

# Agricultural Advances in Bihar-A Case Study of State Bank of India in Jehanabad District

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## ABSTRACT

Under present paper a study of performance of State Bank of India in agricultural advances in Jehanabad district has been made in the form of area approach. After the formation of district, Jehanabad had become one of the district where different developmental approach was needed by the financial institution. State Bank of India is shifting their activities towards agricultural advances, different major steps have been taken by the State Bank of India by advancing for agricultural activities. The present paper therefore has made an attempt for an analysis toward the performance of State Bank of India for agriculture advances in Jehanabad.

## 1. Introduction

Jehanabad constitutes about 1 percent of total population of the state having decadal growth of 21.34 percent during 2001-2011. There is much growth in female percentage in comparison to male percentage. There is also an indication that more literate males and females may have diverted from agricultural activities to some other income earning activities. The work participation rate also suggests that among the males about 48 percent are engaged whereas among females the percentage is about 28. But occupational pattern indicates that the maximum proportion of workers are engaged in agriculture either as cultivators or agricultural laborers. Since the district is industrially backward, agriculture is the main economic activity in the district. Jehanabad district fall in agro-climate sub-zone III where the average rainfall is 1313 mm which is sufficient for the type of agriculture practices. Since the rivers flowing around the district remain dry for the major part of the year, proper rainfall is the only support for the agriculture. As far as the land use pattern is concerned about 70 percent of geographical area put under cultivation in the district. Marginal lands is also about 2.40 percent which can be brought under cultivation with proper land improvement programme. But unfortunately the cropping pattern in the district indicates that crop-wise percentage of productivity is low as compared to the whole of the state. The productivity percentage moves around 0.35 to 3.5 for different major crops. The low percentage requires financial support for increasing the productivity level. Similarly, the irrigation level in the district also show a poor percentage of only 1.4 which also suggests that there is an urgent need to provide irrigational facilities to the district to improve the quality of crops.

## 2. Literature Review

Agriculture in Bihar has remained stagnant in spite of rich soil, abundance of easily accessible water and a rich peasant tradition [1]. This stagnation has been ascribed to several factors including the state's colonial legacy [2] ecological conditions, demographic pressure and most importantly, the

land tenure system and the agrarian structure it supports [3]. These factors are believed to have impeded the transition of Bihar's agriculture from a semi-feudal to capitalist production system – an essential condition for agricultural growth [4]. High bore well density is a response to high and increasing land fragmentation in the state and this has been made possible by low cost of boring [5] and portability of diesel pump sets. Public data also show that 61 percent of the net sown area in Bihar is irrigated, compared to the national average of 40 percent. More recent primary surveys after LSMS [6] also show that almost all farmers in Bihar—small and large—have access to irrigation. The state policy in Bihar needs to promote intensification of irrigation and not so much the extension of it, to increase crop yields and cropping intensity and to protect crops from moisture stress [7]. De Janvry and Byerlee [8-9] estimate that each percentage point of agricultural GDP growth in India increases consumption of the lowest three decile by 4 to 6 percent. Bihar is the third largest producer of vegetables and 7th largest producer of fruits in the country. The gross cropped area (GCA) in Bihar is 79.57 lakh hectares. The state is endowed with appropriate climatic conditions for the cultivation of a wide range of crops and trees [10-11]. Growth in agriculture is therefore, more important in Bihar, because a greater fraction of the state's population lives in rural areas and depends directly on agriculture for its livelihood. The agriculture sector holds the key of the state's economy by contributing more than one-fourth (26.51 percent) to GDP (at 1999 constant price) in 2008-09 [12] and providing employment to 81 percent of workforce in the state [13] As of 2009-10, more than half of the total workforce (53%) of the country, i.e. 243 million persons were employed in agriculture [14]. Agricultural output has been volatile over the past 10 years, with annual growth ranging from 8.6% in 2010-11, to -0.2% in 2014-15 and 0.8% in 2015-16 [15].

