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Strategies to Resurrect Rural Credit Delivery System in India

Deepak Shah*

Context

Commercialization of agriculture coupled with increasing requirement of credit have put a lot of onus on various agricultural financial institutions to play a pivotal role in meeting the increasing capital needs of the farmers and in ensuring timely supply of various inputs besides providing other service facilities. The diversification of agriculture over the years has further accentuated the need for the rapid development of rural infrastructure and larger flow of credit to farming community (Shivamaggi, 2000). In view of increasing requirement of rural credit and sustainability of rural financial institutions (RFIs) operating in India in the era of financial sector reforms, the entire decade of 1990s was full of discussion on the positive and negative impacts of these reforms and their implications for the agricultural sector. In the era of financial sector reforms, sustainability, viability and operational efficiency of RFIs are the major issues that need to be taken cognizance of in ensuring effective rural credit delivery system. However, the major problems plaguing the efficiency of rural credit delivery system are the mounting overdue¹ and Non Performing Assets (NPAs)² of RFIs. The overdue problem of different entities of rural credit delivery structure is reported to be an all-pervasive phenomenon that cuts across these different agencies (Puhazhendi and Jayaraman, 1999). Among various states of India, the RFIs of Maharashtra are reported to show the highest amount of overdues and outstanding loans over the past one decade (Gulati and Bathla, 2002). Even the proportion of overdues to outstanding loan of RFIs is substantially high in this state. According to Gulati and Bathla (2002), the proportion of overdue to outstanding loans of RFIs was more than 30 per cent in Maharashtra during 1997. The other states that fall in the category of above 30 per cent overdue as proportion of loans outstanding of their RFIs are Assam, Bihar, Jammu and Kashmir, Madhya Pradesh, Orissa and Tripura.

Among various states, Cooperative Banks operating in Maharashtra have shown highest amount of NPAs. The share of Maharashtra in total NPAs of State Cooperative Banks (SCBs) at all-India level was estimated at as much as 31.76 per cent in 2002, which increased to 37.81 per cent in 2003 and further to 43.16 per cent in 2004 (Table 1). On the other hand, the proportion of NPAs to loans outstanding of SCB in Maharashtra stood at much higher than the national average of the same, whereas recovery with respect to SCB in Maharashtra was perceptibly lower than the national average during the early 2000. These are certainly disquieting features insofar as working of cooperative banks in Maharashtra is concerned.

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In fact, one can observe several weaknesses relating to working of RFIs in Maharashtra. One of the earlier studies conducted in cooperative sector of Maharashtra has clearly shown better financial health for the institutions at the district level as compared to the primary or grass root level (Shah, 2001). It is not the cooperatives alone but there are several rural financial institutions that are beset with similar plethora of deficiencies that impede their efficient functioning. This necessitates a relook at the performance of various agricultural financial institutions operating in Maharashtra, particularly over the past two decades, with a view to recommending, designing and framing appropriate policies to rejuvenate the existing rural credit delivery in this state.

Table 1: State-wise Performance of SCBs (As on 31 March)

State	(Rs. Crore)											
	Profit/Loss (+)/(-)			Total NPAs			NPAs as % to Loans Outstanding			Recovery (%) As at end June		
	2001-02	2002-03	2003-04	2002	2003	2004	2002	2003	2004	2002	2003	2004
Andman & Nicobar	1.24	1.39	1.74	10.15	11.72	16.32	23.84	22.70	25.96	77.95	66.62	87.87
Andhra Pradesh	2.35	3.00	4.16	1140.71	1668.52	1374.84	24.67	36.81	30.67	65.40	45.96	73.82
Arunachal Pradesh	0.86	-0.51	-3.43	40.84	40.84	73.34	73.73	73.73	71.98	20.17	19.32	29.82
Assam	10.57	-22.87	-13.99	150.17	182.96	199.00	61.35	67.97	67.49	19.88	24.69	31.54
Bihar	1.14	1.26	114.02	221.88	365.37	254.55	41.85	67.65	51.95	12.00	20.20	51.49
Chandigarh	1.49	2.34	1.60	2.85	3.79	3.88	31.91	37.10	37.18	62.32	61.95	58.08
Chattisgarh	-4.95	0.90	4.45	14.03	13.96	25.89	14.51	8.64	27.31	95.98	87.32	78.95
Delhi	14.30	16.16	12.95	29.34	28.44	29.09	25.09	19.14	17.70	35.52	74.70	52.31
Goa	1.04	0.21	5.16	82.99	91.13	79.65	25.22	28.26	24.76	59.58	65.73	65.94
Gujarat	3.76	4.19	4.81	83.91	127.29	125.75	4.59	5.89	6.45	90.52	91.29	85.60
Haryana	36.03	39.67	29.29	13.54	13.54	10.83	0.83	0.74	0.59	99.60	99.50	99.63
H. P.	31.57	17.64	19.89	53.84	66.81	69.86	14.41	15.96	11.22	70.68	68.88	71.93
J & K	1.06	1.22	4.58	14.10	13.68	15.41	25.16	21.76	23.50	33.62	43.04	38.22
Karnataka	20.20	10.55	2.78	99.58	173.15	207.44	6.60	10.37	11.99	90.03	85.60	85.50
Kerala	0.71	6.12	5.05	78.18	92.61	92.61	6.38	7.49	8.29	92.70	94.50	94.50
M.P.	-72.57	1.59	1.84	150.80	150.84	195.66	9.53	9.62	11.56	93.40	93.76	91.62
Maharashtra	10.68	271.91	31.93	1404.28	2371.87	2733.22	16.09	26.63	32.41	69.60	68.66	68.59
Manipur	-3.05	-0.70	NA	14.84	13.62	13.62	94.50	65.66	65.66	4.25	8.91	8.91
Meghalaya	2.95	2.99	0.70	19.63	20.02	22.36	22.01	22.36	24.14	35.90	38.97	31.10
Mizoram	-1.45	0.22	0.69	9.85	10.85	16.91	29.06	22.99	25.55	25.12	54.40	54.13
Nagaland	-2.25	-3.85	-1.77	14.82	21.65	21.40	43.20	57.38	55.42	18.60	27.27	27.27
Orissa	7.50	10.37	13.47	148.15	167.60	155.39	16.20	16.61	14.14	84.41	78.01	82.93
Pondicherry	1.46	1.77	1.96	8.42	8.17	8.17	11.32	8.55	8.55	69.46	78.21	78.21
Punjab	19.24	21.01	31.35	59.79	61.16	60.56	3.41	2.81	2.68	96.22	95.38	96.13
Rajasthan	13.07	15.04	17.55	83.25	37.85	26.98	8.40	3.40	2.20	88.01	95.46	83.37
Sikkim	1.09	0.24	0.70	0.06	0.13	0.54	3.45	1.87	7.23	43.30	76.06	76.06
Tamil Nadu	50.74	15.75	19.41	13.29	14.46	14.46	0.69	0.75	0.75	99.47	97.36	97.36
Tripura	-2.85	-1.84	-1.02	37.85	40.40	52.35	37.14	35.69	43.19	28.95	35.44	44.87
Uttar Pradesh	17.07	27.28	27.36	355.57	393.97	344.27	12.95	14.70	12.29	74.87	70.55	71.81
Uttanchal	-	-	0.04	-	-	-	-	-	-	-	-	-
West Bengal	8.17	26.74	35.50	64.36	71.30	88.60	7.52	5.28	6.52	83.22	84.79	86.85
All -India	171.17	469.79	372.77	4421.07	6277.66	6332.95	13.52	18.13	18.30	82.24	79.55	83.34

Source: Compiled from 'NABARD Annual Reports 2003-04 and 2004-05', NABARD, Mumbai.

In view of growing NPAs and other deficiencies in the functioning of RFIs operating in the state of Maharashtra, the major focus of this paper is on reviewing the entire rural credit scenario of the state with an emphasis on credit flow through cooperatives, commercial banks, regional rural banks (RRBs) and land development banks (LDBs), and also on linkages of bank credit with various self-help groups (SHGs) operating in the state. Though the focus of the paper is on the working of various RFIs operating in the state, a detailed analysis is performed with respect to cooperatives.

Rural Credit Scenario of Maharashtra

The rural credit scenario of Maharashtra encompassed several aspects with major foci of attention on annual credit plans prepared for various sectors by the State Level Bankers' Committee (SLBC), potential linked credit plans for various regions of the state, progress of various rural financial institutions overtime, distributional aspect of credit, micro-finance or linkage of bank credit with various self-help groups, etc. Majority of these aspects are evaluated in this paper with a focus on credit cooperatives, commercial banks, regional rural banks (RRBs), land development banks (LDBs), and micro credit innovations.

Annual Credit Plan Under Lead Bank

The State Level Bankers' Committee (SLBC) generally prepares Annual Credit Plan (ACP) for each district with a view to achieve overall development of various sectors and regions of the state.³ However, before formulating district level credit plans, block level credit plans are prepared taking into account the village surveys conducted by each of the bank branches, especially with respect to cropping pattern of the area, exploitable potential and demand for credit for various activities. The purpose of this exercise is to achieve a balanced growth of various sectors/regions with a view to improve the socio-economic conditions of rural poor and artisans and, in general, helping the agricultural sector as a whole. Monitoring and evaluation of these plans are done periodically by the Block Level Bankers' Committee (BLBC), District Level Bankers' Committee (DLBC) and also by the State Level Bankers' Committee (SLBC). However, major guidance with respect to successful implementation of the credit plan is being extended/ensured by the Reserve Bank of India (RBI), NABARD, Government of India and other apex institutions. The Annual Credit Plan (ACP) disbursement estimates for 2003-04 for various activities and regions of Maharashtra are brought out in Table 2.

It could be readily discerned from Table 2 that while priority sectors such as agriculture and allied activities accounted for the major share in total credit plan disbursements for the state of Maharashtra, the allocations in credit plan disbursements were the least for activities relating to small-scale industries and for non-farm sectors of the state. Interestingly, other priority sectors such as transport, retail trade, housing, education, consumption, etc. showed a sharp increase in their allocations in total credit plan disbursements during 2003-04 over that of the target for the reference year 2000-2001 (Appendix I). Crop loans accounted for around two-thirds share in total credit plan disbursements for agriculture and allied activities during 2003-04.

Among various regions, Western Maharashtra showed the highest share (52.59 per cent) in total credit plan disbursements of the state during 2003-04, followed by Konkan (20.00 per cent), Vidarbha (16.58 per cent), and Marathwada (10.83 per cent) regions. Nonetheless, during this year, the share of priority sector in total credit plan outlay was relatively higher for Marathwada region as compared to other regions.

Table 2: Annual Credit Plan Disbursements for Different Regions of Maharashtra: 2003-04

(Amount in Crore Rs.)

Particulars	Regions (2003-04)				Maharashtra State
	Western Maharashtra	Vidarbha	Marathwada	Konkan	
1. Agriculture & Allied Activities	3254.27 (59.00)	783.05 (45.03)	705.59 (62.08)	192.33 (9.17)	4935.24 (47.06)
Of which - Crop Loans	2455.13	619.47	578.74	73.98	3727.32
2. SSI / NFS	249.68 (4.53)	83.11 (4.78)	49.65 (4.37)	301.88 (14.39)	684.32 (6.52)
3. Other Priority Sector	743.53 (13.48)	389.78 (22.41)	233.60 (20.55)	733.96 (35.00)	2100.87 (20.03)
4. Total Priority Sector	4247.48 (77.01)	1255.94 (72.22)	988.84 (87.00)	1228.17 (58.56)	7720.43 (73.61)
5. Non Priority Sector	1267.85 (22.99)	483.08 (27.78)	147.77 (13.00)	869.07 (41.44)	2767.77 (26.39)
Grand Total (4+5)	5515.33	1739.02	1136.61	2097.24	10488.20
Disbursement (Achievement) as % of Target	85.5	93.5	71.5	129.8	92.6

Source: Computations are based on figures obtained from '83rd Meeting Agenda and Background Papers, S.L.B.C., Maharashtra' Planning Department, Bank of Maharashtra, Pune

Notes: i) Figures in parentheses are percentages to the total plan disbursements for the district/state.

ii) (a) Agriculture and Allied Activities include minor irrigation, energisation programme, land development, dry land agriculture, farm mechanization, plantation and horticulture, sericulture, fodder cultivation, animal husbandry, fisheries, forestry and waste land development, storage operations, non-conventional energy, seed project, etc. (b) Non-farm Sector (NFS)/ Small Scale Industries (SSI) include handloom/ Powerloom, tiny sector, rural cottage and village industries, rural Artisans, agro-processing, etc. (c) Other Priority Sectors include transport operations, retail trade small business, professional and self employed, educational loans, housing loans, consumption loans, etc.

