IMPACT OF INDIAN BANKING CRISIS IN AGRICULTURE SECTOR - WITH REFERENCE TO ORGANIC FARMING

UMA .K
Assistant professor & Research scholar
PoojaBhagavat Memorial Mahajana Education Centre, Mysuru.

Dr. RECHANNA
Associate professor & Research guide
JSS College for Women, Saraswathipuram, Mysuru.

ABSTRACT:

The progressive agriculture serves as a powerful engine of economic growth of any country. This helps in commencing and sustaining the development of other sectors of the economy. This paper focus on the impact of banking sectors crisis on agricultural sector in India. Mainly focus on the NPA's in agricultural sector and subsidies granted. The credit provided to the agriculture sector continues to be insufficient. It appears that the banking system is still uncertain on several grounds to provide credit to small and marginal farmers. Due to declining in public capital formation in the rural and agriculture sector and the constant unenthusiastic attitude of rural bankers towards formal financing, the planners and policymakers are believe on microfinance to suitably supplement formal banking in rural India. The farmers being poor were not in a position to buy these expensive inputs. So, the indian government took positive approach and specific programmes like new agriculture technology were introduced, started the scheme of subsidies on the purchase of various agriculture inputs to facilitate the farmers. The subsidies are often criticized for their financial burden, on the other hand there is a fear that agriculture production and income of farmers would decline if subsidies are curtailed. The article concludes with a proposals that increasing rate of total subsidies (fertilizers, electricity and irrigation) is higher than gross cropped area (GCA).So, they should frame rational policy in which small size category farmers, who are not actual beneficiaries of subsidies, could get more subsides, which they do not want should be withdrawn, and enhance financial stability in an increasingly integrated financial system by government interventions to resolve banking crises.

Keywords: Agriculture credit, NPA in Agricultural sector, Banking crisis,Agriculture subsidies, Agrarian crisis.

INTRODUCTION:

The banks are the major economic means influencing the industrial, corporate and agricultural sector for lending and financing the projects. They play an important role in encouraging a sustainable environment. They encourage the economic development and growth of the country. To support global food and ecosystem security, several innovative farming systems have been recognized that better balance multiple sustainability goals. The fastest growing and challenging of these systems is organic agriculture. the organic agriculture can continue to expand will likely be determined by whether it is economically competitive with conventional agriculture.

The agriculture credit is an important prerequisite for agricultural growth. The agricultural policies have been reviewed from time to time to provide adequate and timely availability of finance to this sector. The rural credit system assumes importance because for most of the Indian rural families, savings are inadequate to finance farming and other economic activities. In India a multi-agency approach comprising co-operative banks, scheduled commercial banks and regional rural banks (RRBs) has been followed to allow credit to agricultural sector.

The banking crisis is a financial crisis that affects banking activity. The banking crises include bank runs, which affect single banks; banking panics, which affect many banks, and complete banking crises. Where a country experiences a large number of defaults and financial institutions and corporations face great difficulties inrepaying contracts.

STATEMENT OF THE PROBLEM:

The reasons of banking crises have long been debated. The first set of theories regards banking crises as shareholder panics considered by unwarranted depositor withdrawals that place undue pressure on the liquidity position of the bank. The depositor runs can cause illiquidity at banks that are intrinsically solvent. The severe, such liquidity pressures will force the bank to sell assets, possibly at fire sale prices, and might render the bank insolvent.2 Banking failures can become systemic, if it should not prevented through policy, and can create panics and contagion, with negative externalities. The good example is the Latin American debt crisis of the 1980s, which followed a period during which Western banks loaned large amounts of dollars to Latin American countries with promising growth opportunities and large current account deficits. The large inflow of foreign funds led to a sharp real exchange rate appreciation in the borrowing countries, forcing many borrowers to default. This crisis ended with a debt decrease of U.S. $250 billion, out of a total debt outstanding of approximately U.S. $800 billion.

