



Financing of Agriculture by SaptagiriGrameena Bank after Merger.

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| KEYWORDS | |

1. Introduction:

SaptagiriGrameena Bank (SGB) was formed with the merger of Sri Venkateswara and KanakadurgaGrameena Banks with effect from 01.07.2006. The operational area of SGB is spread over Chittoor and Krishna districts in the state of Andhra Pradesh (AP). The bank is with 157 branches. Of which, 102 branches are in Chittoor district and 55 branches in Krishna district and one satellite office. Out of them, 108 are rural, 37 semi-urban and 12 urban. An attempt is made in this article to review the financing of agriculture by SGB. The focus is on, sector - wise disbursement and outstanding advances, agriculture, targets and accomplishments. The study period is spread over 8 years from merger.

2. Credit disbursement:

SGB should accelerate integrated rural development by providing adequate and timely credit in its operational area. This depends upon the coverage of activities; reaching occupational target groups; extent of deployment of credit to priority sector; assistance rendered to weaker sections for their upliftment; level of utilisation of locally mobilised deposits in the operational area etc. Keeping in line with the importance attached to rural development, the bank has achieved considerable progress in providing finance to farming community, weaker sections and so on.

2.1. Aggregated disbursement of credit:

It can be observed that the bank has disbursed Rs.73,590.92 lakhs in 2007 and progressively increased year after year to reach Rs. 2,15,628.33 lakhs at the end of 2014, registering an increase of nearly 3 times (see Table 1). The share of agriculture in the total

Table 1: Disbursement of Credit to Agriculture by SGB during 2007-14 (Rs. lakhs)

| Year (1) | Total advances (2) | Agriculture (3) | % of col (3) to col (2) (4) |
|----------|--------------------|-----------------|-----------------------------|
| 2007 | 73,590.92 | 56,721.55 | 77.08 |
| 2008 | 89,508.64 | 52,674.85 | 58.85 |
| 2009 | 1,08,476.46 | 70,631.15 | 65.11 |
| 2010 | 1,47,815.00 | 96,525.00 | 65.30 |
| 2011 | 1,72,518.48 | 111,245.37 | 64.48 |
| 2012 | 2,21,606.00 | 140,224.25 | 63.28 |
| 2013 | 2,52,312.92 | 165,735.63 | 65.69 |
| 2014 | 2,15,628.33 | 137,634.46 | 63.83 |

Source: Relevant issues of the SGB, Annual Reports, Chittoor.

disbursement was 77.08 per cent in 2007 as against 63.83 per cent in 2014. There is a declining trend with to and fro changes during the period.

2.2. Activity-wise credit disbursement of credit:

Under priority - sector lending, the bank has disbursed loans for different purposes as presented in Table 2. Among the purposes, short - term agricultural loans (STAL), account for a major share ranging between 69.69 per cent and 93.07 per cent during 2007 - 2014. Self Help Groups (SHGs) rank second with a share of 16.90-26.34 per cent. Allied agricultural term loans (AATL) occupy third place with a proportion of 0.72-21.91 per cent. Agricultural term loans (ATL) are in the order of 0.41-2.23 per cent.

Table 2: Activity-wise Disbursement of Credit to Agriculture by SGB during 2007-14 (Rs. lakhs)

| Year | STAL | ATL | AATL | SHGs |
|------|------------------------|--------------------|----------------------|----------------------|
| 2007 | 43,668.97 (76.99) | 622.79 (1.10) | 12,429.79 (21.91) | -- |
| 2008 | 49,024.60 (93.07) | 465.74 (0.88) | 3,184.51 (6.05) | -- |
| 2009 | 50,348.04 (71.28) | 1,021.37 (1.45) | 2,134.48 (3.02) | 17,127.26 (24.25) |
| 2010 | 71,423.35 (73.99) | 1,401.25 (1.45) | 2,154.65 (2.23) | 21,545.75 (22.32) |
| 2011 | 77,521.93 (69.69) | 2,480.00 (2.23) | 1,937.44 (1.74) | 29,306.00 (26.34) |
| 2012 | 105,943.88 (75.55) | 858.55 (0.61) | 3,145.46 (2.24) | 30,276.36 (21.59) |
| 2013 | 133,095.90 (80.31) | 1,372.00 (0.83) | 3,263.55 (1.97) | 28,004.18 (16.90) |
| 2014 | 1,03,717.58 (75.36) | 562.55 (0.41) | 994.59 (0.72) | 32,359.74 (23.51) |

Note: Figures in brackets indicate the percentage to total.

STAL-short term agri loans; ATL-agri term loans; AATL-allied agri term loans; and

SHGs-self help groups;

Source: As in Table 1.

3. Outstanding advances:

A glance at the Table 3 shows that the agricultural outstanding advances were Rs. 47,078.91 lakhs in 2007 and gradually increased to reach Rs. 2,26,962.24 lakhs in 2014. The share of

agriculture in the total advances was 71.77 per cent in 2007 as against 69.37 per cent in 2014.

