

EXECUTIVE SUMMARY

Present Document - State Focus Paper

State Focus Paper was prepared by NABARD co-terminus with XIIth Five Year Plan containing comprehensive sub-sector wise and activity-wise analysis of potential in agriculture and rural sector during the years 2012-13 to 2016-17. The potential estimates for the year 2016-17 made therein have been revised taking into account the changes in the infrastructure facilities and other support services available as well as planned, both by Government and Non-Government agencies, as also macro policy guidelines and thrust areas identified by GOI, Government of Punjab, RBI and NABARD and environmental conditions. Considering the importance of capital formation in agriculture and allied activities, the theme of this State Focus Paper is “**accelerating the pace of capital formation in agriculture and allied activities**”.

The present document contains an aggregated picture of credit potentials estimated for the year 2016-17 in the State of Punjab, based on the assessment made in the annual PLPs prepared for all the 22 districts of the State. Besides, credit potentials for various activities under priority sector, critical infrastructure support to be provided and critical interventions required in various sectors have been analysed and financial support required therefor has also been assessed. Lastly, the developmental initiatives, being taken by various stakeholders, including NABARD, for agriculture and rural development, are also presented in this document.

As per the extant instructions of Reserve Bank of India, the bank branches prepare their credit plans based on projections made in PLPs. Therefore, the State Focus Paper is expected to serve as a guide to banks operating in the State for deploying their credit to the thrust areas by fine tuning their credit plans. Similarly, the State Government may like to utilise the inputs provided in the document to make adequate budgetary support for meeting the critical infrastructure gaps under various sectors. The document would also be useful to NGOs and other developmental agencies engaged in the State and could bring about synergy in programmes/initiatives taken by them in agriculture and rural sector.

1. State Profile

Punjab, the grain bowl of India, is situated in the North West part of the country with 1.54% of the total geographical area of the country. The State is endowed with semi humid to semi arid climatic conditions. The State is divided into three agro climatic zones viz., Sub-mountainous Zone or Kandi area, Central Alluvial Zone or Central Plains and Southern Dry Zone. Punjab has more popular regional divisions viz., Majha, Doaba and Malwa regions.

As per the 2011 Census, the population of Punjab was 2.77 crore, constituting 2.29% of the total population of the country. About two third of the State's population lives in rural areas. The Gross State Domestic Product at constant (2004-05) prices has increased to ₹183298 crore in 2014-15 from ₹174038 crore in 2013-14, registering a growth of 5.32%. The per capita income at current prices was estimated at ₹ 99578 for Punjab in 2014-15 registering an increase of 7.83 % over the previous year. There has been a steady increase in the per capita income in the State (Details given in Statistical Abstract of State Profile).

2. Banking / Financial Sector Profile

The State of Punjab has 6602 bank branches comprising of 5406 branches of public (23) and private sector (10) Commercial Banks, 373 branches of three RRBs, 802 branches of Punjab State Cooperative Bank and 20 District Central Cooperative Banks, and 21 branches of one Urban Cooperative Bank. In addition, there are 89 Primary Cooperative Agricultural Development Banks affiliated to the Punjab State Cooperative Agricultural Development Bank and 3500 Primary Agricultural Cooperative Societies catering to the credit requirement in rural Punjab. The population per branch (including 89 PADBs and 3500 functional PACS) worked out to 2722 (total 10191 branches for 277.43 lakh persons as per 2011 Census). A statistical abstract of the banking sector related parameters in the State of Punjab is given in the Banking Profile.

The aggregate deposits of Commercial Banks in Punjab grew from ₹ 226254 crore in 2013-14 to ₹ 258353 crore reporting a growth of 14.19 %. The total advances extended by these banks were ₹ 181636 crore and ₹ 204623 crore in 2013-14 & 2014-15 respectively, recording a growth of 12.66% in 2014-15. The CD ratio was 81.21% and 79.20% as on 31.03.2014 and 31.03.2015, respectively. Although the CD ratio of Punjab was quite high at 80.36% as on 31.03.2015, one district Nawanshahar had CD ratio below 40% (even when calculated net of NRI deposits). The share of Commercial Banks, RRBs and Cooperative Banks in ground level credit during 2014 -15 was 77%, 5% and 18% respectively.

Pradhan Mantri Jan Dhan Yojana : Implementation in the State

Punjab has been declared as saturated under PMJDY. As on September 2015, 45,43,635 accounts were opened, out of which Aadhaar seeded stood at 34,69,736 constituting 76.36%. As on 30.10.2015, 22.43 lakh accounts have been sanctioned overdraft facility of which 8.37 lakh account-holders have availed this facility involving an amount of ₹11,824.97 lakh.

Computerization of Land Records

The Department of Revenue, Govt of Punjab has taken up the project of Computerization of Land Records. The project envisages that a Fard Kendra will be opened at each Tehsil and Sub-Tehsil level. Revenue Record like Jamabandi, Mutations, Rapats Roznamchas, etc., of all the villages of that Tehsil/Sub Tehsil will be fed into computer. As on 30.09.2014, out of proposed 167 Fard Kendras, as many as 161 have been operationalized and record of about 12,285 villages have been computerized. The data of live Fard Kendras of all the districts has been put on the web.

3. NABARD's perception on the development of the State

3.1 The net sown area (cultivable area) in the State is around 41.28 lakh hectares with cropping intensity (gross to net sown area) of about 191%. Wheat and paddy are the major crops with an estimated area under cultivation of 34.70 lakh Ha and 28.20 lakh Ha respectively in 2014-15. The other crops being pulses, sugarcane, cotton, etc.