NEED FOR THE STUDY:

The results of the study will give a reasonable understanding about reasons behind the The farmers' suicides in India, also known as the agrarian crisis. This phenomenon of suicides among indian farmers from 1990 to the present. This has been improved by the failure to repay growing debt, often taken from local moneylenders and microcredit banksto pay for high priced high yield seeds marketed by theMNCs and the non-implementation of mininimum support prices (MSP) by state governments from 1998 to 2018, it has resulted in the suicides of 300,000 farmers in the country, often by drinking pesticides themselves. Indian activists and scholars have offered a number of conflicting reasons for farmer suicides, such as monsoon failure, high debt burdens, government policies, public mental health, personal issues and family problems.

OBJECTIVES OF THE STUDY

1. To study the impact of banking crisis in agriculture sector and farmers of rural India.
2. To analyze the credit lending pattern of banking sector and sources of agriculture credit.
3. To assess the subsidies given by the government for the organic farming sector.
4. To examine the NPAs of organic farming in indian agriculture sector.

THE RESEARCH METHODOLOGY: The study mainly includes literature review from secondary data. The secondary data sources include reports of the respective banks, other relative information published on the banks and other internet sites and research publications in books, journals, periodicals, dairies , and reports available on the chosen topic.

CONCEPTUAL FRAMEWORK:

1.The impact of banking crisis in agriculture sector and farmers of rural India.

Agriculture is the king-pin of India's rural economy. Thus, rural credit — agricultural finance is the pre-requisite of agricultural growth and development .Large loan losses are often associated with lending to related parties on preferential terms. Famous examples are Chile in (1981), Mexico in (1994)and Russia in (1998). This loan losses, banking crises typically see a surge in nonperforming loans, running as high as 75% of total loans and averaging approximately 25% of loans. The surges in nonperforming loans in part reflect a tightening of prudential requirements during the aftermath of the crisis. This banking failure recording the single largest corporate loss was the U.K. banking group Royal Bank of Scotland, which recorded a loss of U.S. $34.9 billion after being nationalized in 2008. It raises questions about the quality of governance of banks more generally.

Demonetization which effects on Indian economy: It is the act of stripping a currency unit of its status as legal tender. This occurs whenever there is a change of national currency. The present form or forms of money is pulled from circulation and retired often to be replaced with new country entirely replace the old currency with a new currency.The government of every country focuses on long term prosperity and this can be attained only by wiping out the major evils of the society like corruption, black money and terrorism. And, demonetization, 2016 rightly addresses this. The scheme has dealt a lethal blow to the parallel economy that casted its ugly shadow on the nation's economy for long. The demonetization is used, whenever there is a change of national currency. The old currency must be replaced with a new currency. It is also used to tackle black money into the economy.

Effects of the Demonetization:

➢The demonetization of 500 and 1000 rupee notes to crush back economy has come at a wrong time for farmers. ➢ Millions of farmers are unable to get enough cash to buy seeds and fertilizers for their winter crops.➢ Production of essential commodities is under threat hurting farmers who are just recovering from the two-year drought. ➢ India's 263 million farmers live mostly in the cash economy. ➢ In actual fact , Agriculture is dependent upon cash transactions through cash is direct burden to the farmers markets because they should purchase all their agriculture inputs even leading landholders may face issues like paying daily wages to the farmers and purchasing agricultural requirements for growing crops, on the other hand harvested produce while selling may face the problem.➢ Problems in purchasing seeds at the right time for sowing at the upcoming season ➢ Many farmers live in the under economy Delayed sowing may affect the crops Already wheat outcome was decreased in northern India

The Hardest Burnt Of Demonetisation For Farmers

1. The farmers were unable to purchase inputs like certified HYV seeds from market. They were using old seeds from the last year harvest and not purchasing quality seeds from the market. This will adversely affect crop yields despite good monsoon this year.

2.The farmers suffered a setback due to nationwide cash crunch and a collapse in the demand for vegetables in wholesale markets

3. The Fruit and vegetable farmers were badly hit. They need cash on a daily basis to purchase inputs like pesticides, fertilizers and hired labour for the harvest and also to transport and sell at urban centres.