It is to be further noted that, in the case of Konkan region, while agriculture and allied activities accounted for only 9 per cent share in total credit plan disbursement during 2003-04, the share of non-priority sectors in total credit plan disbursement was as high as 41 per cent during the same year. Nonetheless, in the case of this region too, priority sectors accounted for the highest share (59 per cent) in total credit plan disbursement, which was mainly due to relatively higher share in credit plan disbursement for other priority sectors. In general, except for Konkan region, all other regions of Maharashtra showed higher allocations for agriculture and allied activities. Such increased allocations in plan disbursements is a reflection of the importance of agriculture in Government' overall policy encompassing priority sector. Further, it is to be noted that in Maharashtra the disbursements of credit as against targets have fluctuated considerably over time. For instance, while the disbursement of credit was above the targets during the period between 1999-2000 and 2001-02, this disbursement of credit stood well below 100 per cent between 2002-03 and 2003-04 (Table 3).

Table 3: Performance of ACP in Maharashtra: 1999-2000 to 2003-04

(Amount in Crore Rs.)

Year	Target	Achievement	% Achievement to Target
1999-2000	6930.92	7058.92	101.85
2000-2001	8008.96	8268.09	103.00
2001-2002	9614.54	11027.18	114.69
2002-2003	10902.04	8827.79	80.97
2003-2004	11308.36	10488.20	92.60

Source: Figures are obtained from '83rd Meeting Agenda and Background Papers, S.L.B.C., Maharashtra' Planning Department, Bank of Maharashtra, Pune

As a matter of fact, based on the human and natural endowments, NABARD has been preparing Potential Linked Credit Plans⁴ (PLCP) by estimating resource requirement for exploitation of potential for various agriculture and rural development activities. These estimates are furnished to

banks/S.L.B.C. through background paper. On the basis of these estimates, banks have been preparing Service Area Credit Plans (SAP) or ACP for meeting credit needs of agriculture and development of rural sector.

PLCP Performance

The estimates relating to potential linked credit plan (PLCP) projections, Service Area Plan (SAP) targets and Ground Level Credit (GLC)/SAP achievements from 2001-02 to 2004-05 encompassing various sectors/activities and regions of Maharashtra are provided in Table 4.

Among Various regions, Western Maharashtra turns out to be the most important region since this region not only attracts the major PLCP projections but also SAP targets/achievements of the state. Further, though, in general, there has been nearly 30 per cent rise in SAP targets of all the regions of Maharashtra during the period between 2001-02 and 2004-05, the rates of increases in these targets are relatively faster for Konkan region (62.80 per cent), followed by Vidarbha (40.64 per cent) and Western Maharashtra (37.93 per cent) regions with Marathwada region recording a decline (2.70 per cent) in this SAP target during the same period. Interestingly, Vidarbha region in particular has recorded lower proportion of achievements as against SAP targets during the given period. The PLCP projections are available for 21 diversified activities with activities relating crop loans, non farm sector, other priority sector, minor irrigation and farm mechanization put together accounting for around 80 per cent share in state's total PLCP projections.

Table 4: Potential Linked Credit Plan (PLCP) Estimates of Exploitable Potential for Different Regions of Maharashtra

(Amount in Crore Rupees)

Year	Regions				Maharashtra State
	Western Maharashtra	Vidarbha	Marathwada	Konkan	
2001-02					
- PLCP Projections	5364.90 (50.16)	1987.65 (18.58)	2332.37 (21.81)	1010.51 (9.45)	10695.44
- SAP Target	4124.29 (53.69)	1253.53 (16.32)	1635.88 (21.30)	667.49 (8.69)	7681.19
- SAP Achievement	4018.91 (60.54)	911.84 (13.74)	1175.86 (17.72)	531.30 (8.00)	6637.91
- % Achievement	97.44	72.74	71.88	79.60	86.42
2002-03					
- PLCP Projections	7884.18 (51.06)	2471.49 (16.01)	2809.60 (18.20)	2274.53 (14.73)	15439.80
- SAP Target	4679.43 (53.85)	1429.24 (16.45)	1805.18 (20.77)	775.75 (8.93)	8689.60
- SAP Achievement	4677.81 (54.63)	1320.25 (15.42)	1674.36 (19.55)	890.25 (10.40)	8562.67
- % Achievement	99.97	92.37	92.75	114.76	98.54
2003-04					
- PLCP Projections	15919.47 (71.84)	2457.10 (11.09)	2656.93 (11.99)	1126.54 (5.08)	22160.04
- SAP Target	5027.97 (52.69)	1991.07 (20.87)	1588.65 (16.65)	934.51 (9.79)	9542.20
- SAP Achievement	4578.82 (54.54)	1774.66 (21.14)	1115.54 (13.29)	925.62 (11.03)	8394.64
- % Achievement	91.07	89.13	70.22	99.05	87.97
2004-05					
- PLCP Projections	7121.36 (51.42)	2580.28 (18.63)	2837.52 (20.49)	1309.34 (9.46)	13848.50
- SAP Target	5688.44 (56.16)	1762.94 (17.40)	1591.66 (15.71)	1086.68 (10.73)	10129.72
- SAP Achievement	-	-	-	-	-

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

Notes: i) Figures in parentheses are percentages to the total potential linked credit plan for the state.

ii) The activities for which the PLCP estimates are available include: Minor Irrigation and Energisation (MI), Land Development (LD), Dry Land Farming (DLF), Farm Mechanization (FM), Plantation & Horticulture (P&H), Sericulture (SERI), Animal Husbandry-Dairy (AH-D), Animal Husbandry-Poultry (AH-P), Animal Husbandry-Sheep, Goat and Poultry (AH-SGP), Inland Fishery (FISH-INL), Brackish Water Prawn (BRAKISH), Marine Fishery (FISH-MAR), Forestry/Waste Land Development (FORWL), Storage Godowns-Market Yard (SGMY), Non-Conventional Energy (NCES), Non-Farm Sector (NFS), Other Priority Sectors (OPRSEC), Crop: Crop Loan, Working Capital (WC), Self Help Groups (SHGs).

Notably, diversification of agriculture over the years has accentuated the need for rapid development of rural infrastructure and a larger flow of credit. Various credit cooperatives, commercial banks and RRBs are by far the major financial institutions engaged in meeting the capital requirements for diversified activities and developing the rural sector of the state. Besides, LDBs are also playing a crucial role in meeting the increasing capital needs of the farmers of this state. Although there has been multi-agency set-up for rural banking, the major institutional finance to farming community in Maharashtra comes from commercial banks and credit cooperatives.

Credit Delivery through Cooperatives

Short and medium term set-ups constitute the credit cooperative structure in Maharashtra. A 3-tier system is central to the structure of both the short term and the medium term credit cooperatives. This 3-tier system consists of a Co-operative apex bank at the state level, Central Co-operative banks at the district level and of Primary Agricultural Co-operative Credit Societies (PACS) at the village level. The three-tier set-up is not only meeting the credit requirements of the farmers for seasonal agricultural operations (crop loans) but also investing on farm assets that do not entail huge capital outlay. Although there has been substantial increase in the membership of credit cooperatives in the state of Maharashtra, the trend over the last two decades in terms of cooperative finances is not very encouraging in this state, especially in more recent times.

The trend over the past two decades show a slower growth in institutional finance through credit cooperatives during the decade of economic reforms (1991-2000) as against the decade preceding it (1980-1990). Not only this, the reform period is also marked with a slower growth in membership of credit cooperatives in Maharashtra (Table 5). On the other hand, the outstanding loans of these cooperatives have grown at much faster rate as compared to their loan advances during both pre-and post economic reform periods, though post economic reform period showing slowing down in this outstanding loans.

Table 5: Cooperative Bank Finances in Maharashtra; 1980-2000

(Amount in Crore Rupees)

Period	Cooperative Banks											
	No. of Coop. Inst./Soc.			No. of Members ('000')			Loan Advances			Outstanding Loansl		
	Apex	PACS	Total	Apex	PACS	Total	Apex	PACS	Total	Apex	PACS	Total
TE 1982/83	31	18565	18596	1109	5595	6704	3318	288	3606	1507	431	1938
TE 1990/91	34	19694	19728	1523	7910	9433	9298	929	10227	4811	1521	6332
TE 1999/00	34	20378	20412	1340	10432	11772	22195	2280	24475	15274	3456	18730
CGR (%)												
- 1980-90	1.33	-0.03 ^{NS}	-0.03 ^{NS}	1.01 ^{NS}	4.90	4.33	14.47 ^{NS}	13.64	14.08 ^{NS}	23.97 ^{NS}	12.59	18.50
- 1991-00	-	0.48	0.48	-1.91	3.48	2.72	7.12	9.36	9.74	13.52	9.07	12.98
- 1980-00	0.37	0.65	0.65	1.65	3.35	3.15	8.64	12.93	10.76	14.57	12.92	14.64

Source: Computations are based on figures obtained from various issues of 'Economic Survey of Maharashtra'

Notes: 1) CGR = Compound Growth Rates

2) All growth rates significant at 1 per cent level of probability

3) NS: Growth rates not significant at 1 per cent level of probability

4) Apex institutions include SCBs and DCCBs

One of the reasons for such a slow down could be the prudential discipline extended to cooperatives and a large number of banks' inability to meet section 11 of Banking Regulation Act, 1949. This had restricted the loaning business of co-operatives to a large extent as their capital base had eroded. It is to be noted that though growth in cooperative lending during 1980-90 was quantitatively higher, the quality of lending of cooperatives improved substantially only during the second period. As a result of this cautious step taken by banks, the growth in cooperative lending was slower during the period between 1991 and 2000.

Another interesting feature of credit cooperatives, particularly of PACS in Maharashtra, is the increasing trend in their share of medium and long term (MT <) advances and decline in their share of short term (ST) advances (Table 6).

Table 6: Progress of PACS According to Type of Loan Advances, Recover and Outstanding Loans in Maharashtra
(Amount in Crores Rupees)

Period	Loan Advances				Recovery				Outstanding Loan			
	ST	MT	LT	Total	ST	MT	LT	Total	ST	MT	LT	Total
TE 1985	280 (81.79)	59 (17.35)	3 (0.86)	342	255 (87.75)	34 (11.85)	1 (0.40)	290	381 (72.23)	140 (26.53)	7 (1.24)	528
TE 1990	594 (72.67)	185 (22.63)	38 (4.71)	817	485 (77.85)	114 (18.32)	24 (3.83)	623	739 (61.97)	388 (32.58)	65 (5.45)	1192
TE 1995	790 (80.51)	162 (16.55)	29 (2.94)	981	656 (82.51)	124 (15.64)	15 (1.85)	795	1074 (59.18)	631 (34.76)	110 (6.06)	1815
TE 2000	1902 (76.05)	543 (21.69)	57 (2.26)	2502	1567 (81.37)	325 (16.90)	33 (1.73)	1925	2122 (60.09)	1219 (34.52)	190 (5.39)	3531

Source: Computations are based on figures obtained from various issues of 'Co-operative Movement at a Glance in Maharashtra, Office of the Commissioner for Co-operation & Registrar of Co-operative Societies, Maharashtra State, Pune

Notes: I) Figures in parentheses are percentages to the total

ii) TE: Triennium Ending; ST: Short Term; MT: Medium Term; LT: Long Term

The trends in recovery and outstanding loans of PACS in Maharashtra are also similar to their loan advances, i.e., a declining share in short term recovery and outstanding loans in the face of an increasing trend in their share of MT and LT recovery and outstanding loans during the period between TE 1985 and TE 2000. This is a pointer to the fact that in more recent times MT and LT loans have become the major foci of farm finance.

Notably, while the main business of PACS in Maharashtra is crop loans, very few among them also extend MT and LT credit. The increase in MT and LT credit during the period between TE 1985 and TE 2000 could be due to conversion of ST loans or rescheduling, particularly during years of climatic adversities. The increase in MT and LT loans through cooperatives is, therefore, an indication of diversification of cooperative business, which may be an effort made by them to reduce duplication of co-operative finances and to reduce the transaction cost. Nonetheless, the PACS in Maharashtra are beset with several deficiencies in their functioning. The deficiencies are noticed in respect of their law operational efficiency, high incidence of overdue, low level of recovery, distributional aspect of ST and MT loans, coverage of SC/ST members, etc. (Shah, 2000).

Among various deficiencies, the most important drawback of PACS in Maharashtra is the coverage of their SC/ST members. The trend over the last two decades show a decline in the

proportion of SC/ST members to the total membership of PACS in Maharashtra after the early nineties period (Table 7). Similarly, the percentage of SC/ST in total borrowing members of PACS also declined steadily over time. Not only this, the loan share of SC/ST in total loan advancement also showed a continuously declining trend. The scenario obtaining in respect of share of SC/ST in total loan recovery, outstanding loan and in loans overdue also witnessed a declining trend. The message is loud and clear: The PACS generally did not pay enough attention to their SC/ST members, as evident from the coverage of SC/ST members and the recovery pattern of loans advanced to them, particularly during the period between the early- and the late nineties. The imperative need of the hour is, therefore, to initiate measures to increase the SC/ST membership of various PACS in the state of Maharashtra with reasonably higher loan advances to them unlike other categories of farmers.

