CHAPTER - IV

SELECTIVE CREDIT CONTROLS
AND
FOODGRAINS
Although sincere and continuous efforts are being made to modernise agriculture since the beginning of the economic plans in India, agriculture still remains a "gamble in rains". In so vast a country, floods and droughts haunt some parts every year. The population 'explosion' has neutralised the progress made in achieving the targets in production. In fact, even the Green Revolution has lagged behind the population increase.

The Central and State governments, during the five years of the Second Plan period took several measures to increase agricultural output. Official policies were reinforced on the monetary as well as non-monetary fronts to check the inflationary trend of prices. The Essential Commodities Act, 1955 was amended in 1957 for regulating prices, supplies and distribution through the fair price shops, zonal arrangements in wheat and rice were made with the object of regional self-sufficiency, ' Grow More Food' campaign was launched throughout the country, the wholesale dealers
were licensed and State trading in foodgrains was pursued.

Besides the measures taken to increase production, imports of wheat and rice were encouraged to fill up the gap as is apparent from the data in table No. 4.5. As discussed in Chapter II, Quantitative Credit Control Measures, Bank Rate, Open Market Operations and variable Reserve Ratios were followed to control credit. The Bank Rate was increased to 4 per cent, the Open Market Operations were liberalised and resort was made to vary the reserve ratios during the Second Plan period. The RBI resorted to selective credit control measures with the object of regulation without jeopardising the growth potentials.

For the sake of convenience, the selective credit control measures with regard to foodgrains, have been discussed in four parts viz., Part One dealing with these measures in relation to Paddy and Rice; Part two dealing with measures in relation to Wheat and 'other foodgrains'; Part three dealing with measures in respect of co-operative banks; and Part four dealing with the impact of control measures on the national economy as a whole in general and prices and bank advances in particular.
PART I

PADDY AND RICE

(a) MEASURES TAKEN DURING THE SECOND PLAN PERIOD:

The RBI issued a directive on May 17, 1956 to the scheduled banks with triple objectives: (i) to refrain them from excessive lending against commodities in general; (ii) not to grant fresh advances or credit limits to individual parties in excess of Rs. 50,000 and were requested to bring down the level of advances against this commodity to a level not more than 125 per cent of that in the corresponding period of the previous year; and (iii) to raise the existing margins in respect of loans by 10 per cent (advances against documentary bills were exempted from this directive). The restrictions were, however, withdrawn on November 14, 1956 so that the movement of the new crops was not hampered. But the removal had a sharp reaction in increasing the bank advances. So the RBI reimposed the restrictions with some modifications on February 9, 1957 (a major modification related to a change in the technique of control, from regulation through margins to regulation of the aggregate level of advances against specified commodities).

In view of the rising trend of bank credit against foodgrains, the RBI issued a fresh directive to all
scheduled banks (and three State Associated non-scheduled banks) on June 7, 1957 as under:

(1) In respect of each credit limit and advance against the security of foodgrains, the existing margin should be increased by an amount not less than 5 per cent so as to provide a margin of not less than 40 per cent, and that in respect of each credit limit advance granted hereafter a margin of not less than 40 per cent of the value of the foodgrains should be maintained;

(2) Banks should so maintain an aggregate level of credit against foodgrains that by July 12 and in every week thereafter, the level will be in respect of paddy and rice not more than 66 2/3 per cent of the level obtaining in the corresponding week in 1956; and

(3) Banks should not sanction any fresh credit limit to any party in excess of Rs. 50,000 against paddy and rice, nor permit any existing limits for amounts below Rs. 50,000 against such securities to be increased beyond this figure.

For the year 1957-58, the above restrictions were continued but on a slightly different basis. The RBI directive of December 11, 1957 required the banks to adhere to a minimum margin of 40% as before and to restrict the sanction of new limits to individual parties to Rs. 50,000 or not to raise the existing limits beyond that amount against paddy and rice. Further, the banks were directed to maintain in each month commencing from
January, 1958 an average aggregate level of credit\(^1\) not exceeding 75% of the average of similar advances during the corresponding months of 1955, 1956 and 1957. The banks were required to maintain in each month in the States of Andhra Pradesh and Madhya Pradesh a level of advances not exceeding 60% of the advances in the corresponding months of 1957 (with effect from January 16, 1958) bank advances against the pledge of licensed warehouse receipts were exempted from the directive. The Co-operative Marketing and Processing Societies were exempted (with effect from June 3, 1958).

1. Advances against foodgrains granted by new offices or branches of banks opened on or after January 1, 1957, were exempted from the provision regarding the aggregate level of credit, provided the ratio of foodgrains advances to total advances of the new offices or branches did not exceed the relevant ratio of foodgrains advances of their other offices subject to a maximum of ten percent. If the foodgrains advances of the new offices exceeded the ratio, such excess was to be included for determining the aggregate level of advances of the banks concerned against foodgrains.

Report on Currency and Finance, 1957-58, p. 32
(Published by Reserve Bank of India).
Through a fresh directive\textsuperscript{1} issued on December 29, 1958 which came into operation with effect from January, 1959, it was stated that advances against paddy and rice in each month during 1959 be maintained within the levels permitted to individual banks for the corresponding month of 1958, both in the aggregate and in the States of Andhra Pradesh and Madhya Pradesh.

As some of the State Governments introduced a programme for procurement of foodgrains, it became necessary to modify the selective credit controls in operation e.g., to facilitate the purchase of paddy and rice in Orissa, the ceiling limits on advances in that State were liberalised in April, 1959.