3.2 Punjab's economy is predominantly agrarian. The agricultural sector is instrumental in ensuring national food security by consistently contributing a significant percentage of wheat (43.4%) and rice (25.5%) to the Central Pool (2013-14). However, the contribution of

agriculture sector to GSDP has been rapidly declining over the years. The sectoral share, which stood at 27.68% of total in 2007-08 in the beginning of the 11th Five Year Plan declined to 20.21% as per advance estimates of 2014-15. The cropping intensity and irrigation potential has already been fully exploited and the growth in productivity has also somewhat reached its saturation point. Thus, major issues affecting agriculture sector are as under: -

- Dominance of paddy - wheat -cultivation (81% of the total gross cropped area)
- Stagnating crop yields
- Deteriorating soil health including nutritional deficiency
- Adverse impact of climate change - natural calamities and unusual pests/disease attacks
- Over exploitation of scare ground water resources
- Increased cost of production & reduced farm incomes
- Multiple financing leading to high indebtedness of farmers
- Wheat and Rice stubble burning leading to environmental pollution & deteriorating soil health due to loss of precious soil moisture, nutrients, organic matter, micro-organisms, etc.
- Incidences of farmers' suicides.

The opportunities in secondary and tertiary sectors in rural areas are limited.

Keeping this in view, major initiatives taken by NABARD in Punjab State are:

- Focus on improving productivity and enhancing income levels in agriculture through increasing capital formation in agriculture. It is being achieved through provision of concessional refinance for investment credit under LTRCF, implementation of area based schemes (details given in chapter VI), transfer of technology projects, etc.
- Encouraging crop diversification through promoting Food Processing (under Food Processing Fund), horticultural crops, animal husbandry, etc.
- Providing concessional refinance to support banks' resources for providing crop loans.
- Development of rural infrastructure contributing to enhanced production, productivity and diversification of rural economy through RIDF, NABARD Infrastructure Development Assistance, and subsidy schemes of GOI, etc.
- Supporting creation for scientific storage facilities for food-grains under Warehouse Infrastructure Fund (WIF)
- Formation and nurturing of Producers' organisations for facilitating collectivisation of agricultural produce, bulk procurement of inputs and linking of farmers to markets
- Implementing pilot projects on paddy straw management to reduce paddy straw burning, which is harmful not only to the environment but also soil health
- Facilitating, through NABCONS, sanction of a climate change adaptation project under National Adaptation Fund Board. It will lead to natural resource management with emphasis on equitable and sustainable development.
- Creating peoples' organisations like Farmers' Clubs for sustainability of interventions.
- Reaching the unreached and empowering women through SHGs, JLGs, etc.
- Financial Inclusion initiatives including implementation of PM's Social Security Schemes, sanction of financial literacy centres and financial literacy camps to create financial literacy, especially in the context of over/multiple borrowing (including that from non-institutional sources) due to wasteful expenditure on social ceremonies, etc.
- Emphasis on creation of employment and self-employment opportunities in off-farm

- sectors through skill upgradation, marketing support, etc.
- Strengthening rural credit delivery mechanism through institutional development and supervisory initiatives, CBS in cooperatives, issuance of Rupay KCC debit cards and Rupay KCC, Pilot project on PACS as Deposit Mobilising Agents (DMA) involving ATMs, Micro-ATMs, etc., converting PACS into MSCs, etc.
 - Facilitating systematic credit and development planning through PLPs and SFP.
 - Consultancy services through NABCONS.

3.3 Capital formation in agriculture and allied sector

In Punjab, where farming is being extensively carried out and farm labour is predominantly scarce, investment requirement in areas of farm mechanisation, irrigation infrastructure, storage and warehousing facilities, packaging grading and marketing, food processing, etc., gets increased manifold. However, contrary to that, State's Gross Domestic Capital Formation in agriculture has declined from 9.49% of GSDP in agriculture in 2004-05 to 7.70% in 2012-13 (at current prices). This is the cause of concern.

3.4 Climate Change : Current challenges

Climate Change has unequivocally been considered as one of the most serious threats to sustainable development with possible adverse impact on natural resources thereby affecting food security, human health and economic benefits. Therefore, Government of India has undertaken a voluntary domestic commitment for reducing its emission intensity of GHGs by 20-25% by 2020 with respect to 2005 position, which it hopes to achieve through the missions that are focused on mitigation.

As directed by the Government of India through the MoEF, the Govt. of Punjab has prepared an Action Plan to combat the local impacts and devise mitigation strategies, taking advantage of the various Missions of the National Action Fund for Climate Change (NAPCC).

Presently, three major funds support projects under Climate Change viz; a) Green Climate Fund; b) Adaptation Fund Board; c) National Adaptation Fund for Climate Change (NAFCC). **NABARD has been appointed as National Implementing Entity (NIE) responsible for implementation of projects under all these three funds.**

3.5 Farmers' Producers' Organisations

Punjab has the potential to nurture and promote FPOs in activities like milk and milk produce, vegetables, horticulture crops like kinnow, orange and basmati rice, etc. There can be many other activities ranging from input supply and primary processing to storage and marketing, wherein an organisational structure acting as farmers' aggregator can bring in necessary changes in the outlook and profitability of small holder farming. Around 50 FPOs are envisaged to be formed under PRODUCE Fund set-up by Govt. of India with NABARD during 2015-16.

3.6 MSME

Though the State contributes maximum to the Central Pool of food grains, the food processing sector contributes very little to the State's economy. Food Processing is one area, which MSMEs can take advantage of, as the country's urbanisation increases. By products of the refinery at Bathinda can lead to establishment of petro product units in Southern Punjab. Further, the State is regarded as the manufacturing hub of North India, especially in electrical

items, farm machinery & implements, sports goods, hosiery and woollens, garments making, etc., through MSMEs. The MSMEs in the State are important in terms of value addition and employment generation. The challenge now is to consolidate the State's position and ensure sustained growth with new products and services.

The Agro Industrial Policy, 2009 endeavours to increase flow of investments in agriculture and agro based industries so as to establish backward and forward linkages, accelerate a close interface among farmers, agri-extension mechanisms, research, industry, markets and consumers and to increase value addition, thereby increasing income of farmers, traders as well as delivering better quality products to consumers.