Table 7: Structural Changes in Coverage of Scheduled Casts/Scheduled Tribes by PACS in Maharashtra: (1981 – 2000)
(Amount in lakh rupees; Members in '000')

Particulars	Triennium Average			% Change		
	Period			2 Over 1	3 Over 2	3 Over 1
	1	2	3			
1. Total Number of Societies	18383	19626	20349	6.77	3.68	10.70
2. Total Members	5570	7782	9594	39.71	23.29	72.25
- of which SC/ST	1148	1379	1495	20.09	8.41	30.19
- Percentage of SC/ST in total members	20.61	17.72	15.58			
3. Total Borrowing Members	1520	1885	2561	23.99	35.89	68.49
- of which SC/ST	239	289	323	21.09	11.65	35.20
- Percentage of SC/ST in total borrowing members	15.72	15.33	12.61			
4. Total members with outstanding loan	2764	3471	4089	25.58	17.79	47.92
- of which SC/ST	535	277	598	-48.22	116.00	11.84
- Percentage of SC/ST in total members with outstanding loan	19.36	7.98	14.62			
5. Total Loans Advanced	28832	72375	250126	151.02	245.60	767.53
- of which SC/ST	1710	3335	11336	95.02	239.89	562.81
- Percentage of SC/ST in total loans advanced	5.93	4.61	4.53			
6. Total Loans Recovered	24419	66135	192549	170.84	191.15	688.53
- of which SC/ST	1419	3586	7549	9152.63	110.53	431.87
- Percentage of SC/ST in total loans recovered	5.81	5.42	3.92			
7. Total Loans Outstanding	43062	116202	353151	169.85	203.91	720.10
- of which SC/ST	3157	7012	15610	122.13	122.62	394.52
- Percentage of SC/ST in total loans outstanding	7.33	6.03	4.42			
8. Total Loans Overdue	17490	57432	131255	228.37	128.54	650.44
- of which SC/ST	1683	3350	8922	99.01	166.32	430.00
- Percentage of SC/ST in total loans overdue	9.62	5.83	6.80			

Note : 1) Period 1 = 1981 – 1983; Period 2 = 1991 – 1993; Period 3 = 1998 - 2000

Further, among various types of loans extended by PACS, short crop loan is by far the most important one as farmers' crop activity largely depends on it.⁵ Structural changes in crop loan issued by PACS at the aggregate level and also on per borrowing member basis over the period between early eighties and the late nineties are brought out in Table 8.

It could be noticed from Table 8 that commercial crops, viz., sugarcane and cotton and the important staple food crops like paddy and millets accounted for about 80 per cent share in total crop loan advances of PACS all through the period between early eighties and the late nineties with other field crops like wheat, pulses, oilseeds, etc. accounting for the remaining 20 per cent share in

crop loan advances of PACS during this period. Further, although crops like pulses, cotton, oilseed, and other field crops showed 6-10 folds rise in their loan advances during the period between early eighties and the late nineties, this increase was not very significant when measured on per borrowing member basis. For instance, while per member borrowing for sugarcane, oilseed, pulses and other field crops rose by more than five folds during the period between early eighties and the late nineties, this increase was hardly two folds for wheat, paddy and millets during this period.

One of the obvious reasons for higher per member borrowing for sugarcane, oilseeds, pulses and other crops as against wheat, paddy and millets can be traced in cropping pattern and changes in crop composition over time and the scale of finance for a particular crop. The crops like sugarcane absorb larger proportion of the purchased inputs like seeds, fertilizers, irrigation, etc. whose prices have increased over time, whereas millets account for relatively lower cost of cultivation and hence show lower scale of finance.

Several crops like wheat, millets, pulses and oilseeds, however, showed slowing down in absolute loan advances during the second half as against the former half of the overall period. On the other hand, paddy, cotton, sugarcane, and other field crops showed major increase in their loan advances during the latter half as against the former half of the overall period. Further, although cotton crop showed significant increase in loan advances, this increase was hardly two folds on per member basis.

Table 8: Structural Changes in Crop Loan (ST) Advances of PACS in Maharashtra: (1981 – 2000)
(Amount in lakh rupees)

	Triennium Average			% Change			Share (%)		
	Period			2 Over 1	3 Over 2	3 Over 1	Period		
	1	2	3				1	2	3
1. Paddy	1629 (107)	3282 (174)	7571 (296)	101.49	130.67	364.78	6.12	4.79	3.99
2. Wheat	620 (41)	1258 (67)	2433 (95)	102.96	93.48	292.68	2.33	1.84	1.28
3. Millets	4548 (299)	12278 (651)	22100 (863)	169.99	79.99	385.96	17.11	17.91	11.66
4. Pulses	246 (16)	1016 (54)	2956 (115)	312.45	190.91	1099.87	0.93	1.48	1.56
5. Cotton	4861 (320)	11051 (586)	32679 (767)	127.35	195.72	572.32	18.28	16.12	17.24
6. Sugarcane	10582 (696)	27027 (1434)	83259 (3251)	155.41	208.06	686.80	39.80	39.43	43.92
7. Oilseeds	1557 (102)	4426 (235)	11995 (468)	184.35	170.99	670.56	5.86	6.46	6.33
8. All others	2546 (168)	8199 (435)	26598 (1039)	221.99	224.41	944.57	9.57	11.96	14.03
Total	26588 (1749)	68537 (3636)	189591(7403)	157.77	176.62	613.06			

Note: 1) Figures in parentheses are the amount of loan issued per borrowing members in rupees.

2) Period 1 = 1981 – 1983; Period 2 = 1991 – 1993; Period 3 = 1998 - 2000

The slowing down in per borrowing member loan advances for cotton crop was more significantly pronounced after the early nineties period. This is certainly a disturbing feature in the light of the fact that Maharashtra accounts for the bulk of the nation's total production and acreage under cotton crop. A slowing down or decline in share of this crop in total crop loan advances of PACS might certainly affect the cultivation of this crop in the state of Maharashtra.

Although PACS extend loan for varied purposes, short-term crop loans account for the major share in total loan advanced by them. These loans have direct bearing on crop production and they are extended on the basis of acreage and cost of cultivation of the crops grown, subject to the

repayment capacity of the farmers. It is, therefore, essential to evaluate the distribution pattern not only of crop loans but also total loan advanced by PACS across various districts and regions of Maharashtra. Since distribution of loan is generally correlated with gross cropped area (GCA), it has been evaluated on the basis of per hectare GCA. Estimates relating to distribution of total as well as crop loan on the basis of per hectare GCA encompassing the period between 1980-81 and 2002-03 for different districts and regions of Maharashtra are provided in Table 9.

Table 9: Flow of Credit Through PACS in Maharashtra: 1980/81-2002/03

(Amount in Rupees)

Region/ District	Total Loan Per Hectare Gross Cropped Area						Crop Loan Per Hectare Gross Cropped Area					
	TE 1982-83	TE 1992-93	TE 2002-03	CGR (%)			TE 1982-83	TE 1992-93	TE 2002-03	CGR (%)		
				1980/81- 1990/91	1991/92 - 2002/03	1980/81- 2002/03				1980/81- 1990/91	1991/92 - 2002/03	1980/81- 2002/03
Western Region												
Kolhapur	766.37	1508.68	3278.83	8.60*	7.77*	8.52*	716.45	1185.27	2210.43	7.07*	5.37	6.93*
Solapur	97.16	354.65	3086.30	20.87*	26.57*	18.69*	87.97	295.06	2506.17	18.41*	26.18*	18.12*
Sangli	246.32	592.69	5393.26	9.71*	23.18*	16.28*	218.21	415.20	2968.57	7.66*	20.08*	13.99*
Satara	159.14	536.90	1386.59	15.17*	8.87*	12.43*	132.13	459.61	1342.59	15.52*	10.01*	13.46*
Pune	126.70	419.33	1925.09	14.21*	16.31*	14.96*	108.95	282.09	1050.68	10.68*	13.10*	12.67*
Ahmednagar	235.49	531.76	725.63	12.84*	1.86	6.12*	189.41	336.37	452.30	9.65*	2.30	5.51*
Nasik	251.61	684.76	410.25	14.42*	-3.25	1.61	223.67	504.23	299.60	11.25*	-3.17	0.88
Dhule	148.92	242.93	362.30	12.91*	3.53	4.07*	133.84	204.72	233.81	10.74*	1.70	2.39*
Jalgaon	252.26	502.96	1926.13	14.29*	16.34*	9.98*	230.14	407.95	1771.76	12.62*	17.31*	10.48*
Total	218.64	539.93	1903.78	13.30*	13.58*	11.26*	192.81	403.91	1350.95	11.00*	12.85*	10.47*
Vidharba Region												
Yavatmal	159.61	125.13	230.23	1.72	8.04	2.27	101.20	98.01	216.85	1.38	9.67	4.61*
Chandrapur	63.48	95.69	359.05	5.86	16.89*	10.08*	50.45	73.83	250.59	6.34*	15.03*	9.54*
Bhandara	66.20	176.79	551.67	12.09*	16.04*	11.56*	52.75	90.99	367.81	5.64*	18.51*	11.19*
Nagpur	66.04	298.61	683.83	14.04*	15.08*	13.21*	59.11	188.00	621.70	12.60*	20.66*	13.19*
Wardha	122.58	194.59	598.55	5.12	15.17*	9.84*	106.79	141.23	482.06	1.98	16.55*	9.61*
Amravati	131.56	129.10	514.07	3.26	17.99*	8.86*	78.68	89.21	278.81	4.34*	15.26	8.80*
Akola	117.62	197.06	278.43	5.87	5.84	6.10*	96.56	125.55	196.50	2.22	4.86	5.09*
Buldhana	147.64	166.19	791.83	1.11	21.59*	9.26*	113.45	109.04	616.40	0.83	25.43*	9.40*
Gadchiroli	17.01	64.18	126.02	11.91*	8.12	12.25*	8.93	31.99	73.79	10.81*	7.59*	12.72*
Total	111.82	165.57	483.56	5.11*	14.19*	8.46*	82.51	109.89	344.85	3.77*	15.38*	8.65*
Marathwada Region												
Aurangabad	127.36	551.44	1608.29	17.41*	10.77*	13.26*	114.06	411.22	1395.31	14.65*	14.39*	13.08*
Jalna	137.32	292.13	489.54	12.14*	3.89	6.65*	105.40	295.55	453.00	11.52*	2.53*	7.91*
Parbhani	266.57	483.54	1241.16	12.98*	13.26	9.76*	189.88	329.95	1187.58	13.63*	15.15*	11.43*
Beed	149.59	336.23	863.66	14.49*	13.54*	9.81*	66.40	243.86	718.93	17.66*	14.16*	11.50*
Osmanabad	101.29	538.78	4304.31	21.40*	25.80*	20.40*	110.24	355.02	3536.16	16.21*	27.58*	19.61*
Nanded	119.80	304.31	1232.92	14.05*	14.20*	10.82*	102.82	202.28	1133.88	11.85*	16.80*	11.94*
Latur	42.62	260.89	1343.44	27.72*	20.32*	18.51*	37.58	197.08	962.24	27.54*	21.17*	17.84*
Total	126.29	383.21	1445.76	15.90*	14.70*	12.98*	97.15	282.55	1216.90	15.48*	15.99*	13.58*
Konkan Region												
Thane	37.04	50.49	416.42	3.78	26.24*	11.63*	32.46	38.25	338.55	1.51	25.85*	11.23*
Raigad	54.89	207.68	564.08	19.38*	15.34*	10.58*	34.78	94.33	441.15	17.43*	17.77*	12.40*
Ratnagiri	53.94	72.26	222.05	6.48	15.04*	7.17*	32.97	52.82	182.93	7.50*	16.35*	8.55*
Sindhudurg	115.05	245.57	1565.73	13.56*	26.84*	10.57*	78.77	185.48	1040.05	14.51*	24.49*	10.60*
Total	57.51	119.69	601.53	12.02*	22.45*	10.50*	39.79	75.79	443.94	10.90*	22.27*	11.09*
Maharashtra State	128.57	327.84	1113.96	12.40*	14.54*	12.61*	103.06	244.94	852.25	11.02*	14.80*	11.20*

Source: Computations are based on figures obtained from 'Socio-Economic Abstracts of different districts of Maharashtra (various years), Directorate of Economics and Statistics, Government of Maharashtra, Mumbai' and 'Agricultural Statistical Information, Maharashtra State, Part-II, Pune'.

Note: (a) For Vidarbha region, the estimates for the last TE figures represent for 2000-01 instead of 2002-03; Similarly, growth rate for this region for the period between 1991/92-2002/03 are actually for the period between 1991/92 and 2000/01

(b) * - Represent significance of growth rates at 1 per cent level of probability.

