs	Amount disbursed	No. of A/cs	Amount disbursed	No. of A/cs	Amount disbursed
Northern region	18.62	21.83	7.48	12.61	15.00	18.49
North-eastern region	0.50	0.36	1.06	1.01	0.68	0.59
Eastern region	8.96	5.03	18.74	10.25	12.14	6.92
Central region	20.33	16.77	9.52	9.24	16.81	14.05
Western region	10.51	13.56	7.87	13.34	9.65	13.48
Southern region	41.07	42.46	55.33	53.55	45.71	46.47
All India	100	100	100	100	100	100

Source: Own calculation based on the Agricultural Statistics at a Glance, 2022, Ministry of Agriculture and Farmers' Welfare, GoI

*Region-wise share of number of accounts and amount disbursed towards crop loan and term loan*

The regional-wise distribution of several accounts and amount towards production and investment loans (Table 3) for

the year 2022-23 show that of the total investment loan disbursed, the Southern Region shared 53.55 per cent of the total investment credit disbursed, followed by Western Region 13.34 per cent, Northern Region 12.6 per cent, Eastern Region 10.2 per cent and Central Region 9.2 per cent. Similarly, in the case of total accounts under production credit (crop loan), the Southern Region accounted for the highest share at 41.07 per cent, followed by the Central region at 30.33 per cent and 18.62

northern regions. The Eastern Region had 9 per cent of the total production credit accounts while the amount was only 65% of the total amount disbursed. With a low share in production and investment credit, there is little hope that the States of Bihar, Jharkhand, Odisha and West Bengal, which also have a predominance of marginal and small holdings, fully utilize their growth potential and reduce poverty [9-10].

Table 5 Region-wise ground level credit (GLC) for the agriculture and allied sector (%)

Region	1995-96	2000-01	2005-06	2010-11	2015-16	2018-19	2021-22	2022-23
Northern region	20.73	26.02	28.6	32.08	23.69	21.5	16.27	18.49
North-eastern region	0.23	0.20	0.53	0.89	0.64	0.89	0.76	0.59
Eastern region	6.27	5.74	6.93	7.37	11.32	9.05	10.83	6.92
Central region	16.07	13.92	13.12	12.1	16.74	13.63	12.84	14.05
Western region	19.31	17.34	14.84	12.1	11.79	12.02	12.18	13.48
Southern region	37.4	36.79	35.98	35.46	35.81	42.91	47.13	46.47
All India	100	100	100	100	100	100	100	100

Source: Agricultural Statistics at a Glance (Various Issues.), Department of Agriculture and Farmers' Welfare, (MOA&FW), GoI, Note 2022-23 (as of 31 January 2023)

#### Region disparities in the flow of institutional credit

The flow of institutional credit for agriculture sectors could be more consistent between regions. It may be seen from (Table 5) that as of 2022-23, the Southern region had the highest share, 46.47 per cent, in total institutional credit, followed by Northern Region 18.49 per cent, Central Region 14.05 per cent, Western region 13.48 per cent, Eastern region 6.92 per cent and North Eastern Region 0.59 per cent respectively. The share of the Eastern region marginally increased from 6.27 per cent in 1995-96 to 11.32 per cent in 2015-16 but has declined in 2022-23 to 6.92 per cent, and that of Northern Region from 20.73 per cent in 1995-96 to 32.08 per cent in 2010-11 and declined to 18.49 per cent in 2022-23, while the share of central region dropped marginally from 16.07 per cent in 1995-96 to 12.1 per cent in 2010-11 and further to 12.84 per cent in 2021-22 and that of the Western region declined from 19.3 per cent in 1995-96 to 14.84 per cent in 2005-06, further 13.48 per cent in 2022-23 [11-13].

#### The direct agricultural credit (disbursements) ratio to agricultural gross value added (AgGVA)

Agricultural credit as a proportion of agricultural gross value added (AgGVA) has been increasing persistently, from 34.02 per cent in 2011-12 to 47.50 per cent in 2022-23 (Table 6). As a proportion of total GVA, the agricultural credit