Recently, the Government of Punjab organised the "Progressive Punjab Agriculture Summit 2015" at Indian School of Business, Mohali. More than 374 MoUs were signed involving investment proposals of Rs.1.13 lakh crore. Besides, the Summit brought different stakeholders on a common platform to discuss various issues related to development of industries of all categories.

3.7 Micro Credit

As per latest Poverty Estimates (2011-12) (using Tendulkar methodology) of Planning Commission, Government of India, 7.66% of rural persons comprising 13.35 lakh rural persons live below poverty line in the State. Hence, there is a need to promote micro-finance for this target group.

As on 31.3.2015, in the State, 35,645 SHGs have been saving linked and 22,867 SHGs have been credit linked. The estimated potential for saving linkage of SHGs is 6700 and for credit linkage is 6600 for financial year 2016-17.

'Scheme for Promotion of Women SHGs in Backward Districts of India' is being implemented in Hoshiarpur district. Under this scheme, as on 31 December 2015, 1187 WSHGs have been formed and 639 WSHGs have been credit linked.

In the State, as on 31 March 2015, 15794 JLGs were credit linked. During 2015-16, 4393 JLGs have been financed by the banking system upto 30 November 2015.

3.8 Rural Infrastructure and linkage support

Till 30 November 2015, 17076 infrastructure projects involving a total financial outlay of ₹11978.77 crore have been sanctioned with a RIDF loan assistance of ₹7493.99 crore. As against this, a sum of ₹5263.15 crore (70% of the sanctioned amount) has been released. It is estimated that on successful implementation, the above projects would irrigate around 17 lakh ha agricultural land, provide connectivity to 4976 villages and 999 rural markets, supply safe drinking water to 93.40 lakh people, provide sanitation facilities in three lakh households and education facilities to more than 1.50 lakh students(annually) of the State.

Details of critical infrastructure required during 2016-17 is given below:-

Sl. No.	Sector	No. of projects	Tentative Cost of the project	To be supported under		To be supported during 2016-17
				RIDF	Others	
1	Agriculture	828 (63)	7181.40 (83)	3304 (78)	3877.40 (87)	956.10
2	Rural Connectivity	129 (10)	1321 (15)	729 (17)	592 (13)	364.50
3	Social Sector	360 (27)	201 (2)	201 (5)	0	160.00
	TOTAL	1317 (100)	8703.40 (100)	4234 (100)	4469.40 (100)	1480.60

NB: Figures in bracket indicate percentages to total.

3.9 Financial Inclusion

As on September 2015, NABARD has sanctioned 19 FLCs to RRBs and 88 FLCs to CCBs in the State, out of which 71 have been launched. NABARD has sanctioned financial support to all the three RRBs in the State for issue of 8,93,255 RuPay Debit Cards and 1,13,000 RuPay Kisan Cards. In addition, Punjab State Cooperative Bank and 20 DCCBs in the State have been sanctioned grant assistance for printing and issue of 10,50,000 RuPay Debit Cards (@ 50,000 cards per Cooperative Bank). The pilot project for 150 PACS to act as Deposit Mobilising Agents has been sanctioned to 13 DCCBs, for setting up 150 micro ATMs, 30 ATMs and 12 FLCs.

4. Sector-wise credit potential for 2016-17

4.1 Short Term (Agri) Credit for Crop Production, Maintenance and marketing

The importance of crop production in the State cannot be over emphasized considering that the State produced 112.80 lakh MT of rice and 165.69 MT of wheat in 2014-15(E), accounting for approximately 18% of country's wheat and 11% of country's rice.

The GLC flow for crop loans in 2014-15 was ₹63524.00 crore. PLP projections for 2016-17 are ₹ 78086.48 crore.

4.2 Water Resources

Credit Potential for Water Resources has been estimated at ₹ 936.79 crore for 2016-17 based on the emerging needs of minor irrigation activities such as drip and sprinkler irrigation systems, shallow tube wells, UGPL, etc.

4.3 Farm Mechanisation

The total credit potential under Farm Mechanization for the State during FY 2016-17 has been estimated at ₹3778.48 crore as compared to ₹2892 crore in 2015-16, projecting a growth of 30%.

4.4 Plantation and Horticulture

The efforts of the State in promoting Horticulture Sector have resulted in diversification showing quantitative change in Punjab, as the area under horticultural crops has increased by 68 percent during 2004-05 to 2014-15.

The total credit potential of ₹1690.23 crore has been estimated for this sector for the year 2016-17. Kandi area is better suited for dry land horticulture crops like aonla, ber etc., and there is also scope for promoting organic farming in these virgin lands. Three major districts viz., Hoshiarpur, Ferozepur and Muktsar have been identified by NABARD for implementation of Area Development Scheme (ADS) on Kinnow.

In order to increase the income level of the farmers with the decreasing land holdings, alternative cultivation technologies like poly-house are required to be promoted in the State. Seven districts (viz., Fatehgarh Sahib, Jalandhar, Kapurthala, Moga, Sangrur, Barnala and SAS Nagar) have been identified for promotion of poly houses.

4.5 Forestry & Wasteland Development

Presently, the '*Green Punjab Mission*' is under implementation in the State to increase forest and tree cover from the existing 7 % to 15% of the geographical area during 2012-2020. Credit potential, under farm/agroforestry activities involving plantation of poplar, eucalyptus, bamboo, etc. for the year 2016-17 has been estimated at ₹ 184.76 crore for the State.

4.6 Animal Husbandry: Livestock plays an important role in the rural economy of the State contributing about 13% of the Net State Domestic Product. NABARD has been contributing to the development of animal husbandry sector through sponsoring research and development activities to GADVASU, extension support, capacity building of farmers through exposure programmes, implementation of Centrally Sponsored Scheme "National Livestock Mission", etc.

