

SUMMARY FINDINGS AND CONCLUSION

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Summary findings (Problems)

1. Overdues

There is an urgent need to look into the problems associated with overdue and overdrafts in co-operative banks and societies. The utilization of the cooperative banks loans attracted very strong attentions in recent days because of crop failures. Farmers and borrowers insist that they are not able to repay their loan due to natural calamities like drought. Water being an essential ingredient for planting was not available at the right time for farming.

In this circumstance, it became necessary to analyse three major problems that the farmers and banks face due to economic policies in place:

a) Timeliness of credit

In the normal circumstance, banks grant credits to farmers after duration of ninety days and/or verification of all their records. This consume time and poor farmers cannot plant their seeds in time which of course, delays crop harvest and lower productivity.

Another problem involving timeless of credit was compulsory lifting of kind credit (fertilizer), which was found to be ineffective in the absence of demonstration.

b) Adequacy of Credit:

Reserve Bank of India expected that with the implementation of district credit plan, banks can make deep penetration into the countryside and assist in growth of the priority sectors in much more systematic way than hitherto. Besides, it will favor agriculture the major pace of rural development in India. But this is not the case. There are many factors affecting adequacy or supply of credit plans

i) Income Grouping - The income has been studied under three groups - lower (or small farmers). This is income below Rs. 1000/- per annum. Another is middle, that is, with annual income ranging from Rs. 10,000 to Rs. 20,000 and upper income group i.e., income of more than Rs. 20,000 per year. The percentage of those who deposits their savings with banks is the lower income group is 55%, in case of middle income group and higher income group the respective percentage are 36 percent and 31 percent. Thus as the level of incomes rises, the preference for banks diminishes. Those in lower income group are guided more by the rate of interest.

ii) Professional Grouping - Banks prefer to deal with professional groups because recovery in most cases are assured but these groups do not finance agricultural produce nor stick to farming. This group prefers to seek for loan in trading on shares and securities. Thus, blocking the chances of ordinary small and marginal farmers from securing loan or credit from bank at reasonable time.

As fifteen percent of this class is influenced by capital appreciation and 36 percent by rate of interest, the performance of 27 percent of this class preferring to invest in shares and securities is seen as justified.

iii) Education Investment - Education does not seem to have significant impact on the investment pattern. However, it is observed that more educated people are more security minded and therefore prefer to source their credit through recognized agency like State Banks, Commercial Banks, PDCCs and FSBs without looking for money-lenders where interest is higher. But all these has its' problems and delays as normal banks takes very longer time to sanction loans to farmers especially small and marginal farmers which have a very small acre of land. This people do not have sufficient securities. Every bank is very careful in sanctioning loan taking into account failure of crops as a result of drought and where provision of Crop Insurance is non-existence.

iv) Proper Assessments of Crops - Many institution of marketing have been saying that farmers produce is under-valued and as a result, the farmer is not able to repay the loans he or she has taken from bank. Again, the interests at which the banks offer this credit to farms leave little to be desired. In this case, we see rampant of suicide and diversion of credit in order to avoid paying the loans. This is a great problem that has to be tackled.

2. Loan Operations:

One of the major observations during the study was related to loan operation. Besides, inefficient management, among the other factors responsible for low level of advances may be (1) domination of societies by vested interest groups, (2) tendency to give extension in respect of societies of date of repayment, (3) temporary delay in repayment of loan due to failure of crops consequent on un-seasonal weather, and finally (4) defects in loan policies and procedures.

3. Recovery of Loans

While insisting that loans given to farmers by banks or societies, it was necessary to determine what reasons that has laid to delay or even not recovering the loans. The main reasons for the high overdue position in many co-operative banks and societies are: (a) bad management of societies/banks by honorary secretaries or by chairman in the absence of secretaries; (b) inability of the credit societies to take prompt action against defaulters; (c) adverse seasonal conditions during the year resulting in high over-dues at the end of the year although the banks and societies were fairly well-managed in some cases; (d) absence of a well developed co-operative marketing structure which could facilitate inter-linking between credit marketing and ensure proper recovery of loans; (e) defects in the methods of fixing credit limits and procedures for disbursement of loans; (f) inadequacy of loans for the purposes for which they were given; (g) improper time of loans and failure on the part of the bank to give loans in kind in installment's; (h) improper fixation of date of repayment; and

- (i) absence of uniformity in the policy of the Central Banks in regard to giving of extension for date of repayment and undue delay in taking action against defaulters.