## 3. Methodology: A Case Study

From the year 2005 onward the government has taken several steps for smooth running of agricultural and industrial activities. As far as the agricultural scenario in Jehanabad

district is concerned, it has been in the national news mostly related to, violence but now a days the area is developing due to good organizational decisions. Setting up of CDAP is an example. Several agricultural forces such as and resources, water resource, seed sector, fertilizer, etc. are getting favorable response from the government. For overall development of agriculture in the district several schemes are launched by the state government such as MNREGA, Sampoorna Gram SmridhiYojna etc. Apart from this the government of Bihar has established colleges and institutions for agricultural research purpose for example KrishiVigyan Kendra. There are some major ongoing programme for crop improvement, agro-management, plant protection, integrated disease management etc. In the year 2000, National Agriculture policy was announced to strengthen rural infrastructure, growth of agrobusiness, create employment in rural areas, discourage migration of rural people from rural to urban areas etc. There is tremendous growth of agricultural activities in India as well as in Bihar after this policy. With the launch of Agriculture Road Map in 2008, the State took a major step forward for the holistic development of agriculture in the state. Plan outlay for agriculture increased from Rs. 21 crore in 2005- 06 to about to about 800 crore during 2011-12. With the ending of the period of first road map in March, 2012, another road map is adopted in Bihar in April 2012, which sets indicative targets for 2022. Major goals of agriculture road map are increasing in farmers' incomes, food security, conservation of natural resources etc. keeping in mind the value and importance of technology in modern agriculture, this road map visualizes not to exclude any farmer from modern agriculture technology. Some of the steps to be taken are Farmer's Field School, Demonstration, Farmer's Training and Exposure visit, Officer's Training at Rajendra Agriculture University etc.

State Bank of India was taken birth with social purpose with the fulfilment of diversified of financial needs of the rural people specially. SBI has entered into several new activities with variety of products keeping in mind the general needs of the people. Bank has expanded its wings deep into the rural untapped villages apart from fulfilling all necessary urban needs. State Bank of India today caters to the needs of agriculturists and landless agricultural laborers through network of about 8750 rural and semi-urban branches and about 430 Agricultural Development Branches covering activities like crop production, farm mechanization, land development, digging wells, tube wells for irrigation, construction of cold storage etc.

considering that agriculture is continue to be significant driver of the Indian economy, bank has created a separate Agri-Business Unit (ABU) with various objectives such as attention on rural and priority sector norms, product development & management, controlled by different departments.

In the year 1969 Lead Bank Scheme was introduced in which districts were allotted to banks and were asked to play individual role to increase flow of credit to agriculture and other related activities in the priority sector in the rural areas. State Bank of India is one of the lead banks. State Level Bankers' Committees are formed for inter-bank coordination and joint implementation of programmes for which State Bank of India is made convener to hold meetings and coordinate between banks and state government. Apart from the Lead Bank Scheme, Regional Rural Banks are established with a view to developing the rural economy by providing for the purpose of development of agriculture and other productive activities in the rural areas. A good progress has been made by State Bank of India upto March, 2010.

#### 4. SBI Performance under ACP in Bihar as on 30.09.2012

A study of SBI performance for agricultural advances under Annual Credit Plan in Bihar reveals that as on 30th Sept. 2012 target given to all commercials banks in Bihar was Rs. 14,67,421 crore for agriculture, Rs. 2,77,091 crore for SME, and Rs. 3,23,138 crore for OPS. In this way total target including all sectors was Rs.20,67,650 crores out of which the target given to SBI for different sectors was Rs. 3,61,143 crores for agriculture, 56,861 crores for SME and Rs. 99,396 crores for OPS. Percentagewise the figure of SBI target in different sectors was 24.61, 20.52, and 30.75 of the total of commercial banks respectively. As far as the position of achievement of target is concerned, in agriculture sector SBI achieved about 31% against the target given. Taking in to account the SBI performance for agricultural advances out of total of different sectors, the percentage share of target was about 70% for agriculture, 11% for SME, 19% for OPS out of which SBI achieved about 51% in agricultural advances, all most 33% in SME and about 16% in OPS. The figures of target and achievement made in different sectors suggest that maximum share of percentage goes to agricultural advances which is healthy sign towards fulfilment of Annual Credit Plan by State Bank of India (table 1).