On July 10, 1959, the RBI issued a new consolidated directive which laid down that the existing margin requirement of not less than 40\% of the value of relative stocks in respect of advances against foodgrains was to continue, but subject to a minimum of 25 per cent in regard to credit against

1. The exemption in favour of the offices opened after January 1, 1957 was enhanced to three times the ratio of foodgrains advances to total advances of other offices or 15\% of the total advances of the new offices whichever was lower and the exemption upto Rs. 1 lakh in regard to advances against foodgrains granted in favour of offices opened on or after January 1, 1958 in places within a radius of 20 miles of which there is no other scheduled bank offices operating was also continued.

Report on Currency and Finance, 1958-59, p. 31
(Published by RBI).
paddy and rice to purchasing agents of the Governments of Orissa.

As regards the quantum of credit, the average level of credit which a bank may maintain was fixed (i) on a state-wise basis for a few major states and (ii) separately for paddy and rice, wheat and other foodgrains. Other features of the new directive were (1) withdrawal of the existing prohibition against the sanction of fresh credit limits or increase in the existing limits in excess of Rs. 50,000 and (2) continuance of the existing exemption in favour of branches opened on or after January 1, 1958 and other exemptions with slight modifications. The Central Government also shifted its policy towards larger Food Zones for Rice.

On January 16, 1960, a further directive was issued which provided for some relaxations in credit ceilings in respect of paddy and rice and simplified the formula in respect of advances of new offices or branches opened on or after January 1, 1958. This directive specified the ceiling limits only in respect of A.P. and M.P. while abolishing it for Madras and Orissa which for this purpose, were merged with other States. Every scheduled bank was required to maintain separately in respect of its offices in (1) Andhra Pradesh; (2) Madhya Pradesh and (3) all other States together, an average aggregate level of credit against paddy and rice, which should not exceed the permissible level of credit for the corresponding months of 1958 or 1959, whichever was higher.
On August 21, 1960, credit restrictions against paddy and rice in the State of Kerala were temporarily liberalised in order to meet the additional credit requirements of trades in that State. Scheduled banks operating in the State were allowed to maintain at their branches or offices in that State, during August, September and October, 1960, an average aggregated level of credit not exceeding 200 per cent of such credit maintained by their branches and offices in that State in the corresponding months of 1959. (This liberalisation was extended twice thereafter and was available upto June, 1961).

On October 8, 1960, the margin requirement in respect of each credit limit granted to licensed traders and millers in the State of Punjab against the security of paddy and rice was reduced from 40 to 25 per cent. In view of the improvement in supply and price situation of foodgrains, the RBI relaxed on February 8, 1961, the provisions of the directive as regards margin requirements in respect of all foodgrains, reducing the minimum margin requirement from 40 to 25 per cent. But the ceiling limits in respect of advances against paddy and rice were increased. The banks were permitted to maintain advances against paddy and rice in each two-month period beginning with March-April, 1961, in States other than A.P. at 110 per cent of the average level permitted to be maintained in the corresponding two-month period of 1960. With the creation of a new food zone comprising of M.P., Maharashtra and Gujarat, the separate ceiling
limit for Madhya Pradesh in respect of advances against paddy and rice was also abolished, thus leaving only a two-fold classification of States, viz., (1) Andhra Pradesh and (2) other states.

(b) MEASURES TAKEN IN THE THIRD PLAN PERIOD:

Official policies were re-adjusted consistently with the need for maintaining over-all stability in the economy during the Third Plan period. However, with the declaration of Emergency in 1962, the price control measures had to be changed. Buffer stocks of foodgrains were built up to meet the Emergency requirements and the Government also followed the policy of Price-support. An Agricultural Price Commission (APC) was set up for regulating prices. Imports were encouraged and the available stocks were rationed for effective distribution.

The selective credit control measures which were relaxed for sometime, were reimposed and, as discussed below, the measures remained operative in a flexible manner depending upon the position of supplies and the trend of prices.

In view of the improvement in the supply and price situation, the control against advances was relaxed. The revised directive of February 28, 1962 raised the permissible limits for each two-month period commencing from March 1, 1962 during the period March 1962 - February 1963 to 105 per cent of the levels permitted to be maintained in the period March, 1961 - February
1962 separately of Andhra Pradesh and other States. Further, on May 10, 1962 the RBI amended the directive on advances against paddy and rice to make provision for an ad-hoc increase in the permissible levels of banks operating in Orissa State so as to enable them to meet the increased credit needs of rice millers and traders in the State.

On January 23 and March 11, 1963, the RBI issued revised directives withdrawing the exemption, hitherto, granted in respect of advances against warehouses receipts on paddy and rice and other foodgrains (excluding wheat) and imposing on such advances a margin of 25%. Under the revised directives, the ceiling for advances for each two-month period commencing from January-February, 1963 were fixed at the average aggregate level of advances maintained in the corresponding period of 1962. These limits, it may be noted, were inclusive of advances against warehouse receipts in the corresponding period of 1962.1

As the prices were showing a rising tendency, the RBI issued a directive on February 8, 1964, under which the ceiling limits which scheduled banks were required to maintain in each two-month period commencing from January-February, 1964 for

1. On May 16, 1963, the Bank issued a further directive partially modifying the directives issued on January 23 and March 11, 1963, as these directives had tended to result in a disproportionate contraction of advances against warehouse receipts. Under the revised directive, ceilings have been placed on banks' advances other than those against warehouse receipts, within the overall ceilings prescribed in the earlier directives, the balance being available for advances against warehouse receipts. Not only this, banks could make advances against warehouse

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advances including advances warehouse receipts were fixed at levels equal to 90% of the levels of such advances maintained in the corresponding period of 1962. The secondary ceiling in respect of non-warehouse advances was also fixed at 90% of the level of such advances maintained in 1962. Further, in the interests of a steady and orderly growth of warehousing activity in the country, the exemption from the operation of ceilings granted previously for advances against receipts issued by new warehouses opened by the Central and State Warehousing Corporations on or after April 1, 1962 was extended to advances against receipts of such warehouses opened on or after January 1, 1961.