4. Deregulation of Farm Credit

The interest rates of which farmers obtain these loans are extremely very high. The interest rates could be deregulated for encouraging banks to meet the priority sector lending targets and to ensure adequate availability of credit to farmers. These could be done by urgent restructuring the existing poverty alleviation schemes for focus and effective implementation. Besides, monitoring and supervision, the implementation of agricultural credit schemes and the lending process should be accelerated to ensure that farmers get timely loans.

Interestingly, out of a total outstanding of Rs. 7,424 crore, the politically sensitive cooperative sector in Maharashtra owes Rs. 1514 crores to the state government. Because of a number of frauds reported in various cooperative banks. MSCBs has always enjoyed a favored from the State Government.

5. Crop Insurance

In order to increase the cooperative efficiency of cooperative insurance, crop insurance is a must. An attempt should be made to amalgamate the existing societies into a nation-wide organization or some arrangement for joint working should be evolved.

To achieve mutual understanding among the cooperative general insurance, especially in cash crop and non-cash crops by commonly agreed up branches in rural and big cities,

evolving mutually accepted premia rates, and arranging from a joint share of premium income is what government has to consider very urgently.

Cooperative societies has to take up with the proper authorities, the matter of rising the existing reserves for expired risks to 75 percent and the relaxation on expense ratio allowed under the Insurance Act.

Conclusion:

To draw a conclusion in this exhaustive thesis would be extremely difficult but to bring out facts that conclusively show defects and merits of this study is essential. In this study, I have tried to identify problems and remedies where necessary to support the study. Everyone will agree with me that policy matters are very vital to the development and economic improvement of every nation.

About seventy percent of the work force of the country belongs to the agricultural sector. Although there has been a decline in the share of agriculture in the GDP from 52 percent in the 1950's to 26 percent at present; agriculture is the single largest contributor to the (GDP) Gross Domestic Product. The growth of the industrial sector also depends on the policy of the government towards agricultural sector, which provides raw materials and generates demand for consumer goods. There is a huge demand for agro-based products in the domestic as well as the international market. From an unorganized sector of the past, agriculture now is not limited to farmers and people working in the fields. Agriculture is much more than just plucking weeds and sweating under the sun. There are endless number of occupation that come under the head of agriculture like soil

management, crop husbandry, horticulture, pest management, post harvest technology, poultry management, dairy, fishing, sericulture, mushroom cultivation, floriculture etc.

Agriculture is market oriented and factors such as cost of production, income and profitability are taken into account for farm management. Therefore, there is need for farm planning, resource planning (land, labor and capital), farm costing, farm accounting, marketing etc are areas, which requires in-depth research by scholars. Banks should take interest in employing graduates who specializes in farm mechanism.

The Agricultural Credit Review Committee (ACRC) recommendations were at various stages of consideration cum implementation call for action on the part of the state governments and credit institutions to review and possibly implement major decisions. One of such major decision was the need for more flexible interest rates, so as to provide adequate margins to credit institutions with the rationalization in the interest rate from time to time, because there has been some upward rise in the lending rates and the margins available to the credit institutions on agricultural advances.

Nevertheless, the resultant margins admissible to credit agencies still fall short of those recommended by the ACRC. The economic rate of cooperatives represent two or three tier structure as the case may be. The economic rates as per ACRC is Rs15.90 of which agricultural lending is Rs.21.36 and average interest advance is Rs.13.05 showing a deficit of Rs.8.32. The Primary Land Development Banks have economic rate of 12.78 of which average interest on advance shows a deficit of Rs.2.19.

The minimum economic lending rates of interest on agricultural credit worked out earlier in 1988-89 by the ACRC for different credit institutions would call for an upward

revision on cost of funds and the margins and the average lending rates currently available on advances would fall short on revised economic lending rates.

The performance of a large number of cooperative banks in terms of recovery of loans, profitability, non-performing assets and operational and managerial effectiveness was not satisfactory. The factors, that had inhibited the progress, were mainly, (a) defective loan, policies and procedures, (b) failure of the credit agencies to initiate prompt action for recovery of loans, (c) lack of active support by the State Governments in recovering loans, (d) inadequate supervision over end-use of credit, (e) political interference in the working of institutions and (f) loan waiver and interest rebate schemes announced by the governments in the past.