Table.-1 SBI Performance under Annual Credit Plan in Bihar as on 30.09.2012

(Amount in Crores)																		
	Agriculture					SME					OPS					Total		
	Target	Achie.	% of Ach.	1 as % to 7	2 as % to 8	Target	Achie.	% of Ach.	3 as % to 7	4 as % to 8	Target	Ach.	% of Ach.	5 as % to 7	6 as % to 8	Target	Ach.	% of ach.
	1	2				3	4				5	6				7	8	
SBI	361143 (24.61)	111632 (20.75)	30.91	69.8	50.86	56861 (20.52)	71865 (38.17)	126.39	10.99	32.74	99396 (30.75)	35979 (27.11)	36.2	19.21	16.39	517400 (25.02)	219476 (25.55)	42.42
Total of Commercial Banks	1467421	537782	36.65			277091	188236	67.93			323138	132699	41.07			2067650	858717	41.53

Note: 1. Figures in Brackets indicates percentage to total of Commercial Banks.

### 5. District wise Performance of SBI under ACP

A study of district wise performance of SBI for agricultural advances under Annual Credit Plan particularly for Jehanabad district has taken up on the basis of few sensitive districts around Jehanabad. These district are Jehanabad, Arbal,

Aurangabad and Kaimur. The comparative study reveals that as on 30th Sept. 2012 the total target given for the State of Bihar was Rs. 33,40,111 crore, the share of Jehanabad districts was Rs. 33,237 crores which is almost 1% of the total target (Table 2).

**Table-2 District wise Performance of SBI under Annual Credit Plan As on 30.09.2012**

District	Agriculture					SME					OPS					Total		
	Target	Achie.	% of Ach.	1 as % to 7	2 as % to 8	Target	Achie.	% of Ach.	3 as % to 7	4 as % to 8	Target	Ach.	% of Ach.	5 as % to 7	6 as % to 8	Target	Ach.	% of ach.
	1	2				3	4				5	6				7	8	
Jehanabad	26525 (1.04)	10434 (1.21)	39.34	79.80	79.55	2428 (0.71)	1355 (0.65)	55.81	7.30	10.33	4284 (0.93)	1327 (0.78)	30.98	12.88	10.11	33237 (0.99)	13116 (1.06)	39.46
Arwal	16969 (0.67)	5566 (0.64)	32.80	86.93	80.69	1049 (0.31)	556 (0.27)	53.00	5.37	8.06	1501 (0.33)	776 (0.46)	51.70	7.68	11.25	19519 (0.58)	6898 (0.56)	35.34
Aurangabad	84882 (3.34)	28308 (3.28)	33.35	84.30	76.47	6760 (1.99)	4293 (2.09)	63.51	6.72	11.60	8953 (1.95)	4416 (2.60)	49.32	8.90	11.93	100595 (3.01)	37017 (2.99)	36.80
Kaimur (Bhabhua)	78310 (3.08)	32934 (3.81)	42.06	89.26	87.70	4033 (1.18)	2233 (1.08)	55.37	4.60	5.95	5390 (1.17)	2386 (1.41)	44.27	6.14	6.35	87733 (2.63)	37553 (3.03)	42.80
<b>Total for Bihar</b>	<b>2540052</b>	<b>863084</b>	<b>34</b>			<b>340003</b>	<b>205530</b>	<b>60.5</b>			<b>460056</b>	<b>169582</b>	<b>36.9</b>			<b>3340111</b>	<b>1238196</b>	<b>37.1</b>

Note: 1. Figures in Brackets indicates percentage to total for Bihar.

Out of the total target, the percentage of agriculture was almost 80% in comparison to other sectors which stood at 7.30 for SME and 12.88 for OPS. This also indicates that agriculture was given top most priority in Jehanabad district. Similarly the achievement made by SBI in Jehanabad district in agriculture sector is also encouraging. The figure shows that SBI has achieved about 40% of its largest in Agriculture, 56% in SME and 31% in OPS. But taking into account the achievement made as total of the district, the percentage share stood at about 80% for agriculture, 10.33% for SME and 10.11% the OPS. This also indicates that in comparison to other sectors the SBI agricultural advances is very encouraging. The SBI performance in other districts mentioned in table 2 is also encouraging. The figure shows 32.80% in Arwal, 33.35% in Aurangabad and 42% Kaimur in agriculture sectors. The figure

of these districts regarding achievement in total of different sectors stood almost around 80% (table 2). On the basis of facts and figure narrated about, we can conclude that SBI performance in Jehanabad Districts including few other districts under Annual Credit Plan is also encouraging. Yearwise Targets and Achievements in different sectors:

A study of SBI performance under Annual Credit Plan on the basis of year wise targets and achievements made in different sectors is under consideration under Table 3. The study has been made for 6 years duration i.e. from 2007-08 to 2012-13 from two angles i.e. the percentage share of agriculture in total targets and the percentage share of agriculture in total achievements made during the period with yearly variation.

