

EXECUTIVE SUMMARY

State Profile

Tamil Nadu with 1,30,058 sq.km. occupies 4 per cent of India's geographical area, 3 per cent of the water resources of India and 7% of total population. Climate is mainly tropical and temperate with the temperature ranging between 18°C and 43°C. The State receives moderate rainfall and the major rivers in the State are Cauvery, Palar, Pennar, Vaigai and Tamiraparani. Based on the 2011 census, Tamil Nadu has a population of 7.21 crore, the male population being 3.61 crore and the female population 3.60 crore. 52% of the population of the State are living in rural areas.

Out of the total geographical area of 130.05 lakh ha., the net sown area is 49.86 lakh ha, forest area is 21.25 lakh ha, current fallow 9.67 lakh ha. and other fallows 15.94 lakh ha. The Gross cropped area is 58.90 lakh ha. and the cropping intensity 118%. Out of the total number of 81.18 lakh land holdings, 62.66 lakh holding is less than one ha.(77%) and 11.82 lakh holding is one ha. to 2 ha.(15%). The net irrigated area is 29.64 lakh ha. covering 59.4% of the net sown area. The major sources of irrigation are wells (16.83 lakh ha.) followed by canals/channels (7.46 lakh ha.) and tanks (5.28 lakh ha.). The major crops grown State are paddy, cholam, cumbu, ragi, maize, pulses, sugarcane and groundnut.

As per the Livestock Census 2007, there are 1,11,89,000 cows, 20,09,000 buffaloes and 79,91,000 sheep in the State and the veterinary needs are catered by 139 hospitals and 1651 dispensaries. There are 3359 artificial insemination centres and 1 exotic cattle breeding farm. The total milk production was 69,68,000 MT in the State, while the egg production was 1,18,518 lakh.

Banking Profile :

The State has a network of 8862 branches of which 7667 are branches of 42 commercial banks. There are two RRBs, one SCB, 23 DCCBs and 4531 PACS in the State. The CD ratio of the banks as a whole increased from 106% as on 31 March 2012 to 120% as on 31 March 2013. The banks have been able to achieve the National Norms fixed by RBI under priority sector, agriculture and weaker sections. The total advances to agriculture for the year 2012-13 stood at ₹. 98247.23 crore. The outstanding credit as on 31 March 2013 to minority community stood at ₹ 22640.04 crore and to women beneficiaries at ₹ 39166.93 crore.

Financial Inclusion :

All the 4445 villages having population over 2000 allotted by SLBC among the member banks were covered with banking facility by 31 March 2012. Regarding villages with population of 2000 and less, a total of 7816 have been identified and allotted to member banks for providing financial services and as on 31 July 2013, 7250 villages have been covered.

NABARD has initiated the process of bringing branches of SCBs / DCCBs on the CBS (Core Banking Solutions) platform. The TNSCB is already on CBS platform, out of 786 branches of 23 DCCBs, 783 branches have been brought on this platform. Vellore DCCB is the first DCCB in the State to completely roll out to CBS platform. A pilot project on mobile enabled KCC launched in Villupuram district on 2nd October 2011 with assistance from NABARD is being jointly implemented by NABARD, Indian Bank and Pallavan Grama Bank. The project has benefitted all the stakeholders by reducing transaction costs. This initiative has enabled the bank to offer a wider choice to its customers in the Payments space i.e by way of debit cards, Rupay KCC and mobile KCC. NABARD, has supported 2 RRBs, major commercial banks and many NGOs for conduct of financial literacy campaigns.

Micro Credit

Tamil Nadu is ranked second in the country, after Andhra Pradesh, in SHG -Bank Linkage Programme. Wide network of NGOs, encouraging support of banks and government agencies etc., contributed to expansion of the movement in the State. Regular thrift, maintenance of books of accounts, internal lending and prompt repayment are the major factors which determined the efficient functioning of the groups and enhanced their credit absorption capacity. During 2012-13, 1.55 lakh SHGs have been credit linked with a bank loan of ₹ 3001.09 crore in Tamil Nadu. The cumulative number of SHGs credit linked in Tamil Nadu as on 31 March 2013 stood at 13.89 lakh SHGs (including repeat loans) with an aggregate bank loan of ₹.18244.96 crore. The average loan per SHG stood at ₹ 2.24 lakh as on 31.3.2013. The scheme for promotion of Women SHGs in backward/ LWE districts is being implemented in Nagapattinam and Kanyakumari districts, by anchor NGOs viz. NAMCO and MALAR. As on date, 624 and 274 WSHGs have been savings linked in these districts respectively as against the target of 1424 and 421.