4.6.1 Animal Husbandry- Dairy: Milk production in Punjab has doubled during the last two decades from around 5.3 million tonnes during 1992-93 to 10.01 million tonnes in 2013-14, which is around 7.5 percent of country's milk production.

The per capita availability of milk during the year 2013-14 was 971 grams, which is the highest amongst all States of the country. Credit potential for the year 2016-17 for Dairy has been estimated at ₹ 4352.40 crore for the State.

4.6.2 Animal Husbandry- Poultry: Poultry sector is one of the fastest growing segments in the State. Contract farming by around 500 units in broilers has picked up in the State with the initiatives of private sector. Maximum emphasis is given by GoP on the development of rural backyard poultry. Credit potential for the year 2016-17 for Poultry has been estimated at ₹ 929.41 crore for the State.

4.6.3 Animal Husbandry- Sheep/Goat/ Piggery: Small ruminants play a crucial role in supplementing the incomes of the rural masses especially the landless. However, small ruminants' development has not kept pace with the demand for meat in the State mainly due to non-availability of pastures. Credit potential for the year 2016-17 for Sheep/Goat/Piggery has been estimated at ₹205.83 crore for the State.

4.7 Fisheries Development: Fishery resources of Punjab comprise of 868 kilometres of rivers, 11200 kilometers of canals, 5084 hectares of small water reservoirs and lakes and 9435 village ponds. By the end of XIIth FYP, an additional area of about 30000 hectare may be brought under inland fisheries.

The State has earned 1st rank in the country by achieving the highest per hectare fish production of 6560 kgs.

In certain pockets of the State, especially in south – western parts of the State, where land is low lying and waterlogged, commercial pisciculture can be a better land use option. Further, brackish water fish farming can be propagated in parts of Bathinda, Fazilka and Muktsar districts. Credit potential for the year 2016-17 for Fisheries development has been estimated at ₹262.86 crore for the State.

4.8 Agriculture Infrastructure: Value Addition, Storage, Godown and Market Yard

Food Processing Fund (FPF) (2014-15), with a corpus of ₹ 2000 crore, has been established in NABARD to make available affordable credit for establishing the designated Food Parks and also for setting up of individual food/agro processing units in the designated Food Parks. In the State of Punjab, there are three Mega Food Parks approved by Ministry of Food Processing Industries, GOI, in Fazilka, Kapurthala & Ludhiana districts. NABARD has sanctioned a Term Loan of ₹27.13 cr under FPF to Punjab Agro Industries Corporation for setting up a Mega Food Park at Ladhowal in Ludhiana district.

There is potential for creation of 120 lakh MT of storage space. Under the Warehouse Infrastructure Fund placed with NABARD for the year 2014 -15 for providing loans to meet the requirements for scientific warehousing infrastructure for agriculture commodities, an assistance of ₹ 679.51 lakh has been sanctioned to Punjab State Warehousing Corporation for creation of 19800 MT of warehousing capacity in Kapurthala district. Another project was sanctioned to PUNGRAIN under erstwhile WIF 2013-14, involving a term loan of ₹1682 crore for creation of 50 lakh MT of additional storage through Silos & traditional warehouses. First phase of this project has already commenced.

Under public sector, large scale storage infrastructure like Silos are required to be constructed for meeting the storage for large scale procurement of paddy and wheat. Credit potential for the year 2016-17 for financing under Storages Godowns/Market Yards has been estimated at ₹2058.85 crore for the State.

4.9 Land Development : The proper management of the two basic natural resources viz., soil and water, is essential for sustainable agricultural production. The various activities identified are land levelling, bunding, reclamation of salt affected/water-logged lands, watershed development, underground pipelines, rain-water harvesting, command area development works. The aggregate credit potential for 2016-17 for Land Development has been assessed at ₹1951.90 crore.

4.10 Export credit : Export credit includes pre-shipment and post –shipment export credit (excluding off-balance sheet items) as defined by RBI.

Exports from Punjab during 2014-15 were estimated to be over ₹24,500 crore or approximately \$3.9 billion. The major items of exports from Punjab are basmati rice, honey, textiles, sports goods, hand tools and engineering goods etc. The credit potential for export finance in the State during 2016-17 is estimated at ₹11935.07 crore.

4.11 Education : Punjab has total literacy rate of 75.80% (as per 2011 Census). The State has 12 Universities, 240 Arts, commerce, Home science & Science Colleges, 8810 Higher/Senior Secondary Schools, 5569 Middle Schools and 14634 Primary Schools. Credit potential for this sector has been worked out at ₹4635.34 crore.

4.12 Housing : Housing is one of the three basic needs of life. Several policy initiatives taken in 2013-14, to help this sector, include the amendment of the FDI policy, thereby reducing the minimum floor area to 20,000 sq. m from the earlier 50,000 sq.m and bringing down the minimum capital requirement to US\$ 5 million from US\$ 10 million. Union budget 2014-15 also announced setting up of Real Estate Investment Trusts (REITs) and SEBI has approved the REITs regulation. As per the PLP estimation, total credit potential for Housing Sector aggregates to ₹13303.52 crore.

4.13 Renewable Energy : Due to its locational advantage, on an average, the Punjab experiences around 300 sunny days per year and the daily average global radiation is around 5 Kwh/m² in north - eastern and hilly areas to about 7 Kwh/m² in Western regions and cold desert areas. The annual global radiation varies from 1700 to 1750 kWh/m², which is typical of the tropical and subtropical regions. The State Government has fixed ambitious target under New and Renewable Energy Policy 2012, which incentivizes solar and biomass based technologies and energy conservation measures, thereby, working towards sustainable energy sources. A total capacity addition of 2400 MW is targeted to be achieved by the year 2022. The credit potential for this sector in the State during 2016-17 is estimated at ₹629.89 crore.