The estimates presented in Table 9 showed wide variation in the pattern of loan advances by PACS across districts and regions of Maharashtra. While Western Maharashtra and Marathwada regions of Maharashtra showed significantly high amount of total as well as crop loans extended by

PACS, the other regions like Vidarbha and Konkan were marked with lower amount of loans in this respect. The Western Maharashtra and Marathwada regions also showed higher growth in terms of loan advances by PACS on per hectare GCA basis during the entire period between 1980-81 and 2002-03. Further, though as against Western Maharashtra and Marathwada regions, Vidarbha and Konkan regions showed higher growth in loan advances through PACS during the reform period, this substantial increase could not offset the trend obtainable during the entire period, as the growth in the same was very low during the pre-reform period. In general, the total loan advances through PACS on the basis of per hectare GCA increased from Rs.219 in TE 1982-83 to Rs.1904 in TE 2002-03 for Western region, Rs.112 in TE 1982-83 to Rs.484 in TE 2000-01 for Vidarbha region, Rs.126 in TE 1982-83 to Rs.1446 in TE 2002-03 for Marathwada region and Rs.58 in TE 1982-83 to Rs.602 in TE 2002-03 for Konkan region with an overall increase in the same from Rs.129 in TE 1982-83 to Rs.1114 in TE 2002-03 for the state as a whole. Interestingly, crop loans accounted for 70-80 per cent share in total loan advances of PACS across districts and regions during the entire period between 1980-81 and 2002-03. Such a wide variation in total and crop loan advances through PACS could be a matter of concern, particularly in view of the existing cropping pattern and share of various crops in total loan advances of these primary level credit institutions operating in various districts and regions of Maharashtra (Appendix II).

In order to estimate the effect of factors on total loan advances through PACS in Maharashtra, regressions were estimated.⁶ Time series data on related parameters encompassing the period between 1980-81 and 2002-03 was used in the estimation with further division of the entire period into two sub-periods, viz., period between 1980-81 and 1990-91 and 1991-92 and 2002-03. Three alternative specifications (Linear, Semi-log and Cobb-Douglas) were estimated. However, the results of only linear specification of the equations are reported considering R² and statistical significance of variable, which, in this specification, turned out to be better. The results of this exercise are shown in Table 10.

The independent variables included in the model explained 80-90 per cent variations in total loan advances through PACS across various regions of Maharashtra during the period between 1980-81 and 2002-03. The variables showed mixed trend insofar as their influence on loan advances through PACS was concerned. While the state of Maharashtra showed significant increase in loan advances with the increase in GCA between 1980-81 and 1990-91, the period thereafter was marked with more sharp and significant fall in the same with the increase in GCA resulting in overall decline in loan advances with rise in GCA between 1980-80 and 2002-03.

Interestingly, membership showed negative influence on loan advances through PACS between 1980-81 and 1990-91, though not significant, and positive and highly significant influence between 1991-92 and 2002-03, resulting in increase in loan advances through PACS with the rise in their membership during the period between 1980-81 and 2002-03.

Table 10: Factors Influencing Total Loan Advances (ST+MT+LT) Through PACS in Maharashtra

Regions/State	Regression Estimates
1980-81 to 1990-91	
Western Maharashtra Region	LOAN = -18429386.5 + 2.6516* MEMB + 180.2815 GCA (0.8086) (122.0476) Adjusted R ² = 0.8672 F-Statistics = 33.6471 Observations = 11
Vidarbha Region	LOAN = -4015568.6 - 0.4228 MEMB + 95.6357* GCA (0.4302) (25.0014) Adjusted R ² = 0.5758 F-Statistics = 7.7880 Observations = 11
Marathwada Region	LOAN = -10911828.6 + 1.1793 MEMB + 223.1239*** GCA (1.0009) (112.9571) Adjusted R ² = 0.8163 F-Statistics = 23.2247 Observations = 11
Konkan Region	LOAN = -438114.3 + 1.1289* MEMB - 1.4878 GCA (0.1928) (14.1340) Adjusted R ² = 0.9012 F-Statistics = 46.6108 Observations = 11
Maharashtra State	LOAN = -67858844.2 - 0.6744 MEMB + 396.3346** GCA (1.8585) (183.4516) Adjusted R ² = 0.8600 F-Statistics = 31.7053 Observations = 11
1991-92 to 2002-03	
Western Maharashtra Region	LOAN = -69451217.5 + 15.3698* MEMB + 265.2638 GCA (5.1051) (353.0479) Adjusted R ² = 0.8716 F-Statistics = 38.3227 Observations = 12
Vidarbha Region	LOAN = -16121917.0 + 1.5496 MEMB + 255.2861 GCA (3.4922) (211.5154) Adjusted R ² = 0.3051 F-Statistics = 1.5364 Observations = 10
Marathwada Region	LOAN = -37516384.7 + 6.4491 MEMB + 567.0245 GCA (6.0670) (823.0293) Adjusted R ² = 0.3137 F-Statistics = 3.5140 Observations = 12
Konkan Region	LOAN = 836789.2 + 1.8598 MEMB - 177.3890*** GCA (1.3630) (97.5247) Adjusted R ² = 0.6103 F-Statistics = 9.6125 Observations = 12
Maharashtra State	LOAN = -7087971.4 + 20.2571* MEMB - 698.0529* GCA (3.5702) (107.0536) Adjusted R ² = 0.7875 F-Statistics = 21.3841 Observations = 12
1980-81 to 2002-03	
Western Maharashtra Region	LOAN = -69725192.8 + 3.2512* MEMB + 787.4909* GCA (1.1540) (205.7397) Adjusted R ² = 0.8495 F-Statistics = 63.0721 Observations = 23
Vidarbha Region	LOAN = -9803659.2 + 1.4743 MEMB + 150.3662*** GCA (0.9862) (76.2056) Adjusted R ² = 0.5530 F-Statistics = 13.3722 Observations = 21
Marathwada Region	LOAN = -12633761.3 + 3.6269*** MEMB + 186.3942 GCA (1.7579) (328.3011) Adjusted R ² = 0.6359 F-Statistics = 20.2121 Observations = 23
Konkan Region	LOAN = 158438.5 + 2.2211* MEMB - 127.5344* GCA (0.2830) (34.8745) Adjusted R ² = 0.7340 F-Statistics = 31.3458 Observations = 23
Maharashtra State	LOAN = 29269366.9 + 6.5244* MEMB - 325.2464* GCA (0.7560) (56.9436) Adjusted R ² = 0.7754 F-Statistics = 38.9674 Observations = 23

Note: 1) Figures in parentheses show the standard errors of regression coefficients.

2) *, ** and *** indicate significance of regression coefficients at one, five and ten per cent level of probability, respectively.

Although positive association between loan advances and membership of PACS was expected, the negative influence of GCA on loan advances through PACS could again be considered as a matter of concern owing to the fact that 70-80 per cent of total loan advances of PACS were meant for various crops grown in different regions of the state. The reform period in particular

showed sharp decline in loan advances through PACS with the rise in GCA. For every annual hundred hectares addition to GCA, the loan advances through PACS in Maharashtra declined by nearly Rs.700 annually between 1991-92 and 2002-03. This unfortunate scenario calls for immediate appropriate remedial measures in respect of loan advances through PACS vis-à-vis GCA across various regions of Maharashtra.

Credit Flow through Commercial Banks

Despite several targets prescribed by the RBI for Public Sector Banks (PSBs)⁷, these banks are reported to have defaulted merrily on majority of these targets (Mujumdar, 2001). This is evident from the fact that, during the period between 1992 and 1996, the net bank credit of PSBs to priority sectors at all-India level was well below 40 per cent. Not only this, at all-India level, the net bank credit of PSBs to agriculture and to weaker sections remained well below 18 per cent and 10 per cent, respectively, of their total advances all through the period between 1991 and 2000. This is a reflection of the fact that the two sub-targets of credit to agriculture and to weaker sections continue to remain unattained even in more recent times. Thus, agriculture in general and weaker sections in particular are grossly neglected by PSBs. However, in view of the recommendations of the Union Budget of 1996-97, which laid emphasis on the need to double the size of rural credit in the subsequent five years, the RBI had restored the priority sector credit of PSBs to the level of 41 per cent of their total advances in March 1997, and it remained well above 40 per cent thereafter (Mujumdar, 2001).

As for institutional finance to farming community, the commercial banks in Maharashtra have also not shown encouraging trends. The trend over the past two decades shows a slower growth in rural institutional finance through commercial banks during the decade of economic reforms as against the pre-economic reform period (Table 11). The commercial banks in Maharashtra have not only shown slower growth in their loan advances and deposits but also decline in their credit-deposit (C-D) ratio during the period of reforms as against the pre-economic reform period. However, mention may be made here that though the rural C-D ratio of commercial banks in Maharashtra has come down from 72 per cent during TE 1982/83 to 65 per cent by the TE 1999/00, it is still well above the minimum prescribed limit of 60 per cent as stipulated by the RBI.

Table 11: Rural Deposits and Credits of Commercial Banks in Maharashtra

(Amount in Crore Rupees)

Indicators	Triennium Ending			CGR (%)		
	1982/83	1992/93	1999/00	1980-90	1991-2000	1980-2000
Rural Deposits	381	1964	5145	19.05	14.40 ^{NS}	16.28
Rural Credits	274	1457	3346	17.08	12.28 ^{NS}	14.91
CD Ratio (%)	71.91	74.18	65.03	-	-	-

Source: Computations are based on figures obtained from various issues of 'Economic Survey of Maharashtra'

An attempt has also been made in this paper to gauge into the changes in CD ratios across different districts of Maharashtra encompassing various scheduled commercial banks operating in the state and these estimates as on March 2005 are brought out in Table 12.

Although Table 11 has revealed a higher CD ratio of commercial banks in Maharashtra than the minimum prescribed limit of 60 per cent during TE 1999-2000, a further analysis presented in Table 12 shows wide variations in CD ratios of commercial banks across various districts of the state. Not only this, the CD ratio of commercial banks differed considerably with and without inclusion of Greater Mumbai. While CD ratio of all scheduled commercial banks of Maharashtra put together was estimated at as high as 95 per cent as on March 2005, this ratio declined sharply to 59 per cent when Greater Mumbai was excluded from the list of districts in the state. A further marginal decline in this CD ratio is likely to occur if foreign banks are excluded from the list of scheduled commercial banks operating in the state.

Table 12: District and Bank Group-wise Distribution of the Number of Reporting Offices, Aggregate Deposits and Gross Bank Credit of All Scheduled Commercial Banks in Maharashtra March 2005
(Amount in Rs. Crore)

Districts	SBI & Its Associated		Nationalised Banks		Foreign Banks		RRBs		Other Com. Banks		All Scheduled Commercial Banks			
	Deposits	Credit	Deposits	Credit	Deposits	Credit	Deposits	Credit	Deposits	Credit	Offices	Deposits	Credit	CD Ratio (%)
1.Ahmednagar	447	282	952	803	-	-	-	-	121	38	208	1520	1123	73.88
2. Akola	243	163	311	237	-	-	51	38	48	21	102	653	459	70.29
3. Amravati	418	220	759	331	-	-	-	-	59	21	145	1236	573	46.36
4. Aurangabad	788	558	935	821	4	1	147	101	405	384	166	2280	1865	81.80
5. Bhandara	145	55	226	98	-	-	66	44	9	4	64	446	202	45.29
6. Beed	408	289	97	53	-	-	127	43	17	37	98	650	422	64.92
7. Buldhana	254	212	150	120	-	-	68	56	13	18	101	486	406	83.54
8. Chandrapur	410	157	830	266	-	-	117	57	58	18	150	1415	498	35.19
9. Dhule	217	190	314	210	-	-	-	-	29	18	77	560	418	74.64
10. Gadchiroli	100	54	121	36	-	-	66	28	8	4	41	295	122	41.36
11. Gondia	97	66	242	125	-	-	68	36	30	15	61	437	242	55.38
12.Greater Mumb	43278	41415	124466	128513	38144	33548	-	-	97867	114836	1533	303755	318313	104.79
13. Hingoli	144	82	28	17	-	-	57	22	10	8	38	239	129	53.97
14. Jalgaon	479	421	704	531	-	-	-	-	309	191	175	1492	1144	76.68
15. Jalna	213	116	172	173	-	-	84	92	22	12	77	492	393	79.88
16. Kolhapur	292	232	1105	1076	-	-	-	-	894	702	230	2291	2009	87.69
17. Latur	388	251	222	206	-	-	95	40	58	38	99	764	535	70.03
18. Nagpur	1896	1192	4690	2365	5	1	-	-	844	767	283	7435	4325	58.17
19. Nanded	560	323	234	169	-	-	159	69	62	30	130	1015	590	58.13
20. Nandurbar	119	63	162	100	-	-	-	-	19	7	45	299	171	57.19
21. Nasik	1901	380	2190	1445	-	-	-	-	534	284	235	4625	2109	45.60
22.Osmanabad	219	137	116	57	-	-	95	25	-	-	71	430	219	50.93
23. Parbhani	301	245	82	49	-	-	71	44	15	10	72	469	347	73.99
24. Pune	3030	1894	13234	8064	957	1272	-	-	5848	4939	597	23069	16169	70.09
25. Raigad	900	278	1282	461	-	-	-	-	393	69	152	2574	808	31.39
26. Ratnagiri	372	93	874	339	-	-	64	51	98	44	133	1407	527	37.46
27. Sangli	237	199	796	700	-	-	-	-	533	239	183	1566	1139	72.73
28. Satara	289	153	791	473	-	-	-	-	469	214	152	1549	839	54.16
29.Sindhudurg	215	84	503	173	-	-	50	31	-	-	81	769	288	37.45
30. Solapur	366	242	1065	872	-	-	66	57	217	103	221	1715	1274	74.29
31. Thane	2288	647	10853	5735	17	16	86	17	3557	861	475	16802	7277	43.31
32. Wardha	206	149	382	201	-	-	-	-	26	14	73	615	364	59.19
33. Washim	87	61	56	44	-	-	55	38	-	-	54	199	143	71.86
34. Yavatmal	337	184	344	217	-	-	104	53	54	30	117	839	484	57.69
Maharashtra	61645	51090	169291	155079	39128	34838	1699	942	112626	123976	6439	384389	365925	95.20
Maharashtra (Excl. Mumbai)	18367	9675	44825	26566	984	1290	-	-	14759	9140	4906	80634	47612	59.05

Source: <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/65232.pdf>

It could be further noted that CD ratios of commercial banks were significantly high for the majority of districts covered under the umbrella of Western Maharashtra, which hovered at around 70-85 per cent (Appendix III). Marathwada was noticed to be the other region of Maharashtra, which showed significantly high CD ratios of commercial banks across various districts of the region, ranging from 70-80 per cent. In this sequel, the least CD ratios of commercial banks were noticed for the districts covered under Konkan region, which stood at as low as 30-40 per cent as on March 2005. Even majority of the districts of Vidarbha region showed less than 60 per cent CD ratios of their commercial banks with the only exception of Buldhana and Akola districts (Appendix III).