Under section 79A of the Maharashtra Cooperative Societies Act 1960 in a serious bid to bring in transparency in the G- Secs transactions and avoid the repeat of the scams like Home trade. The State Government guidelines should be followed scrupulously by the cooperative banks and the erring banks should be taken to task by the Registrar of Cooperatives Societies as per the provisions of Maharashtra Cooperative Societies Act 1960.

The banks should not take the help of broker while dealing with the G-Secs and all transactions must be monitored to see that delivery takes place on settlement day. The banks henceforth would be required to maintain the investments in G-Sec only in SGL accounts with RBI or in consituent SGL accounts of public sector banks, other scheduled commercial banks, state cooperative banks, primary dealers, depositors and stock holding corporation of India Ltd.

The banks would have to undertake a half yearly review of their investment portfolio which should, apart from other operational aspects of investments portfolios, clearly indicate and certify adherence to lay down internal investment policy and procedures and RBI guidelines and put up the same before their respective boards with a month end of April and end of October.

Summary of Findings and Recommendations

1. Professional Skills

The Government of India has invested huge amounts in different types of co-operatives. For safeguarding the financial interest of the Government of India in Co-operatives, it is imperative to have well trained managers with professional skill to manage such cooperative. In the past, more and more contributions by the cooperative towards the education and training programmes was envisaged but the existing training arrangements could not attain the excellence as required. Consequently, the banks are suffering from professional managers with adequate skills.

2. Membership

In spite of all precautions recommended by various committees, it may still be possible for clever persons to manipulate things and enjoy illegitimate benefits from a society unless the general body of members maintains vigilance. In the final analysis, the only effective safe-guard against vested interests is an alert and enlightened membership.

3. Rural Banking Policy

Of late it has been experienced that commercial bank's lending to farm sector has declined from 16.3 percent of net bank credit in 1996-97 to 15.7 percent in 1997-78 as against target of 18 percent, though they have very comfortable resources position and good network of branches in rural and semi-urban area. In Pune, there is no Regional Rural Banks. Pune District Central Cooperative Banks and Land Development Banks are covering the rural credits in this district. The results are a mixed one. While PDCCBs is relatively successful, LDB is facing problems, like recovery, land development policy and assessment of repayment capacity including rationalization of loan policies. Besides, verification of application are done in unitary system wherein the sub-branch manager scrutinize application and submit to branch office for either straight away sanction.

4. Rural Infrastructure

A recent study has sought to measure the impact of rural infrastructure on growth in agricultural production through composite index of rural infrastructure. The index contained items of infrastructure like power, irrigation, transport, fertilizer, credit, marketing, extension, research etc. It is concluded, that with every one point increased by about 47kg and proportionate value of output per hectare. Thus, in a states like Rajasthan, Bihar and M.P. which have very low indices of infrastructure, improved infrastructure index of 10 percent points could increase the food grain production by about 470kg per hectare and proportionate value of output. Similarly, increased investments in infrastructure in rain fed

areas not only generate higher economic return but also have a larger impact on rural poverty.

5. Micro Finance

Micro-finance programme has shown good performance in respect of coverage, disbursement of credit, recovery and its impact on the beneficiaries etc. in most of the implementing states. India has accepted the programme since 1992. It is apprehended that administrative and supervision cost which has to be borne by banks is now passed on to NGOs, SHG, including rural farmers. It is also worthy to note that incurring cost of supervision is many times worth than allowing borrowal account becoming non-performing asset. Training of beneficiaries and bank officials from time to time is a must to improve skill, capacity building and developing entrepreneurship among beneficiaries so as to enable them to take up productive micro-enterprises

6. Proper Assessement of Crop and Subsidy

Loan waiving and subsidy can be another way farmers can benefit from cooperative bank scheme. To bring about improvement in farming system, increase out-puts, and also avoid incurring losses during drought, crop insurance is necessary. Of late, about 80 to 90 percent of farmers have entered into plantation of cash crops. Because of long delay in repayment, some loan became overdue as a result of provision of subsidy attached to such loan. These type of farmers can be encouraged by substantially increasing loan waiving system in case of crop failure. But waiver can only be on substantial

cases where a crop is properly assessed.

About sixty-eight to seventy percent of the farmers are small and marginal farmers having thirty percent of agricultural land area, whereas 30 percent of big farmers are having excess of 70 percent land area.