4.TheInsufficient cash with farmers leading to less than optimal use of inputs which resulted in reduced sales, higher wastage, lower yields, and lower price realization.

5.The small growers and retail vegetable sellers are bearing the brunt, as they are with inventories of perishable commodities.

6.Thefarm laborers are not paid with their wages to currency shortage and postponing of work is happening as farmers don’t are not able to pay for the laborers.

7. The farmers who take loans to buy raw material for growing crops faces a big problem Failure to get a reasonable price on their produce, will push many f

8. The small farmers are also suffering a cash-crunch due to demonetisation, as many have crops lying around, but with no buyers whatsoever.

9. The Formal financing in many parts, especially Punjab, Uttar Pradesh, Odisha, Maharashtra, Gujarat and Kerala is significantly from cooperative banks, which are barred from exchange-deposit of demonetized currency.

10. The agriculture was affected through the input-output channels, moreover price and output feedback effects. The Marketing, Sale, transport, and distribution of ready produce to wholesale centres is dominantly cash-dependent. The interruptions in the supply chains feedback to farmers as sales fall, rising wastage of perishables, decrease in revenues that exhibits trade dues instead of cash in hand, it is credited into bank accounts with restricted access affect the sector.

11. The significant part of the farmers depend on bank credit for their cash needs. The only banks grant them new loans, if farmer repay their existing ones. The farmers are not able to withdraw the needed cash from their accounts, not to talk about getting crop loans.

2.The credit lending pattern of banking sector and sources of agriculture credit.

Agricultural Credit Department: In fact, the Reserve Bank of India Act, 1934 assign to the Reserve Bank the responsibility of developing an institutional credit system for the agricultural sector in the country. The bank constituted along with the establishment of the Reserve Bank in April 1935, whose main task was to develop co-operative credit movement in agricultural finance.

Kinds of Agriculture Credit: the agriculture credit can be classified on the basis of

A) According to Tenure of Agricultural Credit-the credit requirement based on the time-period of loans. It can of three types:

1.Short-Term: It refers to the loans required for meeting the short-term requirements of the cultivators. This loans are generally for a period not exceeding and repaid after the harvest, eg.,loans required for the purchase of fertilizers, HYV seed, for meeting expense on religious or social ceremonies etc.

2. Medium-Term: This loans are for a period up to 5 years. This are the financial requirements to make improvements on land, buying cattle or agricultural equipments, digging up of canals etc.

3. Long-Term: This loans are for a period of more than 5 years and are generally required to buy additional land or tractor or making permanent improvements on land.

B) On the base of purpose of agriculture credit: The agriculture credit on the basis of purpose for which the credit is used can be of two types:

1) On Productive loans:this loans are related to agricultural production and economically justified, eg, purchase of tractor, land, seeds etc.

2)Unproductive loans: Unproductive credit are used for personal consumption and unrelated to productive activity for eg., loans for expenditure on marriages, religious ceremonies etc.

Source of Agricultural Credit in India:

There is two broad sources of agricultural credit in India:

1.Non-Institutional Sources: The non-institutional finance forms is an important source of rural credit in India, constituting around 40 percent of total credit in India, interest charged by the non-institutionallenders is generally very high, the land or other assets are kept as collateral,the important sources of non-institutional credit are as follows:

a) Money-Lenders: Money-lending has been the widely prevalent profession in the rural areas. The money-lenders charge huge rate of interest and mortgage the property of the cultivators and in some cases even the peasants and members of his family are kept as collateral.

b) Traders, Landlords and Commission agents: the agents give credit on the hypothecation of crops which when harvested is used to repay loans.

c) Credit from relatives: These credits are generally used for meeting personal expenditure.