The foregoing estimates clearly underscore the fact that the districts belonging to Konkan region in particular and Vidarbha region in general were marked with poor performance of commercial banks as their loan advances fell much below 60 per cent of deposits as on March 2005. The falling CD ratio of commercial banks may have several adverse affects on the livelihood of rural population in these districts/regions of Maharashtra.

Notably, in due course of time, the outstanding loans of indirect finances of commercial banks have grown at much faster pace as compared to their outstanding loans of direct finances to farmers in Maharashtra (Table 13). Table 13 also shows an increasing trend in share of Maharashtra in total outstanding loans of all scheduled commercial banks of India, which has grown from 10 per cent during TE 1985 to as high as above 14 per cent by the TE 2000. These trends are certainly not very encouraging insofar as the commercial bank finances to farming community in Maharashtra are concerned. Despite the recommendations of the R.V. Gupta Committee, appointed in 1997, which encompass several changes in commercial bank's documentation, loan appraisal parameters, operational procedures and loan product with built-in liquid saving product, the rural credit delivery through commercial banks in Maharashtra has grown at lower pace, especially during the 1990s.

Table 13: Progress of Distribution of Outstanding Advances of Scheduled Commercial Banks to Agriculture in Maharashtra Vis-à-vis India (Amount in Crore Rupees)

Period	FDFI		LEEBEW		OTIF@		DFF		Total	
	No. of Ac.	AO	No. of Ac.	AO	No. of Ac.	AO	No. of Ac.	AO	No. of Ac.	AO
Maharashtra										
1980	2649	18	1105	33	83396	90	485350	254	574500	395 (11.05)
TE 1985	4416	11	5012	69	51141	113	906131	572	966700	765 (10.02)
TE 1990	2458	16	176	44	20940	105	1548068	1388	1571642	1553 (10.06)
TE 1995	4557	24	2454	212	13541	175	1577661	1819	1598212	2230 (10.10)
TE 2000	2859	115	9256	386	21879	2241	1217692	3182	1251686	5924 (14.06)
India										
1980	36700	206	12010	145	1085002	433	8501469	2789	9635181	3573
TE 1985	50135	325	38119	392	639520	695	13582102	6220	14955262	7632
TE 1990	44514	363	54823	484	606412	645	20665098	13950	21370846	15442
TE 1995	45271	389	69127	923	314821	860	20486449	19916	20915667	22088
TE 2000	58477	1455	71915	1589	178850	6095	16810610	33001	17119839	42140

Source: Computations are based on figures obtained from various issues of 'Statistical Tables Relating to Banks in India, Department of Banking Operations and Development for the RBI, Bombay'

Note: Figures in Parentheses are shares of Maharashtra in India's total Outstanding Loans

@-includes loans to farmers through Primary Credit Societies

FDFI: Finance for Distribution of Fertilizer and other Inputs; LSEBEW: Loans to State Electricity Board for Energization of Well, etc.; OTIF: Other Types of Indirect Finance; DFF: Direct Finance to Farmers; AO: Amount Outstanding

In order to realize high and sustained growth of GDP, Mujumdar (1998) has categorically emphasized upon the need for the PSBs to support priority sectors irrespective of whether there exist credit target or not. As regards rural credit delivery, the Ninth Plan Approach Paper is categorical on priority sector advances. As per Ninth Plan Approach Paper, “Greater credit flow will be ensured to meet the investment requirements of the farming community for stepping up the growth of production. Efforts will be made to ensure timely and adequate availability of credit, particularly to small and marginal farmers and tribal farmers at reasonable rates so as to enable them to make investments necessary for higher production”[*Approach Paper to the Ninth Five-Year Plan (1997-2002)*, p.56, 1996]. The Ninth Plan, therefore, not only recognizes the role of priority sectors in the future growth of the economy, but it also categorically emphasizes upon the imperative of enlarging the flow of credit to these sectors. Hence, one of the suggestions of Mujumdar (1998) is in favour of following such future credit policies which fall in line with the Ninth Plan priorities, and which need to be implemented without any further delay.

Credit Flow through RRBs

At all-India level, a review of performance of RRBs over the past one decade or so shows an estimated aggregated amount of loss to the tune of Rs.15.86 crores incurred by 130 RRBs in 1984-85, which is seen to have grown to Rs.621.00 crores incurred by 162 RRBs in 1991-92 and further to as high as Rs.3047.87 crores incurred by 152 RRBs in 1996-97. Due to huge accumulated losses and operational deficiencies, the very survival of RRBs is now at stake and it has become a matter of concern. In order to strengthen the organizational structure of RRBs, several committees were constituted from time to time.⁸ Among various committees, the recommendations of Bhandari Committee are noteworthy. This Committee had evolved a forward looking policy framework, which mainly revolved around: (a) comprehensive restructuring of select 49 RRBs including financial assistance to them, (b) Memorandum of Understanding between RRBs and their Sponsor Banks, (c) freedom to select 70 RRBs from Service Area Obligations in view of their inadequate business so as to provide them broader business base, (d) relocation of loss making branches and opening extension counters, (e) expansion and diversification of loan portfolio by allowing Non Target Group and Non Priority Sector and rural housing finance, (f) widening of avenues of profitable investment and surplus non-SLR funds, and (g) strengthening Board of Directors of RRBs by induction of professionals as GOI nominees (Deshpande et. al., 1998). Majority of these policies were seen to have emanated from the financial sector reforms initiated during 1994-95.

It is to be noted that considering the dismal performance of RRBs and their weak structure, Government of India (GOI) unleashed in the first phase its financial sector reforms in 1994-95 and embarked upon an ambitious plan of revamping initially 49 out of a total of 196 RRBs with the aim of improving their profitability besides launching several other policy reforms aimed at improving their functional efficiency. In the second phase, based on the recommendations of Basu Committee, another batch of 68 RRBs were brought under restructuring during 1995-96. As a result of these

revamping efforts, 40 RRBs were reported to have shown profits (Capoor, 1998). Although various policies relating to restructuring and revamping of RRBs were introduced in the first and second phase of financial sector reforms, the policy relating to granting of permission by the RBI to RRBs to invest in non-target avenues like shares and debentures of corporates, units of mutual funds, bonds of public sector undertakings, etc. was severely criticized by Mujumdar (2001) as this had paved the way for a reverse flow of funds from the rural to the urban sector.

Although RRBs generate major part of resources through deposits, too much dependence on deposits and lack of attention paid to loan advances is certainly a disturbing feature. In course of time, the RRBs in India have shown a drastic fall in their credit-deposit ratio. The C-D ratio of RRBs at all-India level has come down from 123 per cent during 1981 to 43 per cent by the TE 2000 (Table 14). The fall in this ratio is more sharp in the state of Maharashtra, which has come down from 148 per cent during 1981 to 55 per cent by the TE 2000. It is to be noted that in Maharashtra, as on March 2000, there were 582 branches of RRBs with Marathwada region accounting for around 50 per cent share in total numerical strength of these bank branches of RRBs (Shah, 2004). The decline in C-D ratio of RRBs is mainly due to diversion of substantial portion of their resources to investments instead of lending in rural areas. It should be recollected here that the chief objective of setting up of RRBs was the effective coverage of small and marginal farmers, landless labourers, rural artisans, etc. with a view to enhance their productive capabilities. The decline in their lending business is a clear-cut reflection of deviation of RRBs from the objectives they were initially formed.

Table 14: Progress of Deposit and Credit of Regional Rural Banks (RRBs) in Maharashtra Vis-à-vis India
(Amount in Lakh Rupees)

Period	Maharashtra			All-India		
	Deposit	Credit	CD Ratio (%)	Deposit	Credit	CD Ratio (%)
1981	557	824	147.94	33147	40682	122.73
TE 1985	1724	2034	117.40	97075	107492	110.73
TE 1990	8851	10709	120.99	353554	321839	91.03
TE 1995	22757	17373	76.34	861931	528835	61.35
TE 2000	75492	41562	55.05	2685412	1152160	42.90

Source: Computations are based on figures obtained from various issues of 'Statistical Tables Relating to Banks in India, Department of Banking Operations and Development for the RBI, Bombay'.

It is not that during the period between 1981 and TE 2000 RRBs operating in Maharashtra have shown poor performance. Even in more recent times, they have shown inconsistency in terms deposits, credit and other operational indicators (Table 15).

Table 15: Operational Indicators of RRBs in Maharashtra: 2001/02 – 2003/04

Indicators	2001-02	2002-03	2003-04
No. of RRBs	10	10	10
No. of Branches	511	511	511
- of which Rural Branches	395	395	395
Deposits (Rs. lakh)	125083.38	144448.65	166186.00
Loans & Advances Outstanding (Rs. lakh)	64528.73	68521.00	74999.00
% of Overdues	30	31	31
% of NPAs	-	19.7	21.0
No. of Banks in Profit	9	9	9
No. of Banks in Loss	1	1	1

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

Though the credit business of RRBs has declined and their investment banking has gone up, it may be necessary to look into the reasons for such changes. Some of the reasons for slower growth in loan advances as against deposits of RRBs could be traced in: (a) inability of RRBs to compete with commercial banks due to their limited area of operation, (b) ban on requirement of staff of RRBs, (c) unfavourable age profile of the staff of RRBs, (d) high deposit cost structure, (e) lower level of application of information technology (IT), etc. All these factors might have contributed to poor performance of RRBs operating in the state of Maharashtra.

It has been asserted by Shivamaggi (2000) that the major problem faced by RRBs in India is the lack of staff motivation and specialization despite local recruitment of staff. The poor performance of RRBs greatly owed it to their hurriedly recruited and trained staff that not only lack exposure in dealing with a large number of small-term/composite loans but also in terms their weak knowledge to deal with bank accounts, seek guidance at each stage of loan application to its recovery.

Credit Flow through LDBs

Long-term cooperative finance is provided through Land Development Banks (LDBs). These banks have passed through three distinct stages of development.⁹ The loans of LDBs are extended not only for land-based productive activities, viz., minor irrigation, farm mechanization, plantation and land development but also for several other activities, which are, in general, subsidiary to agriculture like poultry, dairy, piggery, sheep rearing, fishery, sericulture, etc. (Kumar and Dixit, 1998). The non-farm sector encompasses loans to agricultural labourers, rural artisans and small rural enterprises. The coverage of non-farm sectors and finances for non-land based purposes has certainly broad-based the activities of LDBs in more recent times.

In general, the flow of finances through LDBs encompass activities relating to agricultural production sub-system (APS), agricultural input distribution sub-system (AIS), agricultural produce marketing and processing sub-system (AMPS), and also long-term finance to members of LDBs for the purpose of purchase of tractor and its accessories, minor irrigation, milch and draught animal purchase, etc. The loans to members of LDBs for long-term purposes are provided against the mortgage of their lands. Although the overall performance of LDBs in India is satisfactory, they still have to do a lot of catching up to improve the condition of rural India. The major problem crippling the functioning of LDBs is the mounting amount of overdues and their outstanding loans, which have grown dramatically in more recent times.¹⁰

In the state of Maharashtra, the loan advances of LDBs have not only declined sharply during the period of reform but also working capital of these banks fell marginally during this period (Table 16). The membership of LDBs of Maharashtra has also grown at slower rate during the period between 1991 and 2000 as against the period between 1981 and 2000. Even the recovery of loans and share capital base of LDBs has weakened during the reform period. Nonetheless, it is to be noted that the outstanding loans of LDBs in Maharashtra have grown at slower pace during the period between 1991 and 2000 as against the period between 1981 and 2000 (Table 16).