There is need to (a) implement Land Reforms System, (b) infrastructure, and irrigation system should not be made to fully depend on nature but proper balance between cash crops and food crops is maintained. The cooperative banking system must provide infrastructure for procuring and marketing of produce of farmers at reasonable time to prevent distress of sale of their crops. This will help *in improving the level of income from farming particularly to small and marginal farmers*.

7. Bio-best Fertilizers

More stress should be given to promote bio-best fertilizers by introducing to the farmers to adopting manure culture which improves the productivity of the soil in particular to case of horticulture and food crops.

8 Fulfilling Credit Needs

The rural banks fashioned as low-cost institutional set up to look after mainly the credit needs which has degenerated into sick man of Indian rural credit structure. The number of rural households has been roughly estimated at 800 lakhs and 60 percent of these households are below poverty line with less than Rs. 1000 per month as their family income. A large majority, that is 72.4

percent of agricultural families and over 70 percent are small and marginal farmers. Rural credit disbursed through commercial, cooperative and regional banks during year ended June 1990 was Rs.31,200 lakh (50%) from cooperative bank, Rs. 24,200 (39%) from commercial banks, and Rs. 7000 (11%) from RRBs.

Uneconomical margins rarely meet the requirements of management expenses and they virtually function as agencies to higher level agencies. These happens because of politics in cooperatives institutions and can be regarded as very miserable. There should be proper auditing of the account of these cooperatives from time to time. More than 50 percent of the account remain unaudited, hardly 10 percent to 15 percent are in the 'A' category. There should be reduction in non-viable societies which more than 50 percent existing in various 14 talukars of Pune District. Direct finance should be considered only in case where collateral are in place and proper evaluation of documents.

Various committees have recommended certain procedures, but this rules are not put in place, even after the government has accepted the recommendation and often the authority neglect or even avoid implementing them. So far the policy implication of institutional credit is concerned, the number of farmers who required additional credit was quite small. The existing supply of credit is found to be insufficient.

9. Legal Protection of Credit Institution

Loans are procured and embezzled and legal cases are instituted by members with the banks concerned. In some case, there is collaboration with bank official with individual farmers or loaners. There should be stress to strengthening the primary credit societies in such a way that are able to provide not only adequate credit but develop the banking habit in the rural sector by providing wide range of banking services.

The primary societies which are converted into rural cooperatives banks may be allowed to depart from their orthodox practices and create a new of members call associate member without any voting right and the credit to such member should not exceed 25 percent of the total loans scheme entered by them.

I recommend, (a) mobilization of local savings (b) provision of short term and medium agricultural term credits but these has to be supervised through internal audit act of MSC Acts, (c) proper storage system and marketing infrastructure and overall development of the villages in the area where (this) banks are set-up, and finally supply of inputs and kind (loans) fertilizer should be implemented, not cash.

10. New Norms of Co-operatives

Even though RBI has passed a circular but 100 percent dematerialization of G-Sacs has not been achieved yet. Reserve Bank of India has fixed a time frame for process of dematerialization of government securities (converting into electronic

mode), and to large extent scams were possible because of physical transfer of G-Securities.

To enable cooperatives to invest in these sorts of securities, cooperative banks has to be provided with all the facilities as enjoyed by banks.

Annexure: I

TYPES OF CREDIT FACILITIES WHICH CAN BE PROVIDED BY THE NATIONAL BANK UNDER THE NABARD ACT, 1981

S. N.	Purpose with relevant sections of the NABARD Act, 1981	Eligible institution	Period of credit
1. Short term Credit Section 21 (1)			
	Agriculture operation or marketing of crops	a) State co-operative banks b) Regional bank c) Any other financial institutions as may be approved by RBI	Repayable on demand or on the expiry of fixed periods not exceeding 18 months
	Marketing and distribution of inputs necessary for agriculture or rural development		
	Any other activity for the promotion of or in the field of agriculture or rural development		
	Production or marketing activities of industries in the tiny and decentralized sector, rural artisans, small scale industries, village and cottage industries, village industries, those engaged in the field of handicrafts and other rural crafts		
II. Medium Term Credit			
a.	Conversion loan for production Credit (Section 22)		
	Conversion of short-term loans into medium term loans under circumstances owing to drought,	a. State co-operative banks b. Regional bank c. Any other financial	Not exceeding 7 days