2) The institutional sources: The general policy on agricultural credit has been one of progressive institutionalization aimed at providing timely and adequate credit to farmers for increasing agricultural production and productivity. This providing better access to institutional credit for the small and marginal farmers and other weaker sections to enable them to adopt modern technology and improved agricultural practices has been a major thrust of the policy. The grants assistance to them through the institutions described as follows:

1) Rural Co-Operative Credit Institutions: This institutions are the oldest and most extensive form of rural institutional financing in India. The main thrust of this cooperatives in the area of agricultural credit is the prevention of exploitation of the farmers by money lenders.

a) Primary Agricultural Credit Societies (PACs): This institutions are organized at the village level. This societies generally advance loans only for productive purposes. It's main objective of PAC's is to raise capital for the purpose of giving loans and supporting the essential activities of the members, such as supply of agricultural inputs for less price, improving irrigation on land owned by members, encourage various income-augmenting activities such as horticulture, animal husbandry, poultry etc, in India, around 99.5 percent of villages are covered by PACs.

b) District Central Cooperative Banks: This Institutions are organized at the district level. This cooperatives are affiliated to the District Central Co-operative Banks (DCCBs). The DCCBs coordinate the activities of district central financing agencies, organize credit for PACs and carry out banking business.

c) State Co-Operative Banks: This cooperative's are affiliated to State Co-operative banks (SCBs), which coordinate the activities of DCCBs. This organize provision of finance for credit worthy farmers, to carry out banking business and act as leader of the co-operatives in the states.

The Long-term credit Cooperatives: These cooperatives meet long-term credit of the farmers and are organized at two levels:

i) The Primary Co-Operative Agriculture and Rural Development Banks: This banks operate at the village level as an independent unit.

(ii) The State Co-Operative Agriculture and Rural Development Banks: This banks operate at state level through their branches in different villages.

2) The Commercial Banks: The Commercial Banks (CBs) provide rural credit by establishing their branches in the rural areas. It's shares in rural credit was very meager till 1969. All India Rural Credit Review Committee in (1969) recommended multi agency approach to the rural and especially agricultural credit. It suggest the increasing role of the CBs in providing agricultural credit, the Social Control Policy introduced in 1967 and subsequently the nationalization of 14 major CBs in 1969 (followed by another six banks in 1980). The CBs given a special responsibility to set up their advances for agricultural and allied activities in the country. Though, during late 80's, the CBs suffered huge losses due to waiving of agricultural loans by the government. The financial liberalization processwas withadopted by Narasimham Committee report in 1993 has necessitated the banks to focus on profitability and adopt prudential norms.

3). The Regional Rural Banks (RRBs): RRBs are the specialised banks established under RRB Act, 1976 to cater to the needs of the rural poor.The RRBs are set-up as rural-oriented. From 1975 and 1987, 196 RRBs were established with over 14,000 branches. Such as a result of the amalgamation, the number of RRBs was reduced from 196 to 133 as on 31 March, 2006 and to 96 as on 30 April 2007.The RRBs covered 525 out of 605 districts as on 31 March 2006. After the amalgamation of RRBs have become quite large covering most parts of the State. The RRBs primarily cover small and marginal farmers, landless laborers, rural artisans, small traders and other weaker sections of the rural community. Though, even after so many years, the market share of RRBs in rural credit remained low and have suffered huge losses. In the recent years Government has initiated reform process to improve the functioning of RRBs.

Requisites of good credit system:

1.All the credit needs of the farmers should be met.

2.Credit should be made available as near to his doorsteps as possible & when needed by the farmers

3.It should generate savings & accelerates economic growth at the socially desired rate.

4.Supply& other services too should be made available to him.

5.It is necessary that the rate of interest charged from the farmer should be relatively low.