Table 16: Progress of Maharashtra State Cooperative Land Development Banks (LDBs)

(Amount in lakh Rupees; Membership in thousands)

Period	Membership	Share Capital	Owned Funds	Borrowings	Working Capital	Loan Advances	Loans Recovered	Loans Outstanding
TE 1985	827	3743	7173	31182	44405	5651	2710	30627
TE 1990	926	4531	11922	48045	66685	8932	3846	49245
TE 1995	1111	7184	14766	68076	107311	13668	6089	82328
TE 2000	1189	9752	54633	109438	144262	4875	8641	99690
CGR (%)								
- 1981-00	2.79*	9.34*	13.18*	9.38*	6.07*	0.54	7.75*	9.21*
- 1991-00	1.65*	7.07*	38.61*	8.79*	-0.27	-18.53	6.83*	5.64*

Source: Computations are based on figures obtained from various issues of 'Co-operative Movement at a Glance in Maharashtra, Office of the Commissioner for Co-operation & Registrar of Co-operative Societies, Maharashtra State, Pune

It is to be noted here that among the agencies delivering agricultural credit, the weakest institutions are LDBs mainly due to their structural and financial problems, and, at present, the LDBs in Maharashtra stand liquidated. The unitary structure of LDB has been converted into federal. At present, LDBs in Maharashtra are operating only in about 10 districts. Further, it is to be noted that quite a few years ago the LDBs were termed as state cooperative agricultural and rural development banks (SCARDBs) and primary cooperative agricultural and rural development banks (PCARDBs). The progress of SCARDBs and PCARDBs in Maharashtra encompassing the period between 2001-02 and 2003-04 is shown in Table 17.

Table 17: Progress of SCARDB and PCARDB in Maharashtra: 2001/02 – 2003/04

Indicators	2001-02	2002-03	2003-04
No. of SCARDB	1	1	1
No. of Branches of SCARDB	1	1	1
Deposits of SCADB (Rs. lakh)	525	119	119
Loans & Advances Outstanding of SCARD (Rs. lakh)	105944	101940	104599
% of Overdues of SCARDB	87	75	75
% of NPAs of SCARDB	NA	45	64
No. of SCARDB in Profit	-	-	-
No. of SCARDB in Loss	1	1	1
No. of PCARDB	29	29	29
No. of Branches of PCARDB	291	291	291
Deposits of PCADB (Rs. lakh)	3473	2128	1802
Loans & Advances Outstanding of PCARD (Rs. lakh)	75053	68563	63874
% of Overdues of PCARDB	70	78	84
% of NPAs of PCARDB	65	NA	79
No. of PCARDB in Profit	2	2	2
No. of PCARDB in Loss	27	27	27

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

The estimates shown in Table 17 clearly reveal poor performance of SCARDB and PCARDBs in the state of Maharashtra as during the period between 2001-02 and 2003-04 not only their deposits and loan advances declined but proportions of overdue and NPAs have grown during this period. Out of 29 branches of PCARDBs operating in the state, 27 are running into losses.

Earlier, in order to tackle the problem of overdue of LDBs, certain suggestions were extended by Kumar and Dixit (1998), which revolved around creation of greater coordination among ST, MT and LT loans and streamlining operations of LDBs, checking diversion and misuse of LDB's

credit, effective supervision of loan product, strengthening share capital base, and mobilizing deposits and debentures through innovative deposits and debenture schemes. Another important suggestion in this context is in favour of launching intensive membership drive with a view to increase coverage of these long-term financial institutions. Some of the agricultural and rural development banks, popularly known as LDBs, have already taken initiatives in these directions.

Micro Finance

In the midst of apparent inadequacies of formal financial institutions and their failure to serve and protect the interest of rural poor despite their phenomenal outreach, an informal segment comprising of small groups of rural poor began to mobilize capital and savings of their members and used these resources among their members on a micro scale. These groups were termed as Self Help Groups (SHGs). The lending procedures of these groups were not only simple but also effective due to small amount of loans involved in the process. Since the concept of SHGs was relatively new, NABARD undertook the task of studying the functioning of SHGs in India as well as in other countries. In this sequel, in 1988-89, NABARD had made an attempt to conduct a survey of 43 non-government organizations (NGOs) spread over 11 states in India. Findings of this investigation encouraged NABARD to launch a pilot project in 1991-92 which involved linkages between banks and SHGs.¹¹ The SHG-bank linkage programme got a real boost when, in April 1996, RBI had recommended the banks that lending to the SHGs should be considered as an additional segment under priority sector lending. Thus, in view of this recommendation, lending to SHGs was integrated with the mainstream credit operations of the banks.

The SHG linkage programme received wider acceptability during 1997-98 when 30 commercial banks, 101 Regional Rural Banks, 17 co-operative banks and 265 NGOs spread over 19 states and two Union Territories had participated in such a linkage programme. The progress of SHG-Bank Linkage programme has been quite impressive over the past few years. The information on progress under SHG-Bank Linkage Programme encompassing the period between 1992 and 2005 is provided in Table 18.

Table 18: Progress of SHG-Bank Linkage Programme in India

(Amount in Crore Rs.)

Year	No. of SHGs Linked	Cumulative	% age of Women Groups	No. of Participating Banks	No. of States/Uts	No. of Districts Covered	Cumulative Bank Loan	Cumulative Refinance
1992-93	255	255	NA	NA	NA	NA	0.29	0.27
1993-94	356	620	NA	NA	NA	NA	0.65	0.46
1994-95	1,502	2,122	NA	NA	NA	NA	2.45	2.29
1995-96	2,635	4,757	NA	NA	NA	NA	6.06	5.66
1996-97	3,841	8,598	76	120	20	NA	11.84	10.65
1997-98	5,719	14,317	78	150	21	221	23.76	21.38
1998-99	18,678	32,995	84	202	24	280	57.07	52.06
1999-2000	81,780	1,14,775	85	266	24	362	192.98	150.13
2001*	-	2,63,825	-	-	-	-	480.87	394.98
2002*	-	4,61,478	-	-	-	-	1026.34	790.24
2003*	-	7,17,360	-	-	-	-	2048.67	1412.71
2004*	-	10,79,091	-	-	-	-	3904.20	2118.15
2005*	-	16,18,476	-	-	-	-	6898.46	3085.91

Source: Official records of NABARD, Pune. * - Annual Report (2004-05) of NABARD, Mumbai.

In the state of Maharashtra, the number of SHGs linked with bank credit has grown significantly over the past five years. This could be witnessed from Table 19 which clearly shows the strength of SHGs linked with bank credit to grow from as low as 1,930 as on March 1999 to as high as 47,014 as on November 2004. Initially, only 11 districts of Maharashtra were covered under the SHG-Bank linkage programme. However, in due course of time, more and more districts were covered under the folds of this programme. At present, all the 33 districts of Maharashtra are covered under the SHG-Bank linkage programme.

Table 19: Status of SHG-Bank Linkage in Maharashtra

Particulars/Cumulative Position	March 1999	March 2000	March 2001	March 2002	March 2003	March 2004	November 2004
No. of SHGs Linked	1930	4959	10468	19619	28065	38535	47014
Bank Loan (Rs. lakh)	378.98	929.89	1797.08	4230.14	6970.19	11361.01	15226.60
Refinance (Rs. lakh)	360.14	904.44	1768.22	3167.47	4022.33	4135.15	6074.56
No. of Districts Covered	20	29	29	33	33	33	33

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

Among various regions, the share of Vidarbha in total number of SHGs liked with bank credit is noticed to be highest (55.72 per cent) in the state, followed by Western Maharashtra (22.68 per cent), Marathwada (15.63 per cent), and Konkan (5.98 per cent) region (Table 20).

Table 20: District-wise Cumulative No. of SHGs Credit Linked in Maharashtra upto Nov. 2004

Region	District	No. of SHGs	Percentage to Total	
Western Maharashtra	Ahmednagar	617	1.31	
	Dhule	748	1.59	
	Jalgaon	1170	2.49	
	Kolhapur	1366	2.91	
	Nandurbar	368	0.78	
	Nasik	827	1.76	
	Pune	3378	7.19	
	Sangli	613	1.30	
	Satara	570	1.21	
	Solapur	1004	2.14	
	Sub-Total	10661	22.68	
Vidarbha Region	Akola	2958	6.29	
	Amravati	1517	3.23	
	Bhandara	2347	4.99	
	Buldhana	267	0.57	
	Chandrapur	11094	23.60	
	Gadchiroli	2308	4.91	
	Gondia	398	0.85	
	Nagpur	576	1.23	
	Wardha	618	1.31	
	Washim	904	1.92	
	Yavatmal	3207	6.82	
	Sub-Total	26194	55.72	
Marathwada	Aurangabad	1840	3.91	
	Beed	525	1.12	
	Jalna	643	1.37	
	Latur	690	1.47	
	Nanded	2619	5.57	
	Parbhani	354	0.75	
	Osmanabad	598	1.27	
	Hingoli	79	0.17	
		Sub-Total	7348	15.63
	Konkan	Raigad	898	1.91
Ratnagiri		771	1.64	
Sindhudurg		276	0.59	
Thane		866	1.84	
		Sub-Total	2811	5.98
	Grand Total	47014	100	

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

A massive programme of promotion of SHGs has been launched by the NGOs and the State Government agencies. As a result, 32,147 saving bank accounts of new SHGs were opened during 2003-04. The NGOs engaged in promoting SHGs are mainly concentrated in the districts of Vidarbha and Marathwada regions with their presence being relatively less in Konkan and Western Maharashtra. Further, realizing the importance of NGO sector, NABARD has been providing support to them for capacity building of their field staff as well as promotional grants to them for formation of SHG as an 'add-on' activity. Upto September 2004, 87 NGOs were sanctioned grant assistance for promoting 11554 SHGs in the state of Maharashtra. However, they could promote 9106 SHGs with credit linking to 2876 SHGs upto September 2004. The banks have to credit link the remaining SHGs promoted by these NGOs. It is to be noted apart from the role of banks as credit providers, they have been associated in promotion of new SHGs by supporting them through grant assistance to work as Self Help Promoting Institutions (SHPIs). For this purpose, the RRBs and DCCBs in the state of Maharashtra have been sanctioned grant assistance under NABARD's Low Cost Module. Due to initiation of SHG-Bank linkage programme, there have been perceptible and wholesome changes in the living standards of the members of SHGs in terms of their ownership of assets, savings and borrowing capacity, income generation activities and levels of income.

In consonance of Government of India's policy, NABARD has visualized a corporate mission for reaching micro finance services to the rural poor of the country by credit linking additional 5.85 lakh SHGs in three years upto 2006-07. In order to achieve the mission, the strategy encompasses: (a) thrust on promotion of quality SHGs on a large scale with special focus on comparatively backward states and regions, (b) designing and funding suitable training and exposure programmes for all stakeholders, (c) providing assistance to partners for promotion and nurturing of SHGs generally on add-on basis, (d) encouraging banks to analyse proper rating of SHGs before financing, (e) positioning financing SHGs as a business proposition for the banks, (f) encouraging cooperatives to take-up SHG financing, (g) widening the range of SHG promoting agencies by integrating SHG approach in social sector development programmes of the development agencies and Panchayat Raj Institutions (PRIs), (h) encouraging commercial borrowings by informal financial intermediaries like NGOs, micro finance institutions, Federations of SHGs, etc. by providing start up lendable resources to them, (i) large scale dissemination of the concept of SHGs among rural masses, (j) shifting from financial services access to livelihood and income generation, and (k) pilot project in Chandrapur - Need for cooperation and convergence of efforts from government and banks.

In view of the above policy initiatives and the need to upscale the SHG linkage process, a mission of credit linking 30,000 SHGs and promoting 37,500 new SHGs during 2004-05 has been set for the state of Maharashtra. In order to cover half of the rural poor by 2006-07, it is envisaged to credit link additional 90,000 SHGs in the coming years. Further, in order to accelerate the pace of SHG-Bank linkage programme, the NABARD has also devised district-specific and location-specific strategies in view of available potential, resources and prevailing constraints. It is expected that with

the increasing involvement of banking system as well as NGOs the micro-credit movement will get further fillip in the years to come.

RIDF Status in Maharashtra

Under Rural Infrastructure Development Fund (RIDF), NABARD has financed a number of projects for roads and bridges, irrigation projects, micro irrigation, etc. Creation of these infrastructure leads to emergence of new economic opportunities before the farmers. From the point of view of credit institutions, investment in rural infrastructure is crucial since it directly influences investment decisions of farmers, builds up credit absorption capacity of the area and increases effectiveness and impact of credit. In the state of Maharashtra, the status of RIDF as on 31st October 2004 is shown in Table 21.