	famine or other natural calamities, military operations or enemy action. Financial assistance for enabling the borrowing bank or institution to	institutions as may be approved by RBI financial institutions as may be approved by RBI	
i)	Pay any dues to the National Bank for credit extended for financing agricultural operations or marketing of crops of		
ii.	Make loans and advanced to central cooperative banks or <i>primary rural credit societies</i> by way of reimbursement of loans and advances made by such co-operative banks or societies for agricultural operations or for reimbursement of such loans or advances which have been converted into medium term loans or advances		Not less than 18 months and not exceeding 7 years
	b) rescheduling facilities to artisans, small scale industries etc. (Section 23)		
	Where owing to unforeseen circumstances, rescheduling of loans and advances made to artisans, small scale industries, industries in the tiny and decentralized sector, village and cottage industries and those engages in the field of handicrafts and other rural crafts is considered necessary by the NABARD	a) state cooperative banks b) regional bank c) any other financial institutions as may be approved by RBI	Not less than 18 months and not exceeding 7 years
	Refinance for artisans, small scale industries in the tiny and decentralized sector village and cottage industries and those engaged in the field of handicrafts and other crafts and also rescheduling the payment of such loans and advances.	State co-operative or schedules commercial banks including RRBS	Not exceeding 25 years whether originally or by rescheduling the payment thereof

	Short term credit in connection with any financial assistance under clauses (a) or (b) or (c) referred to above including rescheduling of the same into	a) State land Development Bank b) State Co-operative banks c) Scheduled commercial banks including the RRBs	Not exceeding 18 months by way of refinance as also rescheduling the payment of such loans and advances for such period as is deemed fit by the national bank
b.	Loans to State Governments. For Share Capital Contribution (Section – 27)		
	For making loans and advances to state governments out of national rural credit (long term operations) fund for enabling them to subscribe directly or indirectly to the share capital of a co-operative credit society	Any cooperative credit institution through the state government	Not exceeding 20 years
c.	Medium term investment credit Section.		
	Investment credit connected with agriculture, rural development or such other purpose as the national bank may from time to time determine	a) State co-operative bank b) Regional Rural Banks	Not less than 18 months and not more than 7 years.
III	Long Term Credit		
	Refinance for promoting agriculture and rural development and allied activities such as minor irrigation, land development, soil conservation, dairy poultry, piggery, sheep rearing, farm mechanisation, plantation, horticulture, forestry, fishery, storage and market yards, agricultural aviatio, bio-gas and other alternative soruces of energy, sericulture, pisciculture, animals and animal driven carts, agro service centres compost plants, modern, abettoir, pumpsets, energisation etc.	a) State Land Development banks b) State co-operative banks c) Scheduled commercial banks including the RBS d) Any other financial institution as may be approved by RBI	Whether originally or by rescheduling the payment thereof, the period should not exceed 25 years.
	Purchasing or selling or subscribing to the bonds or debentures issued by any bank or approved institution as specified in Col.2		Not exceeding 25 years.

Annexure II]

Provisions of the Reserve Bank of India Act Relating to Rural Credit

S. N.	Section of the Reserve Bank of India	Purpose	Type of lending	Duration	Security	Rate of interest	Remarks
1	2	3	4	5	6	7	8
1.	17(2)(a)	Financing bonafide trade or commercial transactions	Purchase and rediscounting of bills of exchange and promissory notes drawn on and payable in India for this purpose	Maturing within 90 days from the date of purchase or rediscount	Trade or commercial bills bearing two good natures one of which should be that of a schedules bank or any financial institution approved by the Bank in this behalf	Bank rate	As far as cooperative banks are concerned credit is made available to the state co-operative banks for financing State Handloom weavers co-operative societies for purchase of yarn. Loans and advances for this purpose, in practice are granted by the bank under section 17(4)© against eligible bills mention in this sub section
2.	17(2)(b)	Financing agricultural	Purchase and rediscounting	Maturing within 15 months	Agricultural bearing two or more	3 percent	Loans and advances for this purpose