For controlling the prices of paddy and rice, the Government of India fixed statutorily the maximum wholesale and retail prices in West Bengal from January, 1964 and in Southern States from August, 1964. Later on following the recommendations of Foodgrains Committee, these prices were fixed in different States. Support prices of standard variety of coarse paddy ranging from Rs. 34 to 41 per quintal were announced in October, 1964. From November 27, 1964, the zonal arrangements were reviewed and each State was constituted into a separate rice zone except for

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receipts out of the limits fixed for other advances. Advances against receipts of warehouses established by the Central and State Warehousing Corporations on or after April 1, 1962 have been exempted from the operation of the overall ceilings. - Report on Currency and Finance, 1962-63, p. 44. - (Published by RBI).
the Northern zone comprising the States of Punjab and the Union Territories of Delhi and Himachal Pradesh. During 1965-66, the maximum statutory prices of paddy/rice remained in force in the States of AP, MP, Assam, Kerala, Madras, Punjab and West Bengal. In the month of May, ceilings were fixed for advances against paddy and rice at the levels maintained in 1964 except in AP.

(c) MEASURES DURING 1967-69:

During the three Annual Plan-period, the Public distribution system was extended, the procurement of operations, which differed from State to State, were intensified and a new agricultural strategy was launched. The important measures that were taken, included (a) launching of HYV, AIDP and IAPs; (b) augmentation and intensive utilisation of irrigational facilities; (c) increasing supplies of inputs through improved seeds, fertilisers and manures etc.; and (d) starting of special programmes of multiple cropping.

Besides these measures, imports were encouraged to check the price spiral. Accordingly, the selective credit control measures were changed from time to time - tightened at times and relaxed at another time as the situation demanded. These have been discussed below in detail:

During the three years of the Annual plan period, the selective credit control measures were operated in a flexible manner. Appropriate modifications were made depending upon the
changing needs of the situation. A larger portion of the marketing surplus was now being handled by the State Governments and Procurement Agencies. The proportions held by the private traders was being correspondingly reduced. As the Government of Maharashtra decided to procure and distribute paddy and rice on a monopoly basis, the RBI issued a directive on April 20, 1966 prohibiting, with immediate effect, scheduled commercial banks from maintaining or granting advances against these commodities in the state of Maharashtra except in the case of Government authorised dealers, advances to whom were allowed within a reduced ceiling and the stipulated margin. Official agencies, like co-operative societies acting as agents of the Government, were completely exempted from this directive. From June 14, 1966 the RBI also amended its directive governing advances. The additional limits of Rs. 2 lakhs for each office/branch of scheduled commercial bank operating in the six boarder districts of Punjab were extended upto end of December, 1966.

On April 13, 1967, the RBI tightened its control on advances in the form of lower ceiling. Accordingly, each scheduled commercial bank was now required to maintain in each two-month period beginning from March/April, 1967, an average aggregate level of credit which should not exceed 55% instead of 75% in AP, 50% in Maharashtra and 65% instead of 100% in all other States taken together of the level of such credit actually maintained during the corresponding period of 1964-65 (March-February).
The minimum margin at 50% against advances as also the preferential margin of 40% against approved warehouse receipts was continued. (The exemption from ceiling restrictions against official warehouse receipts was extended to cover such warehouses opened before January 1, 1961 which had added to their original capacity by more than 100% through their own construction). Under this directive, a uniform additional limit of Rs. 50,000 per office was prescribed for each new office. Provision for the continuation of concessions enjoyed by the States of Punjab, Haryana, Orissa and Kerala was made in this directive. On April 28, 1967, the RBI asked the banks to reduce advances to levels below those permissible under the existing selective credit control measures against all domestic commodities in short supply.

With the improvement in agricultural output and the reversal in the price trend in the busy season of 1967-68, the RBI relaxed controls. Advances granted to millers and wholesale dealers appointed as procuring agents by State Governments were exempted from credit restrictions. The RBI advised the banks to take sufficient care to ensure that these relaxations did not lead to any encouragement of speculative activities.

In December, 1968, the RBI exempted the advances granted to rice mills in the six districts of North Bihar from

1. By the directive under reference, the definition of new offices was changed to cover offices/branches opened on or after January 1, 1965.

the purview of credit controls. Similar exemption was allowed to the mills of West Bengal in January, 1969. In March, 1969, the minimum margin was lowered from 50% to 35% in the case of advances other than warehouse advances and from 40% to 25% in case of warehouse advances. Commencing from the two-month period (March-April, 1969), the ceiling was fixed at 100% of the outstanding level during the corresponding period in 1968 or at 80% of the level in 1964-65 (March-February) whichever was higher. Advances to rice mills situated in Bihar, UP and West Bengal were exempted from the margin as well as the ceiling controls.

(d) MEASURES ADOPTED DURING THE FOURTH PLAN PERIOD:

During the Fourth plan period, as a result of intensified procurement operation coupled with the reduced pressure on public distribution system, the position of stock of foodgrains improved. Besides scaling down of imports, zonal restrictions were relaxed. The 'multi-agency' approach in institutionalisation of agricultural credit was intensified and SFDA was set up on a pilot basis. Major fourteen commercial banks were nationalised. A National Commission on Agriculture was set up to enquire into the progress, problems and potentials of Indian agriculture. This Commission submitted six interim reports in 1971-72 and eight reports in 1972-73 covering different aspects. For the first time, an Agricultural Census was undertaken for better agricultural planning. The Command Area Development Programme was launched for infrastructural development.
The above efforts assisted the RBI in making necessary alterations in the selective credit control measures suiting to the position of supply and demand from time to time as discussed below.