Table 21: RIDF Projects Sanctioned and Amount Disbursed Under Various Tranches in Maharashtra: (Data as on 31st October 2004)

(Rs. Crore)

Tranche	Irrigation Projects			Road & Bridge Project			Micro Irrigation Project			Others (RWSS)			Total		
	Nos.	Amt. Sanctioned	Amt. Disbursed	Nos.	Amt. Sanctioned	Amt. Disbursed	Nos.	Amt. Sanctioned	Amt. Disbursed	Nos.	Amt. Sanctioned	Amt. Disbursed	Nos.	Amt. Sanctioned	Amt. Disbursed
RIDF-I	105	186.8	169.9	-	-	-	-	-	-	-	-	-	105	186.8	169.9
RIDF-II	108	231.7	204.5	-	-	-	-	-	-	-	-	-	108	231.7	204.5
RIDF-III	-	-	-	721	254.3	246.0	-	-	-	-	-	-	721	254.3	246.0
RIDF-IV	13	100.5	84.1	899	201.5	185.5	-	-	-	-	-	-	912	302.0	269.5
RIDF-V	-	-	-	1549	350.3	323.5	-	-	-	-	-	-	1549	350.3	323.5
RIDF-VI	38	175.4	73.0	1121	263.8	229.5	-	-	-	-	-	-	1159	439.2	302.5
RIDF-VII	81	173.8	59.1	963	234.5	161.4	-	-	-	228	121	39	1272	529.7	260.0
RIDF-VIII	63	216.9	51.6	900	226.2	82.9	-	-	-	-	-	-	963	443.1	134.4
RIDF-IX	-	-	-	269	67.0	23.4	-	-	-	-	-	-	269	67.0	23.4
RIDF-X	-	-	-	-	-	-	1	163	-	-	-	-	1	163.1	-
Total		1085.0	642.1	6422	1598	1252	1	163	-	228	121	39	7059	2967.1	1933.7

Source: Compiled from 'State Focus Paper Maharashtra, 2005-06', NABARD, Pune.

Maharashtra stands as one of the leading states in the country insofar as implementation of RIDF is concerned. Out of total sanctioned amount of Rs.1285.0 crores under RIDF I to X, Rs.642.09 crores has been disbursed as on October 31, 2004 for the development of irrigation infrastructure in the state. The state-wise analysis of ratio of disbursements to sanctions under RIDF reveals that Mizoram tops with 89 per cent, followed by Sikkim (81 per cent), Himachal Pradesh (72 per cent), Maharashtra (70 per cent), Meghalaya and Rajasthan (69 per cent), Uttar Pradesh (68 per cent), Goa (67 per cent), Punjab (66 per cent) and Karnataka (65 per cent). Utilization of loans under RIDF was slow in relation to the sanctions due to various reasons, viz., land acquisition problems, delays in tendering and drawl of funds, inadequate budgetary support at state level, lack of coordination among implementing departments, etc. (NABARD, 2005).

Indebtedness and Suicides of Farmers

The declining share of loan for cotton crop vis-à-vis other field crops or very slow growth in loan advances for this crop on per borrowing member basis has several adverse effects as well as implications. One of the adverse effects of slowing down in loan advances for cotton as well as other

field crops is seen on the farming community of Vidarbha region of Maharashtra where a significant number of cotton and other crop growers have committed suicide either due to lack of loan advances to them or because of pressure created by various financial institutions in terms of recovery of loan. Though there are several factors behind suicide of farmers in this region, indebtedness of farmers cannot be ruled out as one of the factors behind this drastic step taken by them.

Among various regions of Maharashtra, Vidarbha has shown the lowest amount of credit flow through PACS, which, during TE 2002-03, stood at only Rs.484 per hectare of GCA as against Rs.1904 per hectare of GCA for Western Maharashtra, Rs.1446 per hectare of GCA for Marathwada and Rs.1114 per hectare of GCA for Konkan region (Table 9). Due to very low amount of loan extended by PACS, Vidarbha region though shows positive association between loan advances through PACS and GCA, the increase in loan advances through PACS for every annual hundred hectares addition to GCA is noticed to be only to the tune of Rs.255 as against Rs.567 for Marathwada region during the period between 1991-92 and 2002-03 (Table 10). These estimates are concomitant of the fact that Vidarbha region lags considerably behind other regions of Maharashtra insofar as flow of credit through PACS is concerned, which form the major rural lending agency in all the regions of the state.

Notably, so far more than 300 farmers are reported to have committed suicide in the state of Maharashtra with Vidarbha region of the state alone showing 243 such cases¹² (Sharma, 2004). Interestingly, 65 of these 243 cases had debts as little as Rs.8,000. The sad part of the story is that a majority of those who committed suicide were relatively young, below the age of 45 years. Interestingly, despite the fact that during the period April-July, 2004, at least 22 farmers had committed suicide in Vidarbha region of Maharashtra and that the deputy secretary of relief and rehabilitation in Revenue Department of the state admitted to such a number of suicides, Mr. Karani (Deputy Secretary of Relief and Rehabilitation in Revenue Department of Maharashtra) stated that the government gives a financial assistance of Rs.1 lakh to the family of the farmer who committed suicide. However, the criteria for becoming eligible for the assistance were such that families of almost two-thirds farmers who committed suicide did not get any government assistance¹³ (Rabade, 2004). It is interesting to note that after a suicide is committed, the Divisional Commissioner conducts a probe into the causes of the suicide. If the suicide case fits the criteria mentioned by the revenue department then the case is forwarded to the Relief and Rehabilitation section in the secretariat. After whetting the case, it is then forwarded to the Chief Minister who grants the aid from the Chief Minister's Relief Fund. This is certainly ridiculous in the sense that the families requiring relief are not belonging to the categories affected by draught or any other adverse conditions created by natural calamities or whether conditions. At this juncture, it is well-nigh imperative to find out as to whether the farmers belonging to Vidarbha region committed suicide due to lack of availability of finances to them or due to pressure created by the financial institutions in terms of recovery of loan granted to them. An in-depth analysis encompassing both economic and

social factors is the need of the hour to gauge into the reasons for such suicides of these socially and economically weaker sections of the rural society.

As a matter of fact, the reason for suicide of farmers in Vidarbha region cannot be solely attributed to indebtedness of farmers belonging to this region. There could be several other factors, which might be playing some role in inducing the farmers to commit suicide. For instance, a study conducted by Mohanty and Shroff (2003) revealed 14 cases of suicides each in Yavatmal and Wardha districts during 2002 with Amravati recording 10 and Nagpur 4 such incidents. According to this study, while large and medium categories of farmers belonging to higher caste committed suicide due to a variety of socio-economic reasons independent of agriculture, the suicide committed by lower caste farmers was mainly due to crop loss and indebtedness. The findings of this study need second look, as it does not incorporate any strong statistical or econometric analysis encompassing social and economic factors inducing farmers to commit suicide in the state of Maharashtra.

Concluding Remarks

The slower growth in institutional finances through commercial banks, credit cooperatives, RRBs and LDBs, particularly during the decade of 1991-2000, and poor performance thereafter is mainly due to adverse environment created by the financial sector reforms. As pointed out by Mujumdar (1999), the new policy regime of financial sector reforms has grossly neglected the rural credit delivery system. Due to unfavourable policy framework, the entire rural credit delivery system encompassing rural branches of commercial banks, cooperative credit institutions and RRBs is reduced to a moribund state (Mujumdar, 2001). Mujumdar (1996), while lauding the financial sector reforms also felt that the exaggerated importance given to developing institutions has resulted in “putting the core issues of the financial system, like improving the rural credit delivery system, on the back-burner”. He criticized the blind dependency on market forces, irrespective of their macro-economic implications. He has also shown concern for the shrinking flow of financial resources to agriculture, both in terms of investment and working capital. In fact, the public investment in agriculture is reported to be declining (Thamarajakshi, 1999). Between 1992 and 1997, only 8 per cent of the total public investment went to agriculture, and the actual investment in this sector fell about 40 per cent short of the planned level.

The RFIs operating in Maharashtra have not only shown slower growth in their loan advances and other operational indicators during the period between 1991 and 2000 but also poor performance thereafter. The credit cooperatives in particular have shown significantly high NPAs in Maharashtra. The share of Maharashtra in total NPAs of SCBs at all-India level has grown from 31.76 per cent in 2002 to as much as 43.16 per cent in 2004. Not only this, majority of the districts of Vidarbha and Konkan regions of Maharashtra have shown less than 60 per cent CD ratios of their commercial banks. The falling CD ratio of commercial banks may have several adverse effects on the livelihood of rural population in these districts of Maharashtra. Vidarbha region also shows not only very low magnitudes of credit flow through cooperatives but also decline in share of loan for cotton

crop vis-à-vis other field crops. One of the adverse effects of slowing down in loan advances for cotton crop as well as other field crops is seen on the farming community of this region where a significant number of cotton growers have committed suicide either due to lack of loan advances to them or because of pressure created by various financial institutions in terms of recovery of loan despite crop failure. It has already been established by some recent studies that while large and medium categories of farmers belonging to higher caste committed suicide due to a variety of socio-economic reasons independent of agriculture, the suicide committed by lower caste farmers is mainly due to crop loss and indebtedness.

With a view to revive the agricultural credit delivery system, there is need to tackle twin problems facing the system, viz., growing NPAs with falling CD ratios and poor recovery performance of RFIs, aside from adopting innovative approaches like linking of Self-Help Groups (SHGs) and Non-Government Organizations (NGOs) with mainstream financial institutions. Such linkages are reported to have not only reduced transaction costs but also ensured better repayment performance. One of the recent studies conducted in Maharashtra has shown cent per cent recovery of loans through SHGs despite having excessively high rates of interest (24-36 per cent per annum) on their loan advances (Kshirsagar and Shah, 2002). One of the reasons as to why Vidarbha region shows the highest number of SHGs linked with bank credit (56 per cent of the state) can be traced in shrinking flow of credit in this region through formal credit institutions.

Since the new generation lending institutions like SHGs have shown lower transaction cost and higher rate of recovery despite excessively high rates of interest on their loan advances, it is imperative for credit cooperatives and commercial banks to study the mechanism of new generation lending institutions in terms of their pattern of loan recovery and interest rate structure. These groups are also reported to have favourably impacted the social and economic status of their members (Gulati and Bathla, 2002).

As for the rural credit scenario, one of the recent welcome developments has been the establishment of the Rural Infrastructure Development Fund (RIDF) instituted by NABARD with the objective of advancing loans to state governments and state-owned corporations for hastening ongoing projects, mainly those related to medium and minor irrigation, soil conservation, watershed management, etc (Mujumdar, 1998). However, it is also being conceded by Mujumdar (2001) that the utilization of this fund is dismal at only 30 per cent. One of the further disquieting features of RFIs in Maharashtra has been the high proportion of NPAs to total assets, particularly of RRBs and SCARDBs, which are estimated to hover around 36-48 per cent during the mid-to late nineties. One of the reasons for such high incidence of NPAs of RFIs has been the familiar practice of debt forgiveness, which eroded repayment and allowed defaulters to scot free with no deterrent reprimand. Political interference in issues of prudent fiscal management has got a lot to do with this unfortunate scenario (Shah, 2003).

The RFIs of Maharashtra are also seen to be beset with high levels of NPAs or overdues, both in forward and backward regions (Shah, 2004). There is, therefore, a need to take more stringent and cohesive measures for recovery of loans from chronic and heavy defaulters. In brief, in order to rejuvenate rural credit delivery system, the problems facing the system, viz., growing NPAs with falling CD ratios, high transaction costs and poor repayment performance, need to be tackled with more fiscal jurisprudence reserving exemplary punishment for willful defaults, especially by large farmers. In fact, the focus of rural credit delivery system should be on strategies that are required for tackling issues such as sustainability and viability, operational efficiency, recovery performance, small farmer coverage and balanced sectoral development (Puhazhendhi and Jayaraman, 1999).

In order to improve agricultural lending in Maharashtra NABARD (2004) came out with several strategies, which revolved around: (a) provision of effective extension support by the State Government to the units financed by banks with a view to identify good borrowers, (b) formation of SHGs of tenant farmers as joint liability groups with the help of a voluntary organization, (c) making available insurance cover for all crops subject to the criteria that the unit for measurement of crop loan norms will be based on village-wise instead of *mandal* or block-wise data, (d) provision of CD containing model schemes by NABARD to all the banks and Government Departments in respect of new schemes in the state, and (e) revision of scale of finance for crop loans. NABARD has already taken several initiatives in this respect and revised unit cost for various farm sector investments on 10th September 2004 through unit cost committee, aside from providing a complete list of completed watersheds through RIDF to banks on farm development works with credit.

End Notes

1. Lack of recovery of loan results into overdues. Overdues are defined as loans and interest thereon not repaid on due dates. The financial health of banking business heavily depends on recovery of loans. Of the total amount of loan due at different points of time, some of it is recoverable and some irrecoverable and the latter often turns into bad debt or defaults (Gulati and Bathla, 2002).
2. As per M. Narasimham (RBI 1991) Committee, the non-performing assets (NPAs) are those loan advances, which are marked with non-payment of interest or repayment of principal or both for a period of two quarters or more during the year ending. An amount is considered as 'post due' if it is unpaid for 30 days beyond due date. The NPAs are broadly classified as sub-standard, doubtful and loss assets.
3. The SLBC is a recognized forum and it not only coordinates the activities of Bankers, NABARD, various departments of the state Government, development agencies, NGOs, etc. but also ensures effective implementation of various schemes relating to flow of credit for poverty alleviation programmes, besides helping to achieve the targets envisaged in the ACP. The members of this forum have a unique system of evaluating their own performance. The activities of the convener of SLBC not only encompass collection of meaningful performance related data but also facilitation of meaningful discussion on important issues and arriving at a consensus for effective implementation of various development programmes, besides ensuring flow of credit, in general, to different sub-sectors of the economy. The forum regularly meets and interacts with a view to ensure effective discharge of their respective role in terms of achieving the objectives envisaged in

the State Credit Plan. This also helps in ensuring timely credit flows towards various programme aimed at employment generation.