		operations	g of bills of exchange and promissory noted drawn for this purpose and payable in India	from the date of purchase or rediscount . In actual practice the period of credit is restricted to 12 months	good signatures one of which should be that of a scheduled for a state cooperative bank or any financial institutions approved by the bank in this behalf	below bank rate	are granted by the Bank under section 17 (4) © against eligible bills mentioned in this subsection.
3.	17(2)(b)	Financing marketing or crops	Purchase and rediscounting bills of exchange and promissory notes drawn for purpose and payable in India	90 days	Agricultural paper bearing two or more good signatures one of which should be that of a scheduled a State Co-operative bank or any or any financial institution approved by the Bank in this behalf	Bank rate	Loans and advances for this purpose are granted by the bank under section 17 (4) © against eligible bills mentioned in this sub-section.
4.	17 (2) (bb)	Financing the production and marketing activities of handloom and power loom weavers,	Purchase and rediscounting of bills of exchange and promissory notes drawn for this purpose and payable in	Maturing within 12 months from the date of purchase or rediscount	Bills of cottage and small scale industries approved by the Bank two or more signatures one of which should be	2.1/2 per cent below Bank Rate	Besides cotton, polyster, silk and woolen handloom weaving and power looms, 22 broad groups of cottage and broad groups

		societies and Industrial cooperative societies (other than weavers) and units outside the co-operative fold engaged in any one of 22 broad groups of cottage and small scale industries approved by bank	India		that of a State Cooperative bank or a State Financial Corporation or any financial institution approved by the Bank in this behalf provided the repayment of principal and payment of interest are fully guaranteed by the State Government concerned		of cottage and small scale industries have also been approved under this Section. In actual practice loans and advances for this purpose are granted to State Cooperative banks on behalf of central co-banks or State handloom weavers societies or primary (urban) cooperative banks under section 17 (4) © against eligible bills in this sub-section.
5.	17 (2) (bb)	Financing of weavers and rural artisans engaged in activities covered under 22 broad groups of approved cottage and small	Purchase and rediscounting of bills of exchange and promissory notes drawn for this purpose and payable in India	Maturing within 12 months from the date of purchase or rediscount	Bills of cottage and small scale industries approved by the bank two or more signatures one of which should be that of a state cooperative bank or	3 per cent below bank rate	Loans and advances are granted to State cooperative banks on behalf of central cooperative banks under Section 17 (4) (c) against eligible bills mentioned in this sub-

		scale industries through primary agricultural credit societies farmers service societies and large sized adivasi multi purpose societies			State Financial Corporation or any financial institution approved by the Bank in this behalf, provided the repayment of principal and payment of interest are fully guaranteed by the state government concerned		section
6.	17 (3) (b)	Financing agricultural operation, adivasi provided the multi-purpose societies	Loans and advanced to the regional	Repayable on demand or on the expiry of	Demand promissory notes of regional rural repayment of principal and payment of interest are fully guaranteed by the state government concerned	3 percent below bank rate	The refinance has been made available to the regional
6.	17 (3B)	Financing agricultural operations , marketing of crops and other agricultural purposes	Loans and advanced to the regional rural banks	Repayable on demand or on the expiry of fixed periods not exceeding 180 days	Demand promissory notes of Regional Rural Banks supported by a declaration in writing from the borrowing	3 per cent	The refinance has been made available to the Regional Rural Banks from October, 1976. the basis for determining the quantum

					bank that it has made loans and advanced for financing agricultural operations or marketing of crops or for other agricultural purposes		of refinance has undergone changes from time to time. At present the main criterion for fixing the annual refinance limit of a bank is the extent of its own involvement in the total loans and advances and the number of years it has been in existence. For the remaining portion, the banks can obtain refinance from the respective sponsor banks
7.	17 (4) (a)	General Banking business	Loans and advances to scheduled banks and State Co-operative scheduled banks and State Cooperative Banks	Repayable on demand or on the expiry of fixed periods not exceeding 90 days	Stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money	Bank rate	Loans and advances are sanctioned against Government and trustee securities including debentures of State land development banks to State Co-operative banks only
8.	17 (4) (a)	Financing agricultura	Loans and advances	Repayable on	Stocks, funds and	3 per cent	Finance is generally

		l operations		demand or on the expiry of fixed periods not exceeding 90 days. However, the bank does not ordinarily recall the loan before 12 months	securities (other than immovable property) in which a trustee is authorized to invest trust money	below bank	taken by State Co-operative Banks only.
9.	17 (4) ©	Financing bonafide commercial or trade transactio ns	Loans and advances	Repayable on demand or on the expiry of fixed periods not exceeding 90 days	Demand promissory notes of state co- operative banks supported by documents eligible for purchase or rediscount under section 17 (2) (a)	Bank rate	Advances for trading in yarn are granted to the State Co- operative Banks for weavers societies under this subsection
10.	17 (4) c)	Financing agricultura l	Loans and advanced	Repayable on demand or on the expiry of fixed periods not exceeding 90 days. However, the Bank does not ordinarily recall the	Demand promissory notes of State Co- operative banks supported by documents eligible for purchase or rediscount under Section 18 (2) (b)	3 percen t below bank rate	Accommodati on to the co- operative banks is provided under this section on account of facility of easy operations as against actual rediscount under section 17 (2) (b).