Table 3: Agricultural Outstanding Advances of SGB during 2007-14 (Rs. lakhs)

| Year (1) | Total (2) | Agriculture (3) | % of col (3) to col (2) (4) |
|----------|-------------|-----------------|-----------------------------|
| 2007 | 65,600.22 | 47,078.91 | 71.77 |
| 2008 | 83,655.86 | 58,800.70 | 70.29 |
| 2009 | 1,11,389.93 | 72,124.25 | 64.75 |
| 2010 | 1,38,461.84 | 97,194.35 | 70.20 |
| 2011 | 1,75,474.83 | 1,21,570.66 | 69.28 |
| 2012 | 2,21,356.31 | 1,52,087.08 | 68.71 |
| 2013 | 2,70,637.26 | 1,89,166.12 | 69.90 |
| 2014 | 3,27,165.40 | 2,26,962.24 | 69.37 |

Source: As in Table 1.

3.1. Classification of outstanding advances:

A glance at the Table 4 reveals that, of the outstanding agricultural advances, crop loan were in the range of 24.50-48.18 per cent during 2007-14. The crop loan was Rs. 22,681.67 lakhs in 2007 vis-à-vis Rs. 55,615.40 lakhs in 2014. The Jewel loan has increased from Rs. 17,021.66 lakhs in 2007 to Rs. 1,12,764.15 lakhs in 2014. The proportion of Jewel loans was in the order of 17.29-49.68 per cent. The term loans have constituted Rs. 7,375.58 lakhs in 2007 while

Table 4: Classification of Agricultural Outstanding Advances of SGB during 2007-14 (Rs. lakhs)

| Year | Crop loan | Jewel loan | Term loan |
|------|----------------------|------------------------|----------------------|
| 2007 | 22,681.67 (48.18) | 17,021.66 (36.16) | 7,375.58 (15.66) |
| 2008 | 26,183.89 (44.53) | 10,172.26 (17.29) | 22,444.55 (38.18) |
| 2009 | 26,839.45 (37.21) | 18,391.38 (25.49) | 26,893.42 (37.30) |
| 2010 | 32,365.25 (33.29) | 29,454.65 (30.31) | 35,374.45 (36.40) |
| 2011 | 33,515.29 (27.57) | 38,632.87 (31.78) | 49,422.50 (40.65) |
| 2012 | 44,236.18 (29.09) | 56,861.90 (37.39) | 50,989.00 (33.52) |
| 2013 | 52,216.55 (27.60) | 82,976.27 (43.86) | 53,973.30 (28.54) |
| 2014 | 55,615.40 (24.50) | 1,12,764.15 (49.68) | 58,582.69 (25.82) |

Note: Figures in brackets indicate the percentage to total.

Source: As in Table 1.

Rs.58,582.69 lakhs in 2014. These have formed 15.66 per cent in 2007 and 25.82 per cent in 2014, with ups and downs during the period.

4. Recovery of agricultural advances:

The proportion of recovery to demand was 83.93 per cent in 2007 as against 84.85 per cent in 2014 (see Table-5). In the meantime, there are fluctuations in the yearly recovery rate. The recovery efficiency has reached an all-time high at 93.42 per cent in 2013. The amount demanded has gone up from Rs. 31,805.93 lakhs in 2007 as compared to Rs. 1,48,133.91 lakhs in 2014. In

Table 5: Recovery of Loans in Farm Sector of SGB during 2007-14 (Rs. lakhs)

| Year (1) | Demand (2) | Recovery (3) | Overdues (4) | % of col. (3) to col.(2) (5) |
|----------|-------------|--------------|--------------|------------------------------|
| 2007 | 31,805.93 | 26,694.96 | 5,110.97 | 83.93 |
| 2008 | 35,444.63 | 31,076.75 | 4,367.88 | 87.68 |
| 2009 | 35,838.59 | 30,307.39 | 5,531.20 | 84.57 |
| 2010 | 31,806.66 | 23,731.42 | 8,075.24 | 74.61 |
| 2011 | 40,374.33 | 33,932.04 | 6,442.29 | 84.04 |
| 2012 | 65,959.08 | 54,437.75 | 11,521.33 | 82.53 |
| 2013 | 86,542.03 | 80,846.63 | 5,695.40 | 93.42 |
| 2014 | 1,48,133.91 | 1,25,691.52 | 22,442.39 | 84.85 |

Source: As in Table 1.

the collection, there is a like trend. The overdue amount was Rs. 5,110.97 lakhs in 2007 as against Rs. 22,442.39 lakhs in 2014. In the meantime, there are fluctuations.

The recovery efficiency in total advances is more than that of agriculture sector except 2013 (see Table-6). In this year, it was 90.35 per cent and 93.42 per cent in the former and latter respectively. The reasons are not far to seek.

Table 6: Relative share of Farm Sector in the recovery of advances of SGB during 2007-14(%)

| Year | Farm sector | Total |
|------|-------------|-------|
| 2007 | 83.93 | 84.84 |
| 2008 | 87.68 | 89.27 |
| 2009 | 84.57 | 87.40 |
| 2010 | 74.61 | 84.09 |
| 2011 | 84.04 | 88.46 |
| 2012 | 82.53 | 87.06 |
| 2013 | 93.42 | 90.35 |
| 2014 | 84.85 | 87.42 |

Source: As in Table 1.

5. Conclusion:

Agriculture has claimed a lion's share in the total advances disbursed. This is due to the fact a large proportion of population in the operational area depends on it. The loan delivery is in accordance with the state policy as well as needs of the operational area. Agriculture accounts for a lions' share in the total outstanding loans too. The recovery performance was more than 80 per cent leaving 2010. The recovery performance in total advances is more than that of farm sector.

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