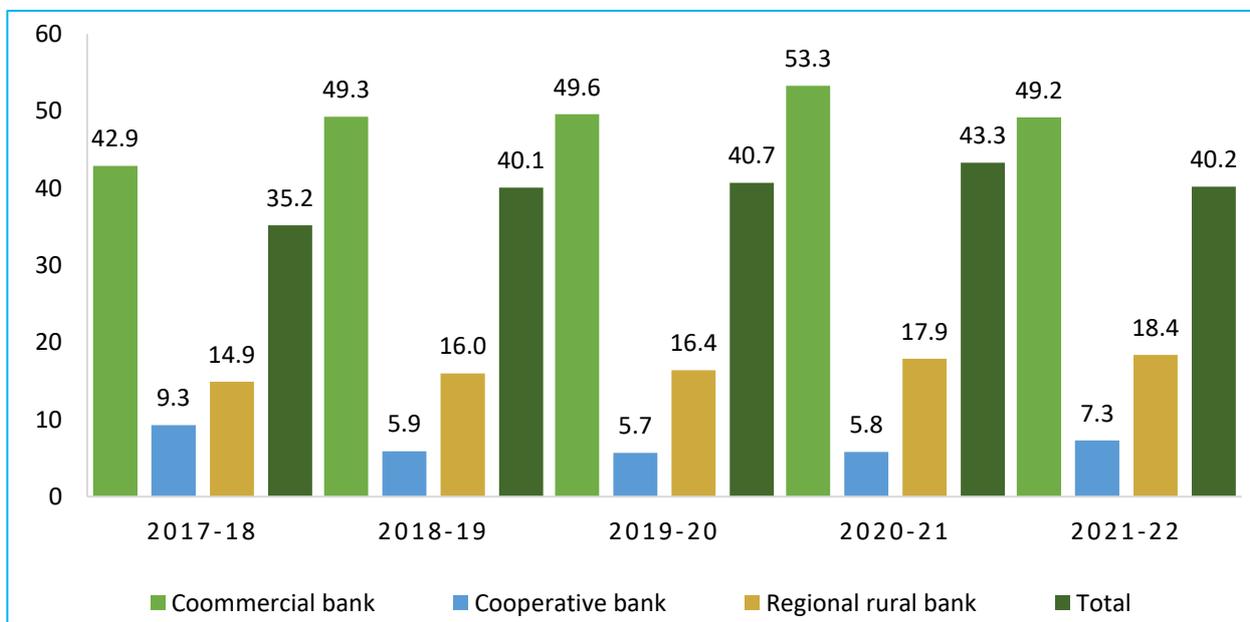
increased from 6.30 per cent in 2011-12 to 8.75 per cent in 2022-23. The farm credit per hectare of gross cropped area has increased. It increased from Rs.26100 in 2011-12 to Rs.93210 in 2021-22 [14].

#### Availability of loan per hectare

The agricultural credit per hectare of gross cropped area has shown an increasing trend with a tremendous rise in recent years (Table 6). It has increased from Rs 26100 in 2011-12 to Rs 93210 in 2021-22. A twelve-fold increment has been registered in agricultural credit in real terms from 2000 to 2013. Similarly, the return per hectare of gross cropped area has shown an increasing trend wherein it was only Rs. 24412 during 2000-01 and jumped to Rs. 51378 during 2012-13. The availability of credit and return were highest with Rs. 33134/ ha and Rs. 51378/ ha during 2012-13. One of the vital indicators to assess credit performance is the ratio of credit to return; it indicates the amount of credit required to get one unit of return. Adding to this, the ratio has been increasing from 2000 to 2012, with the highest ratio of 0.70 during the years 2011- 12. These ratios indirectly indicate the efficacy of the credit. That is, as the ratio increases and decreases, the effectiveness of the credit is decreasing and increasing, respectively. Hence, there is an inverse relationship between the ratio and the efficacy of the credit [15].

Table 6 Ratio of direct agricultural credit (disbursements) to agricultural gross value added (AgGVA)

Year	Agricultural credit /Total GVA (%)	Agricultural credit/AgGVA (%)	Agricultural credit per ha (Rs.)
2011-12	6.30	34.02	26100
2012-13	6.60	36.26	31273
2013-14	7.05	37.90	36333
2014-15	7.35	40.38	42612
2015-16	7.28	41.10	46460
2016-17	7.63	42.31	53234
2017-18	7.54	41.29	58451
2018-19	7.32	41.48	62870
2019-20	7.58	41.34	69668
2020-21	8.66	43.63	78805
2021-22	8.69	45.82	93210
2022-23	8.75	47.50	-



Source: NABARD Annual Report- 2022-23

Fig 2 Share (%) of term loan in total agriculture credit by bank type

Data depicted in (Table 7) shows the share of cooperative banks, RRBs, and commercial banks in crop loans, which was 47.53%, 4.44%, and 16.37%, respectively, in 1993-94. However, the share of Commercial Banks increased to 40.41%

in 2022-23, and that of RRBs had improved significantly (13.09%) in 2022-23, whereas the share of Cooperative Banks declined substantially to 10.32%. The share of short-term credit decreased from 68.33% in 1993-94 to 63.83% in 2022-23 [16].