The National Rural Livelihood Mission(NRLM) programme of GOI has been rolled out in all the districts of the state, by TNCDW as TNSRLM. With increased capacity building of SHGs, imparting skill based training and focus on livelihood in the NRLM programme, a projection of Rs 6100 crore is set for 2014-15 as against the target of ₹ 6000 crore set by the state for the year 2013-14. The NRLM has a provision of interest subvention to cover the difference between the lending rates of the banks and to make credit available at 7% to women SHGs upto a maximum of ₹ 3.00 lakh.

NABARD has brought out an incentive scheme for revival and tracking of dormant and inactive SHGs. All scheduled Commercial banks, RRBs and Cooperative banks are eligible to seek assistance under the scheme. NABARD would extend a grant assistance of ₹.3000/- per SHG revived.

Joint Liability Groups (JLGs)

With a view to providing access to credit to the mid segment group like SF/MF/ landless labourers, oral lessees and tenant farmers, the concept of Joint Liability Group has been devised. To promote this product, NABARD launched a scheme during the year 2009-10 by providing an incentive of ₹.2000/- for formation and credit linkage of each group which is available to the JLG promoting institutions viz., all banks/ NGOs/VUTRCs/ Universities/ Farmers' Clubs etc. Under the scheme, NABARD has so far sanctioned an amount of ₹418.26 lakh for formation and credit linkage of 20913 JLGs in the State. During the year 2012-13, 23880 JLGs have been formed and credit linked by various banks with a loan amount of ₹.44152.28 lakh. As on 31 March 2013, 93130 JLGs were extended bank loan to the tune of ₹148664.15 lakh.

Developmental initiatives undertaken by the State Govt.

Strategic planning involves process of outlining the direction and allocation of various resources to pursue the same. Such long term strategies have been enunciated in the Vision Document of the State Government and 12th Five Year Plan of the Central Government with the broad vision of “ Sustainable and More Inclusive Growth”. The Vision Document of the state for 2023 envisions Tamil Nadu to become India’s most prosperous and progressive State with no poverty, and where its people enjoy all the basic services of a modern society and live in harmony and will exhibit a highly inclusive growth pattern with opportunities for gainful and productive employment for all those who seek it.

Agriculture being key to promote Inclusive Growth, as a Strategic Initiative, the Vision 2023 has a three pronged approach for improving agricultural productivity:

- I. Improving productivity by introducing scientific agricultural methods and building an institutional network to support the continued adoption of the same.
- II. Ensuring timely irrigation by intelligent use of available water by adopting effective recharging mechanisms, drip/sprinkler irrigation systems, timely cleaning and deepening of tanks and canals, and adopting appropriate cropping pattern based on water availability.
- III. Developing suitable post harvest infrastructure to maximise the benefits of value addition and timely marketing of produce. The state will also extend agricultural extension activities to cover the entire farming community.

The State Government has set on itself a target for agriculture to achieve 5% average annual growth rate. To achieve this, under its Vision 2023 it has desired to “ achieve the best in class productivity in key agricultural produce and to be a global supplier

with robust infrastructure” The same is proposed to be achieved through the following measures:

- a. Promote market driven agricultural produce
- b. Accelerating Innovation and Extension Mechanism
- c. Functional consolidation of land holdings
- d. Emphasis on mechanisation
- e. Improving Productivity
- f. Assurance of timely irrigation
- g. Creating a robust supply chain
- h. Skill development in agriculture

NABARD would partner and work with the state government for translating all the above proposed measures into action at the field level and consider meeting financial needs for the activities under its various programmes besides coordinating with other stakeholders for effective implementation of the same.