4.14 Social Infrastructure Involving Bank Credit

In Punjab, economic and social infrastructures are well developed, when compared with the country as a whole. The literacy rate in the State is around 76% as against 74% at the national level. The Pupil-Teacher ratio in Punjab is 25 at Primary level and one medical institution catering to 13435 persons in public sector. In Punjab, all villages have drinking of water supply whereas the availability of the same is 73% at all India level. However, insufficient budget for maintenance of public social infrastructures and rise in consumer demand for quality services has resulted in growth of private equity participation in health and education. The participation of private sector in higher education and super-specialty medical facilities has increased over the years. The credit potential for Social Infrastructure in the State during 2016-17 is estimated at ₹2942.30 crore.

5. Sector-wise issues

Sector-wise potentials, issues and action plans are discussed in detail in chapter V. The major action points are summarised below.

5.1 Action points for the State Government

- Promoting diversification of agriculture in the state and incentivize the farmers to move away from wheat-paddy crop cycle. Promotion of contract farming and niche farming can be a step in this direction.
- Development of market infrastructure for natural resources conserving crop alternatives (fruits, vegetables, flower, oilseeds, pulses, spices, etc.) by linking concerned farmers to food processing centres through the hub and spoke model. The State Govt. may suitably

incentivise these food processing industries. There is need for improving the critical infrastructure i.e., water, electricity and transportation.

- Exclusive Food Park may be set-up for Basmati Rice.
- Incentivising farmers to move away from conventional irrigation to micro irrigation techniques. There is also a need to create awareness in this regard.
- Promoting organic farming
- To minimise crop stubble burning, promoting various strategies like use of happy seeders, setting up of more biomass plants for power generation and /or for making fuel bricks, silage making, etc.
- The water friendly irrigation/land levelling practices like use of Under Ground Pipe Line (UGPL), sprinkler and drip irrigation systems, poly houses, zero tillage, laser land leveler, etc., wherever feasible, should be propagated by Agriculture Deptt.
- Need to encourage Participatory Irrigation Management (PIM) with effective role of Water Users Associations (WUAs) in order to take full advantage of irrigation potential created.
- Lining of canals so that irrigation potential of canals increases from its present level.
- Location specific structures may be developed for augmenting ground water recharge. Suitable rain water harvesting structures need to be promoted in public and private lands. This is more needed in the Kandi Area (Rupnagar & Hoshiarpur districts).
- About 73% of the irrigated area of the State is under tube well irrigation causing annual drafting of underground water more than recharge, thus leading to depletion of underground water level. Further, as per the Central Ground Water Board reports, in 84% of the area of Punjab, the ground water level is going down and in another 14% , it is too brackish to be useful. This requires construction of water harvesting structures and development of water bodies/village ponds (including waste management strategies).
- In order to tackle the problem of water logging, the State Govt. may promote construction of drains as per the contour plan of the area and also promote bio-drainage.
- Development of location specific tailor-made agro–forestry revenue models with the help of Forest Department, Research Institutes and Agriculture University.
- Creation of awareness among farmers and bankers about economic viability of forestry projects.
- Training of bankers in appraisal of forestry projects
- Insurance companies to consider providing insurance for forestry species through developing new products keeping in view the inherent strengths of the species involved. .
- Cheap and easy availability of certified quality planting material of forestry species.
- The wood based industries may come out with special contract farming arrangements with transparent contracts. The CSR obligations can be used in providing good planting material free of cost to the catchment farmers.
- The increased net income from dairy farming may be strategized through promotion of dairy farming on a more commercial scale, improving cattle management practices and strengthening post production infrastructure.
- There is need for State Govt. interventions for ensuring bio-security, compulsory disease surveillance and ensuring feed quality, creation of organised processing facilities under Poultry Sector.
- Awareness creation about scientific animal management and integration in broiler industry.
- In order to promote fish farming, there is a need for development of nurseries, seed farms, production and supply of fingerlings, and modernization of breeding structure.
- Promoting private and public investment for setting up of storage infrastructure and cold chain marketing facility for both fresh and processed commodities.
- Post-harvest and marketing infrastructure including grading, packing, transportation and

storage needs to be created on a large scale.

- Up-gradation of seed processing facilities and seed testing centres as well as creation of new infrastructure
- The model of small scale industrial hub can be replicated and clubbed with State Govt.'s plan of providing skill training to one lakh youth annually.
- The subsidy schemes under National Solar Mission may be popularized in the State.
- The State Government may prepare comprehensive infrastructure development plan with particular reference to RIDF. Suitable budgetary allocation may be made in the Budget for 2016-17.
- Cooperative Banks are finding it difficult to comply with CRAR norms stipulated by RBI. Cooperation Department may prepare bank-wise strategy in this regard including financial support from the State Govt.
- As a substantial number of farmers are still dependent on Arthtiyas (Commission Agents) for their credit requirements, there is a need to regulate their transactions.
- To enable tenant farmers to avail credit from banks, land tenancy certificates (without any ownership right) may be issued by the State Govt.
- In order to ensure the targeted credit delivery and to reduce the debt burden of farmers, there is need to check multiple financing to the farmers.
- The State Govt. may consider providing interest subvention on agril. term loans for boosting capital formation in agriculture.
- In order to mitigate the agricultural risks, a suitable crop insurance may be launched for farmers, covering all the major crops of the State.
- Considering the need for creating decentralised rural storage structures on a large scale, State Government may provide subsidy of around 25% for construction of warehouses/godowns by PACS, the remaining amount being availed by them as loans from the cooperative banks.
- Considering the huge need and also in the context of need for providing happy seeders and bailers to reduce paddy straw burning, the State Govt. may consider increasing the number of agro service centres, which are provided subsidy, from presently around 50 to 300.
- To improve the operational efficiency of STCCS, the State Government may consider computerisation of PACS.
- In order to take utility of computerisation of land records to the next higher level, it is suggested that, on the lines of Boomi Project being implemented in Karnataka State, the rights for on-line entering bank's charge on the land mortgaged by the borrowers may be provided to the concerned banks with due safeguards.
- The State Government may prepare a plan, in association with corporates and others, for skill development on a massive scale in both farm and non-farm sector areas.
- For promoting marketing of products prepared by Self Help Groups (which are mostly of women), the State Government may provide showrooms/shops at prominent places in big cities and also consider implementation of Mid-day Meal schemes in Govt. Schools through them.