Table 7 Agency-wise share of agriculture and allied sector credit (Short Term and Long Term) disbursements

Year	I. Production (Short-Term) Credit				II. Medium (MT)/Long-Term (LT)				ST+MT/LT Credit			Grand total (1+2)
	Coop. Banks	RRBs	Comm. Banks	Sub total (1)	Coop. Banks	RRBs	Comm. Banks	Sub total (2)	Coop. Banks	RRBs	Comm. Banks	
1993-94	47.53	4.44	16.37	68.33	13.81	1.49	16.37	31.67	61.34	5.92	32.74	100
1996-97	0.00	0.00	0.00	64.36	0.00	0.00	0.00	35.64	0.00	0.00	0.00	100
1998-99	34.11	4.64	26.10	64.85	9.19	2.03	23.93	35.15	43.29	6.67	50.04	100
1999-00	32.08	5.24	25.28	62.60	7.60	1.62	28.17	37.40	39.69	6.86	53.46	100
2000-01	31.39	6.14	25.53	63.06	7.98	1.84	27.11	36.94	39.38	7.99	52.64	100
2001-02	30.35	6.09	28.86	65.29	7.70	1.74	25.28	34.71	38.04	7.82	54.13	100
2002-03	28.33	6.86	30.34	65.53	5.76	1.86	26.84	34.47	34.09	8.73	57.18	100
2003-04	26.09	7.00	30.11	63.21	4.90	1.72	30.18	36.79	30.99	8.72	60.29	100
2004-05	21.76	7.99	29.36	59.11	3.32	1.91	35.66	40.89	25.08	9.90	65.02	100
2005-06	19.39	7.04	31.94	58.37	2.65	1.39	37.59	41.63	22.04	8.43	69.52	100
2006-07	16.84	7.25	36.27	60.36	1.68	1.66	36.30	39.64	18.52	8.91	72.57	100
2007-08	15.91	8.13	48.02	72.06	1.24	1.61	23.09	25.94	18.95	9.94	71.11	100
2008-09	13.33	7.42	48.96	69.71	1.97	1.44	26.87	30.29	15.30	8.87	75.83	100
2009-10	14.81	7.75	49.39	71.95	1.70	1.41	24.94	28.05	16.51	9.16	74.33	100
2010-11	14.74	8.14	48.77	71.65	1.94	1.32	25.09	28.35	16.68	9.46	73.86	100
2011-12	16.01	9.28	52.23	77.52	1.20	1.38	19.90	22.48	17.21	10.65	72.13	100
2012-13	16.89	9.21	51.85	77.96	1.42	1.27	19.35	22.04	18.31	10.48	71.21	100
2013-14	15.56	9.68	49.88	75.12	0.88	1.64	22.37	24.88	16.43	11.32	72.25	100
2014-15	15.42	10.57	49.18	75.17	0.96	1.56	22.32	24.83	16.38	12.12	71.50	100
2015-16	15.71	11.10	45.87	72.67	1.04	1.93	24.36	27.33	16.74	13.03	70.23	100
2016-17	12.37	9.85	42.47	64.69	1.02	1.71	32.58	35.31	13.40	11.56	75.04	100
2017-18	11.84	10.23	42.54	64.61	1.03	1.83	32.53	35.39	12.87	12.06	75.07	100
2018-19	11.36	10.00	38.49	59.85	0.76	1.91	37.48	40.15	12.12	11.91	75.97	100
2019-20	10.65	9.91	38.69	59.25	0.65	1.96	38.14	40.75	11.30	11.87	76.83	100
2020-21	11.38	9.93	35.43	56.73	0.72	2.14	40.41	43.27	12.10	12.06	75.84	100
2021-22	12.29	8.95	37.77	59.02	0.76	2.01	38.22	40.98	13.05	10.96	75.99	100
2022-23 <sup>#</sup>	10.32	13.09	40.41	63.83	0.71	2.49	32.98	36.17	11.03	15.58	73.39	100

Source: Agricultural Statistics at a Glance (Various issues), Ministry of Agriculture and Farmers' Welfare, Gol. \*Provisional data, Note: ST= Short Term, MT= Medium Term and LT= Long Term

#### Credit-deposit ratio

The credit-deposit ratio highlights the efficiency of the banks in mobilizing their deposits. The C-D ratio at the All-

India level has progressively improved from 60.7 per cent in 1990 to 72.3 per cent in 2022 (Table 7). However, a significant disparity exists at the regional level. The 1990 Credit-Deposit

ratio for states in the North-Eastern (47.6 per cent), Central (49.8 per cent) and Eastern (52.6 per cent) reflects the inefficient credit mobilization in these regions. At the same time, Southern (83.2 per cent), Western (63.7 per cent), and Northern (70.0 per cent) regions display a more efficient picture in terms of mobilization of deposits for credit deployment.