**Table- 3 SBI Performance under Annual Credit Plan Year wise Targets and Achievements in different Sectors**

	2007-08		2008-09		2009-10		2010-11		2011-12		2012-13
	Target	Achie.	Target	Achie.	Target	Ach.	Target	Ach.	Target	Ach.	Target
	1	2	3	4	5	6	7	8	9	10	11
Agriculture	22.7	21.6	24.5	25.4	25	24.7	26.8	25.7	29.6	27.9	30.0
SME	4.2	3.3	3.6	3.0	3.7	4.7	3.3	5.5	3.4	5.3	4.0
OPS	12.4	13.7	11.6	11.1	11.0	10.4	7.3	7.6	6.5	6.5	5.4
TPS	39.3	38.6	39.6	39.5	39.7	39.7	37.5	38.7	39.5	39.7	39.4
NPS	21.4	22.8	20.7	21.0	20.6	20.5	25.1	22.5	21.0	20.6	21.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

A study of target given in different sector during the period reveals that agriculture has occupied the major share in total. It is clear from the fact that the percentage share of target was

22.7, 24.5, 25.0, 26.8, 29.6 and 30.0 from 2007-08 to 2012-13 respectively except the share percentage of Total Priority Sectors (TPS) which has no doubt more percentage in

comparison to agriculture but it may be considered that TPS includes several other small purposes from the view point of bank advances where as agriculture includes advances made for agricultural purposes only (6.3). The figure also suggests that the percentage of agriculture has constantly increases from 22.7% to 30.0% during the periods.

Similarly a study of achievements made out of the target given during the period reveals that the percentage share of achievements was 21.6, 25.4, 24.7, 25.7 and 27.9 from 2007-08 to 2011-12 respectively as achievement figure for 2012-13 is not yet clear. In this way it is clear from the fact that during the period the position of SBI performance in making achievement is encouraging as it in increased from 21.6% in 2007-08 to all most 28% in 2011-12 (Table 3). Year wise / Percentage wise variation in Achievement in different sectors.

A study of SBI performance in agricultural advances has been made from the view point of yearwise and percentage wise variation in achievement made in different sectors for the period 2007-08 to 2011-12 in table 4.

**Table 4 Year wise/Percentage wise variation in achievement in different sectors**

	2007-08	2008-09	2009-10	2010-11	2011-12
	1	2	3	4	5
Agriculture	75.8	80.5	82.0	67.2	70.8
SME	61.7	62.1	102.3	119.4	117.6
OPS	87.2	74.3	78.6	72.5	76.4
TPS	77.9	77.0	83.0	72.8	75.8
NPS	84.5	78.2	82.9	63.3	73.5

The study reveals that as far as the achievements made is concerned, the percentage figure presents a mixed variation during the period as it shows 75.8 in 2007-08, increased to

80.5 in 2008- 09, again increased to 82.0 in 2009-10 but decreased to 67.2 in 2010-11 and further increased to 70.8 in 2011-12 (table 4). But taking in to consideration the amount of achievement made for agricultural advances during the period suggests that there is constant increase in amount of achievement from 2007-08 to 2011- 2. The achievement made out of the targets given for agriculture from 2007-08 to 2011-12 was Rs. 3701 crore in 2007-08, Rs. 5698 crore in 2008-09, Rs. 7163 crore in 2009-10, Rs. 10667 crore in 2010-11 and Rs. 14958 crore in 2011-12. It is clear from the fact that the amount of achievement has constantly increased from Rs. 3700 crore in 2007-08 to Rs. 15000 crore during the period for agricultural advances by SBI.

As far as the position of other sector is concerned, table 4 shows that the year wise and percentage wise variations in achievement made is also encouraging and has shown the percentage hovering around 62% to 120% for different sector for different year. But since we are concerned only with agricultural advances of SBI, we have not discussed the percentage variation of other sectors in detail. Regional/District wise/ Sector wise performance of SBI under ACP at 2012-13. A study of table- 5 is done on the basis of few districts taken on the basis of different regions to get an idea how the SBI performed agricultural advances sector wise in comparison to other districts of Bihar under Annual Credit Plan. Since there are 38 (Appendix-4) districts in Bihar, for the convenience of study, two districts each from all region i.e. East, West, South and North have been taken for the study. To make it more clear, Jehanabad & Aurangabad belongs to South region Darbhanga & Sitamarhi belongs to North region, Bhojpur & Buxar belongs to West region and Jamui & Lakhisarai belongs to East region. Under this table an attempt has been made to find out the position of SBI performance of agricultural advances taking into consideration the total amount allotted to each district under Annual Credit Plan at 2012-13.