On January 21, 1970, the RBI tightened its control on advances against foodgrains. The minimum margin for advances against foodgrains was raised from 35 to 50 per cent of the value of the relative stocks in respect of each credit limit against the security of foodgrains. A minimum rate of interest at 10% per annum on all advances against foodgrains was also imposed. The erstwhile requirements of different margins for warehouse and non-warehouse advances were withdrawn.

As regards the level of credit, the average aggregate for each two-month period from January-February, 1970 was fixed at 50% of the average aggregate level of credit maintained in the corresponding two-month period of 1968. The following exemptions were, however, made from the directive:

(i) Advances to State Governments and their agents;

(ii) Advances against high-yielding/hybrid seeds produced under contract with the National Seeds Corporation Ltd., Delhi or a State Government or which bear the certification of the said Corporation or the concerned State Governments or of any certification agencies authorised under the Seeds Act, 1966;
(iii) Advances to Food Corporation of India (FCI);

(iv) Advances to co-operative societies registered under the Maharashtra Co-operative Societies Act, 1960 and duly authorised by the District Collectors in Maharashtra to deal in paddy and rice, Jowar and Nagli (ragi). Advances to parties other than traders dealing in foodgrains licensed by Government of Maharashtra for distribution of paddy and rice, Jowar and Nagli (ragi) in Maharashtra were prohibited; and

(v) Wholesale Consumers' Co-operative Stores and State and National Federations of Consumers' Co-operatives.

In the year 1970-71, the RBI permitted the banks to extend advances\(^1\) to farmers against foodgrains. The minimum margin on advances to rice mills against paddy (but not against rice) was lowered from 50 to 35 per cent in April, 1971. The ceiling limit on bank advances against foodgrains for each two-month period from January-February, 1971 was fixed at 10% of the level of advances maintained by banks in the corresponding period of 1970.

With effect from August 7, 1971, advances against rationed foodgrains granted to wholesale and retail dealers appointed/licensed by Government and operating under statutory

\(^1\) Refer to discussions in Part II of this Chapter under the concerned period.
rationing/fair price distribution in all States and Union Territories were completely exempted from the credit controls. Advances against foodgrains made in Himachal Pradesh and Orissa were also exempted from controls.

On January 3, 1972, the control was further relaxed and advances against paddy granted to dealers or rice millers, licensed by the State Governments to procure/deal in or process paddy into rice and who are covered by the levy scheme of the State Governments were also exempted from the margin and ceiling controls to the extent of levy imposed.

On April 19, 1972, banks were allowed an additional permissible level (beginning with March-April) of 10% over the advances in the previous year and advised to allocate the additional credit on a preferential basis to their branches located in those areas where production and consequential need for credit had increased recently.

On November 15, 1972, the RBI changed the permissible limits for advances against foodgrains from "bankwise" basis to "partywise" basis. The level of credit was changed from 110% to 100% of the peak level of advances outstanding per party in any of the three preceding seasons.

However, on April 12, 1973, the RBI raised the minimum margin from 50 to 60 per cent. The minimum rate of interest was also increased from 10 to 12 per cent.
On November 17, 1973, in view of the take over of wholesale trade in rice by the Government of Assam, advances against paddy and rice in that state were also prohibited except to those persons authorised by the State Government to deal in paddy and rice. The existing exemption from ceiling control in respect of advances granted to the processing units located at centres with a population of one Lakh or below was extended to cover rice mills.

Further, the exemption from margin and ceiling restrictions applicable to licensed dealers/rice millers who were covered by the levy scheme of the State Governments against stocks of paddy, to the extent of levy imposed in each state, was made applicable to such stocks of rice also.

Further, on April 30, 1974, preshipment and post-shipment credit granted by banks in respect of exporters of rice was completely exempted from control.

(c) MEASURES DURING THE FIFTH PLAN PERIOD:

During the Fifth plan period, the procurement system was intensified with necessary modifications from time to time. It included (a) Monopoly Purchase-cum-compulsory Procurement; (b) Graded Levy on Producers; (c) Levy on Millers/Dealers and (d) Open Market purchases. The minimum support prices were announced and procurement prices were fixed at higher level.
Statutory rationing of foodgrains was continued in the first two years of the plan period and more imports were encouraged. However, during the later part, as the position of foodgrains became comfortable, not only imports were considerably reduced but wheat was exported to some countries as a gesture of goodwill and rice was exported on commercial basis to other countries.

The RBI effected changes in the selective credit control measures according to the supply - demand position as analysed hereunder:

From July 23, 1974, the minimum lending rates to all parties (except the exempt categories) were raised from 12 to 14 per cent and 13 to 15 per cent as the case might be. Exemption from ceiling restrictions on advances to rice mills against paddy, to the extent of procurement levy, was extended to include advances against paddy and rice, other than those covered under the procurement scheme, to the rice mills in West Bengal and Bihar. Further, the minimum margin in respect of advances against paddy not covered by the levy scheme in two States was prescribed at not less than 25%, while the margin against rice remained unchanged at 60 per cent. These concessions, which were initially operative upto end March, 1957, were later extended upto end June, 1957. Commercial banks were also advised to ensure that no credit was granted to the husking units which undertook milling operations on customers' account.
In the year 1975-76, the minimum margin on advances against paddy to rice mills was reduced from 45 to 35 per cent and the margin in respect of advances against official warehouse receipts from 50 to 40 per cent.

Advances against paddy and rice to millers acting as Government Agents were completely exempted from selective credit control requirements to the extent the stock was held separately on producers' levy account.

There were no major changes in control measures during 1976-77, 1977-78 and 1978-79 in respect of paddy and rice.
PART II

WHEAT AND 'OTHER FOODGRAINS'.