Need of Organic Agriculture Credit- 1. Agrarian Economy, **2.**Agriculture Backwardness, **3.**Low income of farmers**, 4.**Uneconomic Holdings**, 5.** Storage & Marketing, **6.**Debt**7.** Irrigation facility, **8.**Farm productivity**, 9.**Interim difficulties. 10. Modern Technologies,11. Unproductive Expenditure, 12.Agriculture indebtedness in India**, 13.**Natural climates**, 14.**Civil & Criminal Suits**, 15.**Unorganized Marketing Conditions

Table 1. showing the Sect oral Credit Deployment by Banks in 2017

Sectors	Outstanding as on March 31, 2017(` billion)	Year-on-year growth (per cent)		
		2015-16	2016-17	2017-18
1	2	3	4	5
Non-food Credit (1 to 4)	**7,0947**	**9.1**	**8.4**	**4.8**
Agriculture and allied activities	**9,924**	**15.3**	**12.4**	**7.5**
2 Industry (micro & small, medium and large)	**26800**	**2.7**	**-1.9**	**-1.1**
Infrastructure of which:	9064	4.4	-6.1	-2.5
(a)Power	5,254	4.0	-9.4	-1.6
(b) Telecommunications	851	-0.7	-6.8	-9.1
(c) Roads	1,800	5.2	1.4	-6.5
ii) Basic metal & metal product	4,211	7.9	1.2	-1.0

iii) Food processing	1,455	-12.5	-3.1	-0.7
3.Services	**18,022**	**9.1**	**16.9**	**4.7**
4. Personal loans	**16,200**	**19.4**	**16.4**	**14.1**
Priority sector	**24,357**	**10.7**	**9.4**	**4.0**

Source: (www.rbi.org.in)

Among bank groups, public sector banks trailed behind private banks in terms of credit growth during 2016-17, a secular-like movement evident since 2011-12. Credit to all major sectors, barring services, decelerated/contracted during 2016-17 (Table 1). Credit to agriculture slowed down to 12.4 per cent from 15.3 per cent in the previous year.

Table 2 Showing The Performance In Achievement Of Priority Sector Lending Targets

End-March	Public Sector Banks	Private Sector Banks	Foreign Banks
1	**2**	**3**	**3**
2016	19,850	6,480	1,104
	(39.3)	(44.1)	(35.3)
2017	19,889	7,110	1,238
	(39.5)	(42.5)	(36.9)

Source: (www.rbi.org.in) (in Billion)

The Government has been fixing the target for agricultural credit every year.In 2016-17, commercial banks over achieved the target by 28.%. All other bank groups under-performed in achieving their targets for agricultural credit though the overall flow of credit had exceeded the target as in the previous year (Table.2).

Table 3.showing the Targets and Achievements for Agricultural Credit (` billion)2016-17.

Year	Commercial Banks		Co-operative Banks		RRBs		Total	
	T	**A**	T	A	T	A	T	A
2015-16	5,900	6,430	1,400	1,533	1,200	1,193	8,500	9,155
2016-17	6,250	7,998	1,500	1,428	1,250	1,232	9,000	10,658

Sourcewww.rbi.org.in 2016-17 Annual report.
Note: T-Targetr, A-Achivement

3.The subsidies given by the government for the organic farming sector.

The agriculture subsidies are one of most recent issue of debate in world. More than 20 years every county gives big % of subsidies to agriculture sector for development agriculture sector. According to economicsts it is harmful to economy it wants to reduce. According to agriculturist expert they are really beneficial for growth of agriculture sector. A subsidy (also known as a subvention) is a form of financial assistance paid to an individual, a business or an economic sector in order to achieve certain policy objectives.

There are two major forms of agriculture subsidies, first one is direct & another is indirect. The agricultural subsidies are monies given to farmers to support their operations. The subsidies may be provided directly, in the form of cash payments, or they may take the form of indirect support. The government might provide low-cost crop insurance, for eg., keep prices at an artificial level, or assist farmers in other ways. The subsidies are a feature of many government budgets, and a topic of hot debate in some regions of the world. In case of a positive subsidy, a farmer is rewarded for growing a crop, with the money usually being based on the amount of crop being grown or the amount of the harvest.The negative subsidies, farmers are encouraged not to produce a particular crop or product.