				loan before 12 months			this includes financing of pisciculture including purchase of diesel oil, spare parts, servicing facilities, fishery requisites, etc. through primary fishery societies.
11.	17 (4) ©	Finance marketing of crops	Loans and advanced	90 days	Demand promissory notes of state co- operative banks supported by documents eligible for purchase or rediscount under section 17 (2) (b)	Bank rate	Accommodati on to the co- operative banks is provided under this section on account of facility of easy operations as against actual rediscount under section 17 (2) (b)
12.	17 (4) ©	Financing agriculture	Loans and advanced	Repayable on demand or on the expiry of fixed periods not exceeding 90 days	Demand promissory notes of state co- operative banks fully guaranteed for the payment of principal and payment of interest thereon by the state Government	3 per cent below	Generally, loans and advanced under this subsection are granted to the state co- operative banks on behalf of central co- operative banks which do not qualify for second good

					concerned		signature or which require higher limits than they would be otherwise eligible for
13.	17 (4) ©	Financing marketing of crops	Loans and advanced	90 days	Demand promissory notes of state go-operative banks fully guaranteed for the payment of principal and payment of interest thereon by the state government concerned	Bank rate	Generally, loans and advanced under this subsection are granted to the state co-operative banks on behalf of central co-operative banks which do not qualify for second good signature or which require higher limits than they would be otherwise eligible for
14.	17 (4) ©	Financing the production and marketing activities of handloom and power loom weavers societies and industrial cooperative societies	Loans and advances	Repayable on demand or on the of fixed periods not exceeding 90 days. However, the bank does not recall the loan before 12 months	Demand promissory notes of state co-operative banks supported by documents eligible for purchase or rediscount under section 17 (2) (b). The	2.1/2 per cent below bank rate	

		(other than weavers) and units outside the cooperative fold engaged in any one of the 22 broad groups of cottage and small scale industries approved by the Bank			repayment of principal and payment of interest should be fully guaranteed by the State Government concerned		
15.	17 (4) ©	Financing of weavers and rural artisans engaged in activities covered under 22 broad groups of approved cottage and small scale industries through primary agricultural credit societies, farmers service, farmers service	Loans and advanced	Repayable on demand or on the of fixed periods not exceeding 90 days however, the bank does not recall the loan before 12 months	Demand promissory notes of state co-operative banks supported by documents eligible for purchase or rediscount under section 17 (2) (b). The repayment of principal and payment of interest should be fully guaranteed by the State Government concerned	3 per cent	Generally, loans and advanced under this subsection are granted to the state co-operative banks on behalf of central cooperative banks which do not qualify for second good signature or which require higher limits than they would be otherwise eligible for

		societies and large sized adivasi multipurpose societies					
16.	17 (4) ©	Financing purchase and distribution of chemical fertilizers	Loans and advanced	Repayable on demand or on the of fixed periods not exceeding 90 days. The loan is not generally recalled within a period of 120 days	Demand promissory notes of State Co-operative banks fully guaranteed for the payment of principal and payment of interest thereon by the state Government concerned	1 per cent bank rate	State cooperative banks are granted limited for financing the State marketing societies which are engaged in the distribution of chemical fertilizers, or the primary marketing societies through the Central co-operative banks
17.	17 (4) (d)	Financing bonafide commercial or trade transactions and/or marketing of crops	Loans and advances	Repayable on demand or on the fixed periods not exceeding 90 days	Demand promissory notes of any scheduled bank or state co-operative bank supported by documents of titled to goods transferred or assigned or pledged to any such bank	--	No loans and advanced has been granted to and State Co-operative bank under this sub-section