(a) MEASURES ADOPTED DURING SECOND PLAN PERIOD:

The selective credit control was extended on September 13, 1956 to cover bank advances against wheat, other coarse grains, gram and pulses. Banks were directed not to grant fresh advances or increase any existing credit limit against wheat, gram and other cereals and pulses exceeding Rs. 50,000 where the existing limits were for less than that amount against or all of these food items taken together. The banks were also directed to raise their margins on existing credit limits and advances against these commodities by 10 per cent over the prevailing level. Further, they were requested to reduce by the end of October, 1956 their advances to a level not substantially higher than that in the corresponding period of last year.

In the directive of June 7, 1957, besides the provisions that have been mentioned in Part I in regard to paddy and rice, the banks were required to maintain an aggregate level of credit of not more than 75% of the level obtaining in the corresponding weeks in 1956. This limit, according to December 11, 1957 directive was not to exceed 80% of the average of similar advances during the corresponding months of 1955-1956 and 1957. The other provisions were like those as applicable to paddy and rice.
On September 10, 1958, a new directive was issued in terms of which the average level of advances from October, 1958, against wheat (excluding advances to roller flour mills) were required to be maintained at 66 2/3 per cent of the average aggregate level in the corresponding month of the previous year. Advances against 'other foodgrains' (excluding wheat) were not to exceed 20% of the level in the corresponding month of last year. The new directive also contained a clause to the effect that actual advances against wheat in the State of Punjab taken separately should also not exceed 66 2/3 per cent of the level in the corresponding month of 1957.

According to the fresh Directive issued on December 23, 1958, advances by banks against wheat and other foodgrains taken separately for each month were not to exceed their outstanding advances in the corresponding month of 1958, subject to the condition that the average aggregate advances of the offices in Punjab against wheat were not to exceed their outstanding total in the corresponding month of 1958. The new directives continued to extend the exemptions in regard to advances in respect of demand documentary bills covering the movement of foodgrains, advances against warehouse receipts, advances to roller flour mills against wheat and advances to co-operative marketing and processing societies (exempted with effect from June 3, 1958). The exemption upto Rs. 1 lakh in regard to advances against food-grains granted in favour of offices opened on or after January 1,
1958, in places within a radius of 20 miles of which there is no other scheduled bank office operating was also continued.

On July 10, 1959, the margin requirements of not less than 40% was continued subject to minimum of 25% in respect of credit against wheat to storage delivery contractors operating on behalf of the Punjab Government. The other provisions of this directive have been discussed in Part I in relation to paddy and rice.

In view of the generally comfortable supply position of wheat, on August 20, 1960, the two-fold classifications of States in respect of ceiling limits on advances against wheat was abolished and the prescribed ceiling limits were made applicable for the whole country. On February 8, 1961, the minimum margin requirement in respect of all foodgrains was reduced from 40 to 35 per cent. However, with further improvement in the supply and price situation, the RBI withdrew all restrictions placed on advances against wheat with effect from May 15, 1961.

(b) MEASURES TAKEN DURING THIRD PLAN PERIOD:

After a lapse of about three years, the RBI reinstated the regulatory provisions relating to advances against wheat on April 21, 1964. Under this directive the banks were required to maintain a minimum margin of 35% on advances (25% against official warehouses receipts). The ceiling limits for each two-month period commencing from May-June, 1964 (excluding
all exempted categories) were fixed separately (i) in the State of Punjab and (ii) in other States taken together, at levels equivalent to 80% of such levels maintained in the corresponding two-month period in 1962. Advances against warehouse receipts issued by Warehousing Corporations were exempted from the ceiling limits while advances to roller flour mills and those given to co-operative marketing and/or processing societies were exempted from the ceiling limits as well as margin requirements.

In the middle of August, 1964, the minimum margin on advances against all foodgrains was raised from 35 to 50 per cent (from 25 to 40 per cent against warehouse receipts). Also, the ceiling limits required to be maintained with regard to bank advances against 'other foodgrains' commencing from September-October, 1964, were reduced from 100% to 90% of the levels of such advances maintained in the corresponding period in 1962.

The base period for fixing the ceiling limits for advances in respect of wheat and other foodgrains was changed in December from calendar year 1964 to August, 1964 - July, 1965.

(c) MEASURES DURING THE THREE ANNUAL PLANS PERIOD:

On June 14, 1966, under the amending directives, the concessional margin of 25% granted in November, 1965, in respect of advances against wheat and 'other foodgrains' to licensed dealers and millers which was effective up to the end of April, 1966, was extended up to the end of December, 1966. But on August 16, 1966,
on account of considerable hoardings of foodgrains, the minimum margin was increased from 25 to 50 per cent. (On January 25, 1967, the RBI exempted the advances against stocks of hybrid seeds of authorised dealers and State Governments).

In view of the comfortable supply position, the RBI relaxed its control in May 19, 1968, on advances against 'other foodgrains'. The minimum margin was also reduced to 35% (to 25% in respect of warehouse advances). In August, 1968, control on advances against wheat was also relaxed. The concessions of margin was also made to authorised agents of FCI and authorised wholesale and fair-price dealers in Kerala. The ceiling was raised to 110% of the aggregate outstanding level of advances maintained by each bank in the corresponding two-month periods in 1967 or 100% of 1964-65 (August-July), whichever was higher. Separate ceilings applicable for each two-month periods commencing from August-September were fixed for advances in respect of offices and branches in the North Wheat Zone comprising of Punjab, Haryana, Chandigarh, Delhi, J & K and Himachal Pradesh and in respect of all other States and Union Territories (other than those include in the North Wheat Zone) taken together. A uniform additional limit of Rs. 50,000 was allowed for offices opened on or after January 1, 1966.

In view of the improved supply position of Maize in the producing areas, the control on advances against 'other foodgrains' was amended in February, 1969 to exempt wholly the advances
against Maize extended to starch manufacturing units, from the purview of the relevant control.