Types of agricultural subsidies:

The Input Subsidies:- The subsidies can be granted through distribution of inputs at prices that are less than the standard market price for these inputs.

a) The fertiliser Subsidy: Distribution of cheap chemical or non-chemical fertilisers among the farmers.

b) The Irrigation Subsidy: Subsidies to the farmers which the government bears on account of providing proper irrigation facilities. This may work through provisions of public goods such as canals, dams which the government constructs and charges low prices or no prices at all for their use for the farmers.

c) The Power Subsidy: The electricity subsidies imply that the government charges low rates for the electricity supplied to the farmers. The power is primarily used by the farmers for irrigation purposes.

d) The Seed Subsidies: High yielding seeds can be provided by the government at low prices.

e) The Credit Subsidy: It is the difference between interest charged from farmers, and actual cost of providing credit, plus other costs such as write-offs bad loans.

f) The Price Subsidy:- The market price may be so low that the farmers will have to bear losses instead of making profits. In such case the government may promise to buy the crop from the farmers at a price which is higher than the market price.

g) The Infrastructural Subsidy:- The private efforts in many areas do not prove to be sufficient to improve agricultural production. The good roads, storage facilities, power, information about the market, transportation to the ports, etc.

h) The Export Subsidies: When a farmer or exporter sells agricultural products in foreign market. The subsides provided to encourage exports are referred as export subsidies.

i) The Capital Investment subsidies for Setting up of Organic Inputs Production- The NPOF provides financialassistance for fruits and vegetableswaste compost units by providingfor 33 % of the capital cost ofthe project, subject to a ceiling ofRs. 63 lakh. Further,the NPOF provides subsidy for the construction of biofertilizer or bio pesticide productionunit to an extent of 25 %of the capital cost of the project subject to a ceiling of Rs. 40 lakh. The remaining cost is envisage as credit support from financial institutions and margin money. The subsidy is credit linked and back-ended and mobilized through NABARD.

4.The NPAs of organic farming in indian agriculture sector.

Non-Performing Assets – A loan (and even a leased asset) that is not paid on or after the due date, and stops generating income for the lending bank is called a Non-Performing Asset (or NPA). Generally any loan instalments or EMIs that remain overdue for a period of 90 days or more are put into NPA category.

Table 4.showing the NPA levels of Organic farming in argriculture sector 2017-18

Particulars	31st March 2017	31st March 2018
NPA in organic farming	6.12%	6.5 %

Source: (NABRD annual report 17-18)

Table 5. Showingthenationalfprojects on organic farming in argriculture sector 2017-18

SL. no	Particulars	Opening Balance as on 01.04.2017	Addition / Adjustment during the year	Interest Credited to the fund	Expenditure / Disbursements during the year	Balance as on 31.03.2018
1.	National Project on Organic Farming	1,56,43	**0**	**0**	1,40,32	16,11

Source: (NABRD annual report 17-18).

The NPA's are broadly classified into three categories namely:

1.The Sub-standard Assets-when a loan continues to be unpaid and remains an NPA for a period of up to 12 months.

2. The Doubtful Assets - when an asset has remained in the sub-standard category and remains an NPA for more than 12 months.

3. The Loss Assets - when the loss has been incurred and the amount has not been written off, not just in the books of accounts in a bank, NPAs impact a lot more than we think of.

The ways to reduce NPAs - It is high time financial institutions must take some serious steps to control the unstoppable rise in the number of NPAs. Until and Unless strict ways to reduce NPA are introduced, they will keep piling up and will be an alarming economic concern.

The Bank may adopt any of the the following measures:

1.Take possession of the security

a) Sale or lease or assign the right over the security

b) Manage the same or appoint any person to manage the same

2. LokAdalats: Lok Adalat is for the recovery of small loans. According to RBI guidelines issued in 2001 they cover NPA up to Rs.5 lakhs, both the suit filed and non-suit fileds are covered.