If there is no local-level deposit mobilization, the access to credit could be lower. But this cannot be proved by the existing Credit-deposit patterns in different regions. It can be seen from (Table 7) that the Western, Northern and Southern Regions of the country had relatively higher Credit-Deposit

ratios than the North-eastern, Eastern and Central Regions. As of 2022, the Credit-deposit ratio in the Eastern Region was only 44.70, against 77.5 in the Western Region and 87.6 in the Southern Region. The Credit-deposit ratio in the Eastern Region dropped from 52.6 in 1990 to 44.70 in 2022, while that for the Southern Region increased from 83.2 in 1990 to 87.60 in 2022. In 2017 Bihar and Jharkhand, the Credit-deposit ratio was as low as 32.0 and 29.1, respectively, while it was above 100 in Tamil Nadu and Andhra Pradesh (104). It can be assumed that credit access could be lower without local deposit mobilization [17].

Table 8 Region-wise credit deposit ratio of scheduled commercial banks according to place of utilization (%)

Region-wise	Northern Region	North-eastern Region	Eastern Region	Central Region	Western Region	Southern Region	All India
1990	47.6	70.0	52.6	49.8	63.7	83.2	60.7
1991	52.4	60.9	49.2	52.8	66.1	82.1	61.9
1992	49.3	66.3	49.1	50.2	56.5	77.7	57.7
1993	56.7	64.0	50.4	49.7	58.5	72.3	58.9
1994	56.6	50.0	43.9	44.3	52.2	67.9	54.3
1995	47.5	45.9	46.6	41.2	62.4	69.9	55.6
1996	50.4	41.1	46.4	42	71.4	74.8	59.8
1997	47.0	36.1	42.1	40.7	66.2	75.3	56.8
1998	47.5	33.5	40.4	39.2	65.0	72.0	55.3
1999	49.4	33.7	38.0	36.8	67.0	68.7	54.8
2000	49.6	30.6	37.2	36.8	74.6	66.8	56.0
2001	52.5	32.0	36.6	36.9	74.8	66.8	56.7
2002	55.0	53.2	41.4	38.4	71.3	68.9	58.4
2003	55.5	48.2	42.8	38.6	71.5	71.2	59.2
2004	56.8	33.7	45.2	39.9	63.2	72.7	58.2
2005	62.2	44.6	50.4	45.8	71.8	83.9	66.0
2006	67.9	52.3	55.6	50.0	78.9	90.8	72.4
2007	71.2	48.6	60.6	52.3	77.3	96.6	75.0
2008	70.1	48.3	58.2	54.6	76.0	96.8	74.4
2009	71.1	39.2	50.8	48.7	77.0	94.1	72.6
2010	74.9	39.1	53.5	51.0	74.7	94.8	73.3
2011	83.4	36.3	53.3	50.9	74.1	98.3	75.6
2012	89.6	37.8	52.5	50.7	80.7	99.3	79.0
2013	89.5	35.3	52.2	53.6	79.9	99.3	78.8
2014	93.6	36.6	51.1	51.8	80.3	97.4	79.0
2015	91.8	35.2	48.4	51.3	80.9	92.4	77.1
2016	87.4	39.3	46.8	53.2	88.3	92.1	78.4
2017	79.1	38.2	43.0	48.7	88.5	86.6	73.8
2018	81.9	41.0	44.1	50.5	90.0	93.2	76.7
2019	87.1	41.9	43.3	52.1	90.4	94.2	78.3
2020	85.7	42.2	44.0	51.6	86.7	91.6	76.5
2021	78.2	46.1	43.9	51.3	78.1	86.3	71.7
2022	77.7	46.4	44.7	53.1	77.5	87.6	72.1

Source: Handbook of Statistics of Indian states (Various issues), Reserve Bank of India

## CONCLUSION

The supply of institutional credit plays a vital role in promoting agricultural growth and saving the farmers from the grasp of private moneylenders who charge exorbitantly high interest rates and force them to live in a perpetual debt trap. In recent years, there has been a phenomenal increase in institutional credit flow to agriculture. The flow of institutional credit to agriculture and allied activities increased at an annual compound growth rate of 19.45 per cent. The share of cooperatives in agricultural credit reduced to only 11.26 per cent in 2022-23 from about 52.71 per cent in 1991-92, while that of commercial banks rose from 41.88 per cent to approximately 76.86 per cent during this period. The Regional

Rural Banks, which existed in 1975-76, now account for about 11.88 per cent of total agricultural credit. As of 2022-23, the southern Region had the highest share, 46.47 per cent, in institutional credit, followed by the northern, 18.49 per cent; the Central Region, 14.05 per cent; Western Region, 13.48 per cent; Eastern Region, 6.92 per cent; and North Eastern 0.59 per cent, respectively. The share of the Eastern Region marginally increased from 6.3 per cent in 1995-1996 to 9.5 per cent in 2014-15 but has again declined in 2018-19 to 9.05 per cent, and that of the Northern Region from 20.7 per cent in 1995-96 to 24 per cent in 2014-15 and declined to 16.27 per cent in 2021-22.

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