Status of institutional agricultural credit in Guntur district of Andhra Pradesh

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ABSTRACT

The study examined the status of institutional agricultural credit in Guntur district of Andhra Pradesh during 2014–15 to 2024–25 using secondary data. Compound Annual Growth Rate (CAGR), Coefficient of Variation (CV), Cuddy–Della Valle Instability Index (CDVI), credit gap, credit adequacy ratio and multiple regression analysis were employed. The results revealed that total institutional agricultural credit increased from Rs. 2,850 crore in 2014–15 to Rs. 7,860 crore in 2024–25, showing a CAGR of 10.68 per cent. Commercial banks accounted for the largest share of institutional agricultural credit in 2024–25 (57.63%), followed by cooperative banks (25.45%) and Regional Rural Banks (16.92%). Credit supply grew faster than credit demand, resulting in an improvement in the credit adequacy ratio from 87.85 per cent in 2014–15 to a peak of 99.10 per cent in 2020–21, before declining to 96.38 per cent in 2024–25. The number of institutional bank branches increased steadily, with rural branches recording relatively higher growth than urban branches. Total overdues increased by 293.85 per cent during the study period, compared with a 175.79 per cent increase in total loan disbursement, indicating deterioration in repayment performance. The first-difference regression analysis revealed that the annual change in agricultural credit demand was positively and significantly associated with the annual change in institutional agricultural credit supply. The findings emphasize the need for demand-based credit planning, adequate and timely credit disbursement, strengthened rural banking outreach, and effective credit monitoring and recovery mechanisms to improve the sustainability of institutional agricultural credit delivery.

Key Words: *Agricultural credit, Credit adequacy, Credit gap, Institutional finance, Overdues and Regional Rural Banks*