4. PLCP is a comprehensive document of the potentials of economic activities in the district concerned. The exercise is based on the economic data relating to resource endowments, ongoing government schemes and the involvement of banks in the identified activities. Besides, the infrastructure available and requirement for the exploitation of potential are also assessed to make it a comprehensive document. NABARD had prepared Base PLCPs for five-year period coterminous with Eighth (1990-95), Ninth (1996-2001) and Tenth (2002-07) Five Year Plan periods for all the districts in the country. These used to be updated annually to bring out the required modifications in tune with the changing priorities and infrastructure.
5. Short-term crop loans are provided to the farmers for the purchase of various inputs like seeds, fertilizers, pesticides, etc., and also for meeting expenses of labour, irrigation, etc. These loans are extended on the basis of acreage and cost of cultivation of the crops grown, subject to the repayment capacity of the farmers.
6. The following model was considered for this purpose:
LOAN = f (MEMB, GCA)
where, LOAN = total loan advances (ST+MT+LT) through PACS in '000' rupees
MEMB = total membership of PACS in absolute numbers
GCA = total gross cropped area in '00' hectares for the concerned district
7. In terms of directed credit, the Reserve Bank of India (RBI) has stipulated several targets for Public Sector Banks (PSBs). These encompass a minimum of: (a) 40 per cent of net bank credit to priority sectors, (b) 18 per cent of total advances to agriculture, (c) 10 per cent of total advances to weaker sections, (d) one per cent of net bank credit under differential rate of interest (DRI) scheme, and (e) maintenance of a 60 per cent of a credit-deposit ratio. Among these targets, (b) and (c) are the two sub targets of (a), i.e., 18 per cent of net bank credit to agriculture and 10 per cent to weaker sections with an overall 40 per cent of net bank credit to priority sectors.
8. The most important among these committees were Kelkar Committee, Agricultural Credit Review Committee (ACRC) under the Chairmanship of Prof. A.M. Khusro (1989), Committee on Financial System (1992) under the Chairmanship of Shri M. Narasimham, and Committee on Restructuring of RRBs (1994) under the Chairmanship of Dr. C. Bhandari.
9. The period between 1929 and 1954 represented the first stage when LDBs were termed as land mortgage banks (LMBs). The major objective of LMBs during this stage was to rescue the farmers out of the clutches of private money lenders. The second stage began when in view of the recommendations of the All India Rural Survey Committee (1951-54) these banks started concentrating on extending long term finances for productive purposes in the farm sector with the aim of meeting the objective of planned development envisaged under the first Five Year Plan initiated in 1951 (Kumar and Dixit, 1998). The beginning of third stage was marked when in the light of the recommendations of Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) in 1980 the LDBs expanded their lending operations by extending credit for non-land based and for non agricultural activities; and at the latter stage their activities also encompassed finances for non farm sectors. During this stage, these LDBs were termed as Cooperative Agriculture and Rural Development Banks (CARDBs).
10. The overdues of Primary Cooperative Agriculture Rural Development Banks (PCARDBs) at all-India level is reported to have grown from Rs.196.43 crores in 1987 to Rs.435.20 crores in 1995 (Kumar and Dixit, 1998). Earlier, while reviewing the report of Agricultural Credit

Review Committee, Shivamaggi (1996) had also cited overdue as the major problem facing the LDBs. This is despite the fact that the loans extended by LDBs not only help in creating productive assets but also in terms of generating adequate incremental income to the farmers.

11. The linkage between banks and SHGs is a mechanism for channeling credit to the poor on a sustained basis. There are numerous potential advantages involved in the linkages between banks and SHGs with NGOs acting as facilitators or financial intermediaries. From the banks point of view, the advantages of linkage approach between banks and SHGs include reduction in transaction cost, mobilization of small savings, assured and timely repayment of loan leading to faster recycling of funds, opportunity for expansion of business and coverage of poor clientele, and prospects of future quality clients. In this process, NGOs not only act as bridge between banks and the poor and perform their role as financial intermediaries in unbanked and backward areas but they are also propagators of innovative credit delivery approaches. The efforts of NGOs develop thrift habit among the poor and provide them access to large quantity of finance. The efforts of NGOs in linking banks with SHGs also provide freedom, equality, self-reliance and empowerment among the members, besides making them available consumption/ production credit at their door-steps. This in turn helps the members of SHGs to have a window for access to better technology and upgradation of their skills. The NGOs also help SHGs to have access to various promotional assistance, besides scaling up of their operations.
12. Arjun Dharma Rathod and Praveen Krishnaji Wadekar from Yavatmal district of Maharashtra were facing pressure from bank officials for loan recoveries and were frustrated by monsoon failure. In July 2004, both of them added their names to the burgeoning number of suicides in the state. Three other farmers – one from Yavatmal and one each from Amravati and Wardha district – failed in their attempts but died in hospitals due to injuries. During the period April-July, 2004, at least 22 farmers had committed suicide in Vidarbha region with Yavatmal district alone accounting for 13 suicides. During this period, Buldana, Akola, Washim and Wardha were the other districts of Vidarbha region from where suicides of farmers were reported. According to Suresh Kakani, deputy secretary of relief and rehabilitation in Revenue Department, there had been 190 cases of confirmed suicides by farmers in Maharashtra between 2001 to March 31, 2004 (Rabade, 2004). He was not certain about the number of suicides after April 2004.
13. The three criteria are that: (a) the person who committed suicide must be a farmer, (b) he should have taken a loan from the district cooperative bank or nationalized bank, and (c) there should be pressure for recovery of unpaid loan.

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Appendix 1: Annual Credit Plan Targets for Different Regions of Maharashtra: 2000-01

(Amount in Crore Rs.)

Particulars	Regions (2000-01)				Maharashtra State
	Western Maharashtra	Vidarbha	Marathwada	Konkan	
1. Agriculture & Allied Activities	2478.75 (59.34)	716.89 (53.09)	1073.39 (68.36)	178.31 (19.56)	4447.34 (55.53)
Of which - Crop Loans	1562.12	452.28	852.00	46.92	2913.32
2. SSI / NFS	337.40 (8.08)	70.71 (5.24)	103.00 (6.56)	158.37 (17.38)	669.48 (8.36)
3. Other Priority Sector	437.09 (10.46)	256.94 (19.03)	175.82 (11.20)	245.62 (26.95)	1115.47 (13.93)
4. Total Priority Sector	3253.45 (77.89)	1044.52 (77.35)	1352.21 (86.12)	582.30 (63.89)	6232.48 (77.82)
Of which - Employment Guarantee and Poverty Alleviation Programme	317.47	227.17	133.02	106.28	783.94
5. Non Priority Sector	923.60 (22.11)	305.91 (22.65)	217.95 (13.88)	329.19 (36.11)	1776.65 (22.18)
Grand Total (4+5)	4176.94	1350.43	1570.13	911.46	8008.96

Source: Computations are based on figures obtained from 'Maharashtra State Annual Credit Plan', Bank of Maharashtra, Pune, 2000-2001

Notes: i) Figures in parentheses are percentages to the total plan targets for the state.

Appendix II: Share of Crops in Total Loans Advances of PACS in Maharashtra: (2002-03)

(Amount in '000' Rupees; Share in Per cent)

Districts/ Region	Share in Total Crop Loan Advances												Amount of Loan Advances
	Wheat	Rice	Jowar	Pulses	Other Food- grains	Total Food- grains	Cotton	Oilseed	Sugar -cane	Jute & Mesta	Other Non- Foodgrain	Total Non- Foodgrain	
Western Region													
Kolhapur	-	7.78	0.17	0.06	0.91	8.92	0.09	0.85	89.27	-	0.88	91.08	1639694
Solapur	0.90	0.11	2.13	0.14	4.90	8.26	1.77	5.71	71.24	-	13.01	91.72	3126131
Sangli	0.76	0.30	12.48	-	2.27	15.80	1.48	4.64	49.63	-	28.45	84.20	2340053
Satara	0.97	4.18	4.75	0.16	0.71	10.76	1.14	5.00	77.86	-	5.23	89.24	2298572
Pune	-	8.77	2.44	-	3.07	14.27	-	2.33	62.20	-	21.20	85.73	2788081
Ahmednagar	1.49	0.04	25.36	0.22	1.09	28.22	0.10	0.64	69.77	-	1.27	71.78	683134
Nasik	7.91	0.81	9.88	0.17	4.43	23.20	0.01	9.59	29.44	0.89	36.87	76.80	287316
Dhule	-	-	34.14	4.85	0.76	39.75	22.04	23.78	14.28	-	0.15	60.25	210311
Jalgaon	-	-	3.58	-	0.72	4.30	66.56	2.13	21.30	-	5.72	95.70	2486036
Total	0.64	3.03	5.68	0.13	2.31	11.79	11.47	3.88	59.88	0.02	12.96	88.21	15859328
Vidharba Region[@]													
Yavatmal	1.97	-	17.38	-	1.47	20.82	43.15	20.26	11.50	-	4.27	79.18	249009
Chandrapur	-	65.62	-	2.81	1.58	70.01	25.52	4.32	-	-	0.15	29.99	333478
Bhandara	4.97	90.78	-	-	-	95.75	-	-	4.25	-	-	4.25	142786
Nagpur	4.03	14.19	3.34	3.16	10.62	35.35	34.48	10.76	1.37	-	18.05	64.65	489706
Wardha	1.97	-	17.38	-	1.47	20.82	43.15	20.26	11.50	-	4.27	79.18	249006
Amravati	0.01	0.01	7.60	3.51	-	11.13	53.17	18.51	1.37	-	15.82	88.87	294592
Akola	-	-	29.58	2.55	0.20	32.32	57.47	7.14	1.72	-	1.35	67.68	305002
Buldhana	-	-	21.85	6.86	2.35	31.06	65.12	0.56	2.64	-	0.64	68.94	634799
Gadchiroli	-	80.16	-	-	-	80.16	-	-	-	-	19.84	19.84	21324
Total	1.35	16.00	13.02	3.18	2.95	36.50	44.64	9.11	3.53	-	6.22	63.50	2719702
Marathwada Region													
Aurangabad	-	-	0.73	0.25	0.20	1.18	0.73	0.62	95.43	-	2.04	96.82	231572
Jalna	3.09	-	4.94	1.39	3.35	12.77	50.85	2.47	33.90	-	-	87.23	219809
Parbhani	2.32	0.70	19.05	5.13	2.50	29.70	39.97	1.75	28.43	-	0.15	70.30	886002
Beed	5.97	-	24.09	2.44	4.77	37.27	19.09	9.25	20.69	-	13.70	62.73	453560
Osmanabad	-	-	7.38	7.50	-	14.87	-	12.87	71.52	-	0.74	85.13	875989
Nanded	1.67	1.72	16.21	5.11	1.17	25.89	40.84	2.76	21.73	-	8.79	74.11	1036101
Latur	1.89	2.24	5.40	6.96	1.24	17.73	0.81	18.77	33.49	0.35	28.85	82.27	1106108
Total	1.93	1.02	12.12	5.32	1.61	21.99	20.51	8.59	38.75	0.08	10.08	78.01	4809141
Konkan Region													
Thane	-	100.0	-	-	-	100.0	-	-	-	-	-	-	98802
Raigad	-	100.0	-	-	-	100.0	-	-	-	-	-	-	46756
Ratnagiri	-	100.0	-	-	-	100.0	-	-	-	-	-	-	215342
Sindhudurg	-	82.99	-	-	11.74	94.73	-	-	0.82	-	4.45	5.27	101177
Total	-	96.28	-	-	2.57	98.85	-	-	0.18	-	0.97	1.15	462077
Maharashtra State	0.97	5.91	7.71	1.52	2.24	18.35	16.85	5.35	48.04	0.03	11.38	81.65	23850248

Note: @- Estimates are for the reference year 2000-01

Appendix III: CD Ratios of All-Scheduled Commercial Banks in Maharashtra – March 2005

(per cent)

Regions/Districts	Name of the District
Western Region	Kolhapur (87.69); Solapur (74.29); Sangli (72.73); Satara (54.16); Pune (70.09); Ahmednagar (73.88); Nasik (45.60); Dhule (74.64); Jalgaon (76.68)
Vidarbha Region	Yavatmal (57.69); Chandrapur (35.19); Bhandara (45.29); Nagpur (58.17); Wardha (59.19); Amravati (46.36); Akola (70.29); Buldhana (83.54); Gadchiroli (41.36)
Marathwada Region	Aurangabad (81.80); Jalna (79.88); Parbhani (73.99); Beed (64.92); Osmanabad (50.93); Nanded (58.13); Latur (70.03)
Konkan Region	Thane (43.31); Raigad (31.39); Ratnagiri (37.46); Sindhudurg (37.45)

Note: Figures in parentheses are CD ratios