(d) SELECTIVE CREDIT CONTROL MEASURES IN THE FOURTH PLAN PERIOD:

In April, 1970, the RBI exempted advances to roller flour mills against the stocks of wheat purchased by these mills from FCI from ceiling control. Further, the minimum margin against these advances was reduced to 25% from the earlier 50%. Also advances against barley were exempted from margin and ceiling controls.

In April, 1971, the RBI granted certain facilities to commercial banks to extend direct credit to farmers against standing crops and to help in the ordinarily marketing of such crops. The RBI permitted the banks to extend advances to farmers against foodgrains which represented an extension of crop loan facilities for a period of two months from the date of harvesting of such crops, provided that the credit limit per farmer did not exceed Rs. 2,500 or the amount of the crop loan outstanding whichever was lower. This facility was extended to primary co-operative societies. Further, to assist the banks expand their agricultural business in rural and semi-urban areas, they were granted an additional aggregate credit limit of Rs. 25,000 for every new branch opened on or after January 1, 1970, at centres with a population of 50,000 or below. Again to facilitate foodgrains processing units the minimum margin was lowered from 50 to 35 per cent (from 50 to 40
per cent of the relative value of the stocks in the case of official warehouse receipts).

With effect from August 7, 1971, in view of the comfortable supply position of wheat, advances against wheat were exempted from ceiling control while those against maize and barley were completely exempted from controls.

On January 3, 1972, control on foodgrain advances was further modified in view of the improvement in supply position and for providing credit facilities to new and small borrowers. Advances against wheat to roller flour mills (which functioned as large under official discipline over purchases-sales) were exempted from margin control also. In respect of new offices opened on or after January 1, 1970 at places with a population of 1 lakh or below (as against 50,000 or below earlier) a higher combined additional limit of Rs. 50,000 (as against Rs. 25,000 allowed earlier) for each office was allowed for advances against 'other foodgrains' (i.e., excluding wheat, maize and barley). Further, advances against foodgrains up to a maximum limit of Rs. 20,000 to traders covered by the guarantee scheme of the credit Guarantee Corporation of India Ltd., were exempted from ceiling and margin control provided the trader had undertaken to borrow against foodgrains from only one bank.

The provisions of April 19, 1972, directive have been discussed in Part I of this Chapter were also applicable to wheat and other foodgrains.
With effect from November 15, 1972, advances against maize which were earlier exempted from controls, were again brought within the purview of controls, excepting those granted to industrial users. The provisions of April 18, 1973, directive have been given in Part I of this Chapter.

With the Government take-over of wholesale trade in wheat, scheduled banks were advised to take certain specified measures in respect of advances against wheat to wholesale/retail traders. On May 14, 1973, they were asked to ensure (i) that no loans against the security of wheat were outstanding in favour of any wholesale traders or retail traders other than those who had licences from the concerned State Governments to hold stocks of wheat as retailers, wherever such licences were prescribed and (ii) that advances to retail dealers were confined only upto the limit of stocks which they were authorised to hold. With regard to advances against wheat in the main wheat producing States of Punjab, Haryana, UP, MP and Bihar, banks operating in these areas were asked on May, 1973, to undertake a special review of credit limit exceeding Rs. 20,000 against wheat to private parties in order to ensure that these limits were cancelled in the case of wholesale traders and appropriately fixed in the case of licensed retail traders.

According to November 17, 1973, directive, a minimum margin of 25% was fixed for advances against wheat to roller flour mills which were earlier exempted from margin and ceiling controls.
The prohibition of advances to wholesale traders in wheat was continued; it was also stipulated that the credit limit granted to a party against wheat in any time during the last three years (i.e., 1972-73, 1971-72 and 1970-71) should not be utilised by the party to hold stocks of 'other foodgrains'. Advances against barley, which were earlier completely exempted from control, were brought under the control, but advances against this commodity to industrial users were exempted, as in the case of maize.

In order to enable the new branches of banks in rural areas of under-banked States to participate more actively in local development, the additional limit against foodgrains was raised from Rs. 50,000 to Rs. 1 lakh per new branch opened on or after January 1, 1970, at a centre with a population of 1 lakh or below for granting advances to new parties in States of UP, MP, Bihar and West Bengal; the additional limit continued to be Rs. 50,000 in other States. The existing exemption from ceiling control in respect of advances granted to the processing units located at centres with a population of 1 lakh or below.

The banks were advised to keep a close watch on advances against coarse grains and pulses, so that such advances were kept under restraint. They were further advised to keep strict vigilance over the utilisation of credit by the existing parties and to curtail or recall advances against foodgrains in individual cases if the conduct of a borrower warranted such a measure.
(e) SELECTIVE CREDIT CONTROL MEASURES IN
THE FIFTH PLAN PERIOD:

In 1974-75, exemption granted in respect of advances to exporters was extended in November, 1974, to pre-shipment and post-shipment credit against the security of all 'other foodgrains'.

In 1975-76 advances against foodgrains to processing units were exempted from the stipulation in regard to level of credit. Complete exemption was extended to advances against Suji, flour and Maida to biscuit manufacturers.