3. The Compromise Settlement: It is a scheme which provides a simple mechanism for recovery of NPA. It is applied to advances below Rs. 10 Crores.

4. The Credit Information Bureau: It helps banks by maintaining a data of an individual defaulter and provides this information to all banks so that they may avoid lending to him/her.

5. The Debt Recovery Tribunals: This tribunal act was passed by Indian Parliament in 1993 with the objective of facilitating the banks and financial institutions for speed recovery of dues where the loan amount is Rs. 10 lakhs and above.

The Present NPA scenario: According to the latest information collated by the government, stressed assets which includes both non-performing assets as well as restructured loans of banks stood at Rs 9.64 lakh crore as on December 31, 2016. The RBI's stress test of the banking sector indicated that GNPA ratio may increase from 9.1% to 9.8% by sept 2016 to March 2017, and further to 10.1% by March 2018. The PSU banks are worst hit as their GNPA may increase to 12.5% by March 2017 and then to 12.9% in March 2018, from 11.8% in September 2016.

Suggestions for Improving Institutional Rural Credit System:

1. Financial Discipline to Improve Recovery2. Revamping the Cooperative Credit Structure
3. Better Physical, Social and Economic Infrastructure
4. Financial cum Consultancy Approach
5. Group Approach to Lending
6. Autonomy to RRBs
7.Greater involvement of Micro Finance Organizations
8. Technological Up Gradation
9. Information Dissemination to Rural Poor

CONCLUSIONS:

The impact of demonetization on the various sectors and it affected on national economy. It majorly affected on the agricultural sector and directly on the farmers of the nation but government or any financial institution not ready to compensate farmers financial and social losses and it only the farmers who can overcome and face the situation. The rural credit system have under gone several changes during the last decade. There has been increasing trend towards institutional rural financing. The credit policy should continue to give emphasis to small borrowers. The requirements of mandatory lending for priority sector and the agricultural activities should continue. The bank should take the help of NGOs and local formal institutions in their lending programmes to reduce the transaction costs and improve recoveries. The financial cum consultancy approach needs to be followed to meeting the credit needs of the poor, the programmes like linking of self-help groups (SHGs) with lending agencies are to be further strengthened.

The subsidies are among the most powerful instruments for manipulation or balancing the growth rate of production and trade in various sectors and regions and for an equitable distribution of incomes for the protection of weaker sections of society. The support and procurement prices for agricultural productions are some of the important measures, which are done to protect the interests of farmers. The government of India is trying hard to rescue the banks, particularly looking at the downfall of PSBs in the country. Recently, the center had announced recapitalisation of PSBs with 2.11 lakh crores. Still, there is a strong need for stricter laws in NPA management. there must be rigorous practices adopted to take correct decisions for granting loans to individual farmers or companies.

REFERENCE:

Article in Annual Review of Financial Economics (2011) Banking Crises: A Review, DOI: 10.1146/annurev-financial-102710-144816,Page no- 1-25.

AyashYousuf Shah (2017): Impact of Demonetization on Rural India, www.ijsrp.org Volume 7, Issue 3, ISSN 2250-3153.

HarshalAnil &Deshmush (2014); Impact Of Subsidy On Agriculture Sector In India- An Analytical Study, (Ijasr) Issn(P): 2250-0057; Issn(E): 2321-0087 Vol. 4, Issue 2, Page no - 9-16.

Nidhi and Sudha 2017): Impact of India's demonetization on domestic agricultural markets .

Professional Banker (2005) Roles of the Banking Sector in Indian Agriculture:A Paradigm Shift, Page no- 61-63.

Rajiv Jadhao, (2017): Impact of Demonetization on Indian Farmer International Journal of Commerce and Management Studies(IJCAMS) Vol. 2 ,No. 2.

Rajwinder&. Sharma (2012) : Agricultural Subsidies in India Boon or Curse,IOSR Journal of Humanities and Social Science (JHSS), ISSN: 2279-0837, ISBN: 2279-0845, Volume 2, Issue 4, PP 40-46.