18.	17 (4E)	Interim/ temporary accommodation to the agricultural refinance and development corporation	Loans and advances	Repayable on the expiry of fixed periods not exceeding 18 months	Stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money	Bank rate	Loans and advances are generally made available for meeting interim/ temporary requirements against the debentures of state land development banks. These are however, repayable on the expiry of 6 months
19.	17 (4E) amended by National bank for agricultural and rural development act 1981	Short term accommodation to the National Bank for Agricultural and rural development (effective July 12, 1982)	Loans and advances	Repayable within 20 years from the date of granting the loan. In actual practice the loans are restricted to 12 years	Time promissory notes executed the State Government	6 per cent	Loans are made from the National Agricultural Credit (long term operations is to be repaid in equal annual installments, the first installment commencing after the expiry of 3 years.
20.	17 (4AA) read	For agricultural and allied purposes including animal husbandry or pisciculture or such other	Loans to State Co-operative bank or Regional Rural Banks	For periods between 15 months and 5 years. In actual practice loans are sanctioned for a period of	Such securities as may be specified by the bank loans should be fully guaranteed as to the repayment of principal and	3 percent bank rate for agricultural purposes. Bank rate for	Loans are made from the National Agricultural credit (long term operations). Fund. The Regional Rural Banks have not availed of

		purposes connected with agricultural operations as determined by the bank		either 3 or 5 years	payment of interest by the State Government concerned in the case of the State cooperative bank and by the sponsoring bank in the case of regional rural bank	purposes connected with agricultural activities such as purchase of shares in cooperative processing societies	loans under this section so far. The purposes which the bank has approved from time to time for loans and advances under this section include reclamation of land, bunding and other land improvements, preparation of land for orchards and plantations, construction, development or irrigation sources, purchase of livestock including bullocks and bullock carts simultaneously to small/marginal farmers and agricultural labourers who are eligible for subsidy under SFDA, etc. mulch cattle, poultry, duck rearing, sheep and goats, piggery, camels and
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							<p>camel carts (confined to specified arid and semi-arid districts in Rajasthan and Haryana), implements machinery and transport equipment as are necessary for or conducive to agricultural, construction of farm houses and cattle sheds, and purchases for construction, development or maintenance of equipment needed for carrying on animal husbandry, storage bins, gobar gas plants, sericulture, pisciculture and purchase of shares in cooperative sugar factories and other processing societies.</p>
22.	17 (4AA) read	Making loans and advanced	Loans and advances	For fixed periods not	Guarantee of the State Government	Bank rate	Except on a solitary when a short term

	with Section 46A (2) ©	to State developm ent banks		exceeding 20 years	concerned for rate repayment of principal and payment interest		loan was given at the bank rate to a state land development bank, the national agricultural credit (long term operations) fund has not been utilized for this purpose
23.	46A (2) (d)	Purchase of debentures of State Land Developm ent Banks	-	Debenture period	The debentures should be guaranteed by the State Government concerned for repayment of principal and payment of interest	At the rate at which the debent ures are floated	Since 1957- 58, the Bank had been purchasing rural debentures floated by State Land Development Banks to the extent of 8/15 th of each issue out of the national agricultural credit (long term operations) Fund. However, the support to such debentures was discontinued from the year 1975-76. the purchase of ordinary debentures floated by the

							State Land Development Banks in done from the general funds of the Bank under Section 17 (8). At present, the bank does not contribute to the ordinary debentures.
24.	17(4AA) read with section 46A (2) (e)	Marking loans and advances to the agricultural refinance and development corporation	Loan and advances	Repayable on the expiry of fixed periods not exceeding 20 years ordinarily loans and advances are granted for a period not exceeding 10 years	-	6 percent	The loans are granted out of the national Agricultural Credit (long term operations) fund.
25.	17 (4AA)	To enable the state co-operative banks and regional rural banks to pay arrears in respect of accommodation for short term agricultural purposes	Loans and advances	For periods between 15 months and 5 years	State Government guarantee for repayment of principal and payment of interest in the case of State Cooperative Banks are guarantee of the sponsoring	3 per cent below bank rate	The loans granted under this section are for the purposes of converting short-term loans, and are made out of the National Agricultural Credit (Stabilization) Fund. The Regional Rural Banks

		obtained under section 17 (2) and 17 (4) which they are unable to pay owing to crop failure on account of drought, famine or other natural calamities			bank in the case of Regional Rural Banks		have not availed of this facility so far.
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- the concessive rate applies only in the case of co-operative banks. Regional Rural Banks also enjoy a concessive rate of interest under Section 17 (3B)