In 1976-77, the ceiling limits for advances against selected commodities continued to be fixed on a partywise basis. The basis for fixing the permissible level of credit in respect of advances against foodgrains was related to 100 per cent of the peak level of advances outstanding per party during any of the three preceding years (November-October) viz., 1975-76, 1974-75 and 1973-74 instead of the years 1974-75, 1973-74 and 1972-73. No changes were, however, made in the minimum lending rates which varied between 14 and 15 per cent. The exemption limit for Guarantee schemes was raised from Rs. 25,000 to Rs. 50,000 with effect from August 20, 1977. A similar relaxation was made for processing/manufacturing units covered under Rural industries projects.
In the year 1977-78, it was decided that the relevant period for determining the permissible level of credit in respect of each party would be related to the peak level of advances against foodgrains outstanding per party during any of the preceding three years namely, 1975-76, 1974-75 and 1973-74.
PART III

SELECTIVE CREDIT CONTROL IN RELATION TO CO-OPERATIVE BANKS

The selective credit control measures in 'foodgrains' were also extended to the co-operative banks during the final year of the Fourth plan period. In the year 1973-74, all the primary (Urban) co-operative banks in the country were advised to regulate and restrict their advances against foodgrains. Directives issued to co-operative banks also stipulated minimum margin and rate of interest as well as the ceiling on credit against foodgrains.

The RBI continued to regulate advances of co-operative banks against the security of 'foodgrains' through its selective credit control directives in the year 1974-75 also. The higher rate of interest was fixed on credit limits for marketing of crops for this year at 3½ above the Bank Rate as against 2½ below the Bank Rate charged last year.

In the year 1976-77, the restrictions on advances against the security of 'foodgrains' by the State, Central and Urban co-operative banks imposed under the selective credit control measures were continued with slight modifications.
PART IV

IMPACT OF SELECTIVE CREDIT CONTROL MEASURES.

(a) ON BANK ADVANCES:

Following the issue of the control directive by the RBI, the banks' Advances against wheat and 'other foodgrains' which amounted to Rs. 8 crores in March, 1956, declined to Rupees 7 crores by the end of March, 1957. The decline in advances against foodgrains continued. The total advances against foodgrains which amounted to Rs. 32 crores in the year 1957 came down to Rs. 23 crores in 1958.

Over the year ending April 29, 1960, advances against foodgrains stood higher by Rs. 5.5 crores at Rs. 25.5 crores. The busy season expansion in foodgrains advances of Rs. 12.8 crores was also higher than the increase of Rs. 9.5 crores in the 1958-59 busy season. The higher volume of credit extension against foodgrains this year was partly due to the greater measure of flexibility introduced in the revised directive and higher advances in respect of exempted categories, such as those against warehouse receipts and for new offices. Also the permitted levels were more intensively utilised in 1959-60 due to some widening of the area of private trade as a result of modification of the zonal system and a less intensive procurement policy.
In the year 1961, in view of the general improvement in the supply and prices of 'foodgrains' some relaxations in controls were made. The measures taken during this year appeared to have had a general salutary effect and induced caution among banks in resorting to Central Bank credit as also to curb non-essential borrowing from banks. It was observed, however, that a large part of the rise in advances against paddy and rice and 'other foodgrains' (excluding wheat) which occurred during the greater part of the year was accounted for by advances against warehouse receipts. It was, therefore, considered necessary to introduce some measure of regulation in regard to advances against these receipts, if selective credit control was not to be rendered ineffective.

The position of bank advances against foodgrains during the Third plan period was as under:

During the year 1961-62 advances against paddy and rice increased by Rs. 15 crores as compared to Rs. 11 crores in 1960-61 busy season. Advances against this commodity recorded a smaller increase in the 1962-63 busy season, while those against 'other foodgrains' (excluding wheat) registered a larger decline (Rs. 2.4 crores) than in the 1961-62 busy season (Rs. 0.9 crores). This was attributable partly to the larger decline in foodgrain prices during the 1962-63 and partly to the RBI's directive to scheduled banks issued in January, 1963, bringing advances against warehouse receipts within the purview of its selective credit.
controls. Advances against paddy and rice recorded a larger increase during the year 1963-64. On account of tight supply position and rising trend of prices, control on wheat was reimposed and that on paddy and rice was tightened. Consequently, the bank advances recorded a significant decline in the year 1964-65. How the bank advances varied with regard to seasonality can be seen from the data given in Table No. 4.1 for different foodgrains monthwise for the year 1965-66.

**TABLE NO. 4.1**

**SCHEDULED COMMERCIAL BANK'S ADVANCES AGAINST FOODGRAINS IN 1965 - 66.**

<table>
<thead>
<tr>
<th>MONTHS AND YEAR</th>
<th>PADDY AND RICE</th>
<th>WHEAT</th>
<th>'OTHER FOODGRAINS'</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 1965</td>
<td>2008</td>
<td>217</td>
<td>1307</td>
<td>3532</td>
</tr>
<tr>
<td>May, &quot;</td>
<td>2001</td>
<td>313</td>
<td>1726</td>
<td>4040</td>
</tr>
<tr>
<td>June, &quot;</td>
<td>1850</td>
<td>745</td>
<td>1926</td>
<td>4521</td>
</tr>
<tr>
<td>July, &quot;</td>
<td>1624</td>
<td>1227</td>
<td>1956</td>
<td>4867</td>
</tr>
<tr>
<td>August, &quot;</td>
<td>1404</td>
<td>1098</td>
<td>2043</td>
<td>4545</td>
</tr>
<tr>
<td>September, 1965</td>
<td>1312</td>
<td>970</td>
<td>1537</td>
<td>3819</td>
</tr>
<tr>
<td>October, &quot;</td>
<td>1476</td>
<td>1366</td>
<td>1455</td>
<td>4297</td>
</tr>
<tr>
<td>November, &quot;</td>
<td>1663</td>
<td>1395</td>
<td>1547</td>
<td>4605</td>
</tr>
<tr>
<td>December, &quot;</td>
<td>1595</td>
<td>1554</td>
<td>1311</td>
<td>4460</td>
</tr>
<tr>
<td>January, 1966</td>
<td>1470</td>
<td>1244</td>
<td>1448</td>
<td>4162</td>
</tr>
<tr>
<td>February, &quot;</td>
<td>1426</td>
<td>727</td>
<td>1406</td>
<td>3559</td>
</tr>
<tr>
<td>March, &quot;</td>
<td>3021</td>
<td>739</td>
<td>1463</td>
<td>5223</td>
</tr>
</tbody>
</table>