5.2 Action Points for Banks

- The banks should increase the term loans to agriculture to improve capital formation in agriculture and also improve CD ratio.
- Banks should finance only those tractors and power tillers, which meet Minimum Performance Standards (MPS) norms and BIS standards. Banks' financing of second hand tractors should be done carefully after taking into account their residual economic life.
- Banks may encourage the proposals for custom hiring centres/farm machinery centres for financing. Farmers' Clubs, Primary Agriculture Credit Societies (PACS), Producers'

Organizations (POs) and other state agencies and entrepreneurs may be encouraged to establish farm machinery bank and provide the same on custom hiring basis.

- Financing small and specialised agricultural machinery by banks.
- The Mega-food parks is a big opportunity for bankers to finance diversified activities.
- Banks may step-up financing of Poly Houses, which holds tremendous potential.
- Banks may adopt Area Based Schemes (ABS) prepared by NABARD (details in chapter VI) for restoring project based lending discipline and suitably prepare banking plans for each activity branch-wise and effectively monitor their implementation.
- Encouraging supplementary income generation from dairy farming by supporting functional SHGs and JLGs in the identified area.
- Credit to be provided by banks for construction of broiler sheds and purchase of poultry equipments by farmers, who enter into agreement/contract with integrators.
- Implementation of Bio-security norms while financing poultry projects.
- Entrepreneurs may be encouraged to establish Agri Market Infrastructure under the capital investment subsidy schemes of GoI.
- Banks should have proactive approach to finance vermin-compost/ compost from organic wastes, organic farming etc.
- Banks may extend credit support for installation of solar water heaters and solar lighting systems.
- The Controlling Offices of banks should monitor implementation of SHG-Bank Linkage Programme very closely. Action Plan should also be made to reduce NPAs to a reasonable level (around 5%) in a time bound manner.
- Action Points regarding Financial Inclusion are indicated in detail in Chapter IV. Banks should create awareness about Prime Minister's Social Security Schemes with particular reference to Atal Pension Yojana.