Infrastructure Planning : Rural Infrastructure Development Fund

Presently, 31 activities, broadly covering Agriculture & Allied Sector, Social Sector and Rural Connectivity Sector are eligible for support from RIDF. Out of 28885 projects sanctioned upto RIDF Tranche XVIII, 24331 projects have been completed by the implementing departments. As of 31 March 2013, 14563 road and 1464 bridge projects, 2107 irrigation projects & flood protection works, 3956 school projects, 33 Rural Shandies, 2041 Drinking Water Projects, 1755 Veterinary Centres, 1 Dairy Development Project, 94 power system improvement projects, 135 Joint Forest Management Projects, 249 Ground Water Recharge Structures, 304 Health Centres, 451 Community toilets, 23 Fishery projects, 1380 Rural Godowns, 100 Hostels for Backward/Most Backward community and Adhidravidar and 249 projects for comprehensive improvement of infrastructure in Adhidravidar habitations have been sanctioned to the State of Tamil Nadu with a total loan component of ₹.10816.42 crore.

NABARD Warehousing Infrastructure Fund 2013-14

While presenting the Budget for the year 2013-14, the Hon'ble Union Finance Minister announced an allocation of ₹.5000 crore to NABARD for financing construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce, both in public and private sectors. This window will also finance, through the State Governments, construction of godowns by panchayats to enable farmers to store their produce. As on 10th January 2014, warehouse projects worth ₹.731.84 crore have been received from the Government of Tamil Nadu. Of this, two projects have been sanctioned with a total RIDF loan of ₹.405.94 crore, for construction of modern warehouses and paddy direct procurement centres through Tamil Nadu Civil Supplies Corporation. Other projects are under different stages of appraisal and sanction.

NABARD Infrastructure Development Assistance (NIDA)

Tamil Nadu Generation and Distribution Corporation (TANGEDCO) had availed term loan of ₹.1063.25 crore for Rehabilitation of Electricity distribution systems damaged by Cyclone Thane in Cuddalore and Villupuram Districts. The timely financial assistance promised and extended by NABARD under NIDA to Government of Tamil Nadu enabled speedy recovery and restoration of major components of the electricity distribution system in Cuddalore and Villupuram districts.

Ground level credit flow

The credit flow to Priority Sector has increased from ₹.61068 crore in 2011-12 to ₹.86907 crore in 2012-13 and further targetted to increase to ₹ 102996 crore during 2013-14, as shown below:

(₹ in crore)

Sl No	Particulars	2011-12	2012-13	2013-14 (Target)
1	Crop loans	33747.48	50606.60	45769.52
2	Agriculture Term Loan	3618.10	7652.42	19877.73
3	NFS	11096.46	12639.87	17644.13
4	OPS	12606.03	16008.45	19704.90
	TOTAL	61068.07	86907.34	102996.28

Rural Credit Outlay for 2014-15

In the State Focus Paper prepared for the five year period 2012-17 based on the base PLPs prepared for each district in the State, NABARD had estimated ₹.1,19,362.99 crore for the year 2014-15 under priority sector. During this year, taking into account the new programmes, policy measures announced, emerging credit needs and increase in unit costs, the estimates has been updated and increased to ₹.1,24,562.90 crore for the year 2014-15 as indicated below:

(₹. Crore)

Sector	Base SFP Estimates (2014-15)	Updated Estimates (2014-15)
Crop Production, Maintenance and Marketing	44277.95	46331.24
Agriculture Term Loan	30861.12	32457.94
Total Agriculture Loan	75139.07	78789.18
MSE	22264.94	22911.72
Other Priority Sector	21958.98	22862.00
Grand Total	119362.99	124562.90

Capital Adequacy Norms

NABARD has been very much concern on the health of the Cooperative Banks and RRBs. With view to improve these banks present conditions and ensure a sound

banking system, RBI has stipulated for maintenance of Capital to Risk Weighted Assets Ratio (CRAR) as under:

Agency	CRAR requirement	With effect from
RRBs	9%	31.03.2014
Cooperatives	7%	31.03.2015
	9%	31.03.2017

Adequate measures may be taken by the Department of Cooperation and the concerned banks to comply with the above CRAR requirements.