**Table- 5 Regional/District wise/Sector wise performance of SBI under Annual Credit Plan at 2012-13**

	Agriculture		MSE		OPS		Total	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
	1	2	3	4	5	6	7	8
Jehanabad	5511	77.7	565	8.0	1014	14.3	7090 1.4	100.00
Aurangabad	7045	4	790	8.1	1885	19.4	9720 1.9	100.00
Darbhangha	8040	86.7	377	4.1	856	9.2	9273 1.8	100.00
Sitamarhi	7544	77.1	1250	12.8	995	10.1	9789 1.9	100.00
Bhojpur	11556	83.3	806	5.8	1512	10.9	13874 2.7	100.00
Buxar	11358	84.7	1120	8.3	933	7.0	13411 2.6	100.00
Jamui	4688	52.6	737	8.3	3478	39.1	8903 1.7	100.00
Lakhisarai	2706	61.5	883	20.1	812	18.4	4401	100.00
Total of Bihar							517401	

Figure in Percentage indicates that of total  
Figure in down percentage of total amount indicates the percentage to total of Bihar

The study suggest that out of Rs. 5,17,401 crores for sector wise performance of SBI, Rs. 7090 crore is allotted to Jehanabad which is only 1.4% of the total, Rs. 9720 crore allotted for Aurangabad which is 1.9%, similarly Rs. 9273 crore allotted for Darbhanga which is 1.8%, Rs. 9789 crore allotted for Sitamarhi which is 1.9%, again Rs. 13874 crore allotted for Bhojpur which is 2.7% and Rs. 13411 crore for Buxar which is 2.6% and finally Rs. 8903 crore allotted for Jamui which is 1.7% and Rs. 4401 crore allotted for Lakhisarai which is only 0.8% of the total amount spend in Bihar for 2012-13 in different regions for various advances (Table 5).

Further the analysis of SBI performance under table 6.5 reveals that out of 1.4% of the total of Bihar, the percentage of Agricultural advances alone comes to 77.7% in Jehanabad which is the major portion of the total amount of Rs. 7090 for Jehanabad District. A minor of 22% goes to other sector i.e. MSE & OPS. Similarly if we compare the performance of SBI in other districts mentioned under table 6.5, Aurangabad represent 72.5% out of 1.9%, Darbhanga represent 86.7% out of 1.8%, Sitamarhi represents 77.1% out of 1.9%, Bhojpur 83.3% out of 2.7%, Buxar represent 84.7% out of 2.6%, Jamui represents 52.6% out of 1.7% and Lakhisarai represents 61.5% out of 0.8%. The figure suggests that taking in to consideration the second lowest percentage of 1.4% out of total of Bihar, SBI has performed well in Jehanabad District particularly for an agricultural advances. Since we are concern with SBI performance for agricultural advances, we are not discussing in detail the percentage figure of other sectors because the

percentage of agriculture itself narrates the story of good performance of SBI for agricultural advances in all districts particularly the Jehanabad Districts. (Table 5). Finally we can say that SBI has shown great interest in making advances for agricultural purposes under Annual Credit Plan.

## 6. Conclusion

Although State Bank of India is a non-lead bank for Jehanabad district but the performance of State Bank of India in Jehanabad district has been taken up to examine whether, as the biggest Commercial Bank, has taken up assignment of agricultural development in Jehanabad which is supposed to be one of the disturbed district of Bihar. A study of SBI performance under Annual Credit Plan on the basis of year wise targets and achievements during 2007-08 to 2013-13 reveals that agriculture has occupied that major share in total target and the percentage of agriculture has constantly increased during the period. The achievement figure is also encouraging. SBI performance in agricultural advances from the view point of year wise and percentagewise reveals a mixed variation during 2007-08 to 2011-12. But the amount of achievement made for agricultural advances suggests that there is constant increase in amount of achievement in comparison to other sectors. Finally we can conclude that State Bank of India has shown great interest in making advances for agricultural advances in Jehanabad district under Annual Credit Plan.

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