STATE MAP



State Profile				
State -PUNJAB				
1. PHYSICAL & ADMINISTRATIVE FEATURES		2. SOIL & CLIMATE		
Total Geographical Area (Sq.km)	50362	Agro-climatic Zone	3 (Sub mountainous Zone or Kandi area,Central Alluvial Zone or Central Plains,Southern Dry Zone)	
No. of Sub Divisions	82	Climate	Semi humid to Semi Arid	
No. of Blocks	146	Soil Type	Alluvial	
No. of Villages (Inhabited)	12581	4. RAINFALL & GROUND WATER		
No. of Panchayats	12775	Rainfall [in mm]	Average Rainfall	2011
			619.7	2012
3. LAND UTILISATION [ha]		Availability of Ground Water [Ham]		
Total Area Reported (Ha)	5036200	Net annual recharge	Net annual draft	Balance
Forest Land	294000	2256000	3466000	(-)1210000
Area Not Available for Cultivation	39000	5. DISTRIBUTION OF LAND HOLDING		
Permanent Pasture and Grazing Land	4000	Classification of Holding	Holding	Area
Land under Miscellaneous Tree Crops	4000		Nos.	% to Total
Cultivable Wasteland	4000	<= 1 ha	164431	15.62
Current Fallow	45000	>1 to <=2 ha	195439	18.57
Other Fallow	-	>2 to <=4 ha	324515	30.83
Net Sown Area	4150000	>4 to <=10 ha	298451	28.36
Total or Gross Cropped Area	7902000	>10 ha	69718	6.62
Area Cultivated More than Once	3720000	Total	1052554	100.00
Cropping Intensity [GCA/NSA]	190			
6. WORKERS PROFILE [in '000] 2011 Census		7. DEMOGRAPHIC PROFILE [in '000](2011)		
Cultivators	1935	Category	Total	Male
Of the above, Small/Marginal Farmers	1446	Population	27743	14639
Agricultural Labourers	1588	Scheduled Caste	8860	4640
Workers engaged in Household Industries	386	Scheduled Tribe	0	0
Workers engaged in Allied Agro-activities	-	Literate	18707	10436
Other workers	5988	BPL	4414	-
8. HOUSEHOLDS [in '000]		9. HOUSEHOLD AMENITIES [Nos. in '000 Households]		
Total Households	4348	Having brick/stone/concrete houses	114	Having electricity supply
Rural Households	2174	Having source of drinking water	178	Having independent toilets
BPL Households	523	Having access to banking services	-	Having radio/TV sets
10. VILLAGE-LEVEL INFRASTRUCTURE [Nos]		11. INFRASTRUCTURE RELATING TO HEALTH & SANITATION [Nos]		
Villages Electrified	12581	Anganwadis	20656	Dispensaries
Villages having Agriculture Power Supply	12581	Primary Health Centres	427	Hospitals
Villages having Post Offices	12581	Community Health Centres	150	Hospital Beds
Villages having Banking Facilities	6216	12. INFRASTRUCTURE & SUPPORT SERVICES FOR AGRICULTURE		
Villages having Primary Schools	12581	Fertiliser/Seed/Pesticide Outlets [Nos]	-	Agriculture Pumpsets[Nos]
Villages having Primary Health Centres	2863	Total N/P/K Consumption [MT]	1714000	Pumpsets Energised [Nos]
Villages having Potable Water Supply	12005	Certified Seeds Supplied [MT]	-	Agro Service Centres [Nos]
Villages connected with Paved Approach Roads	NIL	Pesticides Consumed [MT]	-	Soil Testing Centres [Nos]
13. IRRIGATION COVERAGE [Ha]		Agriculture Tractors [Nos]	498517	Plantation nurseries [Nos]
Total Area Available for Irrigation (NIA + Fallow)	4107000	Power Tillers [Nos]	300000	Farmers' Clubs [Nos]
Irrigation Potential Created	4157000	Threshers/Cutters [Nos]	350000	Krishi Vigyan Kendras[Nos]
Net Irrigated Area(Total area irrigated at least once)	4115000	14. INFRASTRUCTURE FOR STORAGE, TRANSPORT & MARKETING		
Area irrigated by Canals / Channels	1133000	Rural/Urban Mandi/Haat [Nos]	440	Wholesale Market [Nos]
Area irrigated by Wells	2982000	Length of Pucca Road [Km]	93871	Godown [Nos]
Area irrigated by Tanks	NIL	Length of Railway Line [Km]	4334	Godown Capacity[MT]
Area irrigated by Other Sources	NIL	Public Transport Vehicle [Nos]	6262939	Cold Storage [Nos]
Irrigation Potential Utilized (Gross Irrigated Area)	7724000	Goods Transport Vehicle [Nos]	-	Cold Store Capacity[MT]
15. AGRO-PROCESSING UNITS		16. AREA, PRODUCTION & YIELD OF MAJOR CROPS		
Type of Processing Activity	No of units	Cap.[MT]		
Food (Rice/Flour/Dal/Oil/Tea/Coffee)	2633	-		
Sugarcane (Gur/Khandsari/Sugar)	23	62516 MT/d		
Fruit (Pulp/Juice/Fruit drink)	-	-		
Spices (Masala Powders/Pastes)	-	-		
Dry-fruit (Cashew/Almond/Raisins)	-	-		
Cotton (Ginning/Spinning/Weaving)	41	-		
Milk (Chilling/Cooling/Processing)	74	53390000/d		
Meat (Chicken/Mutton/Pork/Dry fish)	-	-		
Animal feed (Cattle/Poultry/Fishmeal)	-	-		
17. ANIMAL POPULATION AS PER CENSUS 2007 [in '000]		18. INFRASTRUCTURE FOR DEVELOPMENT OF ALLIED ACTIVITIES		
Category of animal	Total	Male	Female	
Cattle - Cross bred	1278	202	1077	
Cattle - Indigenous	508	226	272	
Buffaloes	5001	482	4519	
Sheep - Cross bred	-	-	-	
Sheep - Indigenous	210	54	156	
Goat	290	79	211	
Pig - Cross bred/Indegenous	25	11	14	
Horse/Donkey/Camel	16	19	35	
Poultry - Cross bred/Indegenous	18899	-	-	
Sources		Stastical Abstract of Punjab-2014,Economy Survey-2014-15		
		19. MILK, FISH, EGG PRODUCTION & THEIR PER CAPITA AVAILABILITY		
Veterinary Hospitals/Dispensaries [Nos]	2852	Animal Markets [Nos]	857	
Disease Diagnostic Centres [Nos]	1	Milk Collection Centres [Nos]		
Artificial Insemination Centers [Nos]	3266	Fishermen Societies [Nos]		
Animal Breeding Farms [Nos]	10	Fish seed farms [Nos]	14	
Animal Husbandry Tng Centres [Nos]	9	Fish Markets [Nos]	2	
Dairy Cooperative Societies [Nos]	6474	Poultry hatcheries [Nos]		
Improved Fodder Farms [Nos]	-	Slaughter houses [Nos]	91	
Fish	Production [MT]	86207	Per cap avail. [gm/day]	9
Egg	Production [Lakh Nos]	32828	Per cap avail. [nos/p.a.]	121
Milk	Production [000 MT]	10013	Per cap avail. [gm/day]	971
Meat	Production [MT]	147000	Per cap avail. [gm/day]	15

Banking Profile											
State - Punjab											
1. NETWORK & OUTREACH (As on 31/03/2015)											
Agency	No. of Banks/Soc.	No. of Branches				No. of non-formal agencies associated				Per Branch Outreach	
		Total	Rural	Semi-urban	Urban	mFIs/mFOs	SHGs/ILGs	BCs/BFs	Villages	Households	
Commercial Banks	33	5406	2169	1706	1531	NA	57/12	NA	NA	NA	
Regional Rural Bank	3	373	305	49	19	NA	NA	NA	NA	NA	
District Central Coop. Bank (including PSCB)	20	802	602	114	86	NA	NA	NA	NA	NA	
Coop. Agr. & Rural Dev. Bank	89	89	89	0	0	NA	NA	NA	NA	NA	
Primary Agr. Coop. Society (functional)	3500	3500	3500	0	0	NA	NA	NA	NA	NA	
Scheduled Urban Coop. Bank	1	21	0	6	15	NA	NA	NA	NA	NA	
All Agencies	3646	10191	6665	1875	1651	NA	NA	NA	NA	NA	
2. DEPOSITS OUTSTANDING											
Agency	No. of accounts					Amount of Deposit [Rs.'00000]					
	31 Mar 13	31 Mar 14	31 Mar 15	Growth(%)	Share(%)	31 Mar 13	31 Mar 14	31 Mar 15	Growth(%)	Share(%)	
Commercial Banks	NA	1009970	34757055	3341	87.24	19647999	22625411	25835314	14.19	93.40	
Regional Rural Bank	NA	1607637	1909964	19	4.79	409807	469144	562723	17.82	2.00	
Cooperative Banks	NA	2899387	2922611	1	7.34	999002	1071974	1164345	8.62	4.21	
Scheduled Urban Coop. Bank	NA	NA	249531	NA	0.63	92190	101844	109159	7.18	0.39	
All Agencies	NA	5516994	39839161	622	100.00	21148998	24268373	27661541	13.98	100.00	
3. LOANS & ADVANCES OUTSTANDING											
Agency	No. of accounts					Amount of Loan [Rs.'00000]					
	31 Mar 13	31 Mar 14	31 Mar 15	Growth(%)	Share(%)	31 Mar 13	31 Mar 14	31 Mar 15	Growth(%)	Share(%)	
Commercial Banks	NA	582206	2820901	384.52	62.23	16837158	18163669	20462367	12.66	92.06	
Regional Rural Bank	NA	184581	199960	8.33	4.41	310233	372203	446780	20.04	2.01	
Cooperative Banks	NA	1718404	1502704	-12.55	33.15	11383094	1183189	1265984	7.00	5.70	
Scheduled Urban Coop. Bank	NA	NA	9472	NA	0.21	47074	51711	53130	2.74	0.24	
All Agencies	NA	2485191	4533037	82.40	100.00	18332774	19770772	22228261	12.43	100.00	
4. CD-RATIO				5. PERFORMANCE UNDER FINANCIAL INCLUSION (No. of A/cs)							
Agency	CD Ratio			Agency	During 2014-15		Cumulative				
	31 Mar 13	31 Mar 14	31 Mar 15		Deposit	Credit	Deposit	Credit			
Commercial Banks	85.69	81.21	79.20	Commercial Banks	NA	NA	NA	NA			
Regional Rural Bank	75.7	79.34	80.83	Regional Rural Bank	NA	NA	NA	NA			
Cooperative Banks	113.94	110.37	108.73	Cooperative Banks	NA	NA	NA	NA			
Others	51.06	50.77	48.67	Others	NA	NA	NA	NA			
All Agencies	86.68	82.33	80.36	All Agencies	NA	NA	NA	NA			
6. PERFORMANCE TO FULFILL NATIONAL GOALS (As on 31/03/2015)											
Agency	Priority Sector Loans		Loans to Agr. Sector		Loans to Weaker Sections		Loans under DRI Scheme		Loans to Women		
	Amount [Rs.'00000]	% of Total Loans	Amount [Rs.'00000]	% of Total Loans	Amount [Rs.'00000]	% of Total Loans	Amount [Rs.'00000]	% of Total Loans	Amount [Rs.'00000]	% of Total Loans	
Commercial Banks	10656290	58.67	5308706	29.23	3279417	18.05	3363	0.02	1159368.00	6.38	
Regional Rural Bank	379911	102.07	288249	77.44	175573	47.17	1.34	0.0003	55246.00	14.84	
Cooperative Banks	1081507	91.41	1007769	85.17	438497	37.06	0	0	45266.00	3.83	
Others	39038	75.49	3858	7.46	8761	16.94	0	0	5856.00	11.32	
All Agencies	12156746	61.49	6608582	33.43	3902248	19.74	3364	0.02	1265736	6.40	
7. AGENCY-WISE PERFORMANCE UNDER ANNUAL CREDIT PLANS											
Agency	2012-13			2013-14			2014-15			Average Ach[%] in last 3 years	
	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]		
Commercial Banks	5237102.00	5860005.00	112	6423600.00	7287595.00	113	8517821.00	9070166.31	106	111	
Regional Rural Bank	243027.00	444683.00	183	337600.00	558420.00	165	514559.00	652875.98	127	158	
Cooperative Banks	2013791.00	1750935.00	87	2308600.00	1828153.00	79	2584825.00	1895154.22	73	80	
Others-PADB	108859.00	71764.00	66	118700.00	228887.00	193	142059.00	173363.44	122	127	
All Agencies	7493920.00	8055593.00	107	9188500.00	9903055.00	108	11759264.00	11791559.95	100	105	
8. SECTOR-WISE PERFORMANCE UNDER ANNUAL CREDIT PLANS											
Broad Sector	2012-13			2013-14			2014-15			Average Ach[%] in last 3 years	
	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]	Target [Rs.'00000]	Ach'ment [Rs.'00000]	Ach'ment [%]		
Crop Loan	3983489.00	4286765.00	107.61	5879063.00	4247130.00	72.24	6422774.00	6352413.72	99	93	
Term Loan (Agr)	957597.00	841446.00	87.87	472301.00	2470751.00	523.13	1533615.00	1840026.91	120	244	
Total Agri. Credit	4941086.00	5128211.00	103.79	6351364.00	6717881.00	105.77	7956389.00	8192440.63	103	104	
Non-Farm Sector	1190017.00	1529000.00	128.49	1481500.00	1718309.00	115.98	2032956.00	2126982.08	105	116	
Other Priority Sector	1362817.00	1398382.00	102.61	1355700.00	1466865.00	108.20	1769919.00	1472137.24	83	98	
Total Priority Sector	7493920.00	8055593.00	107.50	9188564.00	9903055.00	107.78	11759264.00	11791559.95	100	105	
9. RECOVERY POSITION											
Agency	2012-13			2013-14			2014-15			Average Rec. [%] in last 3 years	
	Demand [Rs.'000]	Recovery [Rs.'000]	Recovery [%]	Demand [Rs.'000]	Recovery [Rs.'000]	Recovery [%]	Demand [Rs.'000]	Recovery [Rs.'000]	Recovery [%]		
Commercial Banks	2238839.00	1856101.00	82.90	1868307.00	1540262.00	82.44	11078812.00	9885102.00	87.42	84.26	
Regional Rural Bank	297543.00	279565.00	93.96	325250.00	306612.00	94.27	370134.00	338374.00	91.42	93.22	
Cooperative Banks	622538.00	549681.00	88.30	1194599.00	1116046.00	93.42	709943.00	610825.00	86.04	89.25	
Others	2253.00	2150.00	95.43	2380.00	2148.00	90.25	2380.00	2148.00	90.25	91.98	
All Agencies	3161173.00	2687497.00	85.02	3390536.00	2985068.00	87.45	12161269.00	10636449.00	87.46	86.64	

Source to be mentioned : SLBC, Cooperative and RRBs