The position of advances during the three Annual Plan-period 1967-69 is given in table No. 4.2. In case of paddy and rice the figures show a fall from Rs. 344 crores in 1966-67 to Rs. 243 crores in 1967-68 but rising again abnormally to Rs. 671 crores in 1968-69. In case of wheat, however, the advances show a continuous rise in all the three years - rising from Rs. 143 crores in 1966-67 to Rs. 223 crores in 1967-68 and to Rs. 961 crores in 1968-69. Advances against 'other foodgrains' show a similar trend. The rise and fall in advances is mainly due to the tightening up and relaxations in the selective credit control measures from time to time.

**TABLE NO. 4.2**

SCHEDULED COMMERCIAL BANKS' ADVANCES AGAINST FOODGRAINS


(Rupees in crores)

<table>
<thead>
<tr>
<th>COMMODITY</th>
<th>1966-67</th>
<th>1967-68</th>
<th>1968-69</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Paddy and Rice</td>
<td>344</td>
<td>243</td>
<td>671</td>
<td>1258</td>
</tr>
<tr>
<td>2. Wheat</td>
<td>143</td>
<td>223</td>
<td>961</td>
<td>1327</td>
</tr>
<tr>
<td>3. 'Other foodgrains'</td>
<td>206</td>
<td>241</td>
<td>529</td>
<td>976</td>
</tr>
</tbody>
</table>

Table No. 4.3 gives data for outstanding advances against foodgrains by scheduled commercial banks for the Fourth

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and Fifth plan-periods (as on last Friday of March each year except for 1972). Advances against wheat show the widest range followed by paddy and rice and 'other foodgrains' respectively. The total outstanding advances vary between Rs. 33 crores and Rs. 98 crores in the Fourth Plan-period.

Total advances during the Fifth plan-period show a rising trend. Here, advances against 'other foodgrains' show the widest range followed by paddy and rice and wheat respectively. These variations, as stated earlier, have been caused mostly by changes in selective credit control measures and the RBI's credit policy.

**TABLE NO. 4.3**

**SCHEDULED COMMERCIAL BANKS' OUTSTANDING ADVANCES AGAINST FOODGRAINS - 1970-72.**

(Bopees in crores)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PADDY &amp; RICE</th>
<th>WHEAT</th>
<th>'OTHER FOODGRAINS'</th>
<th>TOTAL (Excluding food procurement advances)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 13, 1970</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td>March, 1971</td>
<td>23</td>
<td>16</td>
<td>14</td>
<td>53</td>
</tr>
<tr>
<td>June 29, 1972</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98</td>
</tr>
<tr>
<td>March, 1973</td>
<td>14</td>
<td>4</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>March, 1974</td>
<td>17</td>
<td>3</td>
<td>19</td>
<td>39</td>
</tr>
<tr>
<td>March, 1975</td>
<td>16</td>
<td>10</td>
<td>22</td>
<td>48</td>
</tr>
<tr>
<td>March, 1976</td>
<td>20</td>
<td>11</td>
<td>15</td>
<td>46</td>
</tr>
<tr>
<td>March, 1977</td>
<td>36</td>
<td>11</td>
<td>19</td>
<td>66</td>
</tr>
<tr>
<td>June, 1978</td>
<td>31</td>
<td>15</td>
<td>49</td>
<td>95</td>
</tr>
<tr>
<td>June, 1979</td>
<td>46</td>
<td>18</td>
<td>41</td>
<td>105</td>
</tr>
</tbody>
</table>

Table No. 4.4 shows securitywise advances to Mills/Factories and Industrial users during 1973-79 (as percentages to total credit on last Friday of each year). The data is not uniform as it is available for March/June for different years. The advances show a zig-zag trend, rising during the first four years and declining in the remaining three years (except in case of paddy and rice where it was still rising).

**TABLE NO. 4.4**

<table>
<thead>
<tr>
<th>COMMODITY</th>
<th>As percentages to total credit against respective commodities as on last Friday of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy and Rice</td>
<td>57</td>
</tr>
<tr>
<td>Wheat</td>
<td>83</td>
</tr>
<tr>
<td>Other food-grains</td>
<td>37</td>
</tr>
</tbody>
</table>

(b) **IMPACT ON PRICES**

Prices of foodgrains constitute 'basic prices' as these guide and govern prices of other commodities. The production on the one hand and the credit on the other regulate prices in

The prices of paddy and rice as well as of wheat have been conditioned by the twin factors - the supply position and the advances by scheduled commercial banks. The RBI adopted the qualitative control measures to check speculative activities and consequently inflationary trend in prices.

Table No. 4.5 gives data for production, imports and price-indices for paddy and rice and wheat during the 23 years of selective credit control measures under study. The procurement programme and distribution through fair price shops have gone a long way in affecting the price level. As stated above, the zone arrangements, maintenance of buffer stocks, the agricultural census and the efforts of Agricultural Price Commission and price support policy, all these factors, directly as well as indirectly have their impact on the trends of prices. Of course, to a great extent the selective credit control measures have been successful in holding these prices in check. Relaxations in these measures have contributed their own share in determining these prices. Partial and complete exemptions have also their say in these relaxations.

As far variations in price indices, the figures for both rice and wheat show a zig-zag trend - the variation is greater in case of wheat (84-114) then in rice (92-106). During the third plan period the price indices for rice show the continuously rising trend whereas in case of wheat it is changing - the variation in case of rice is between 103.3 to 157.6 whereas
in case of wheat it is between 86 and 136.1. The trend in price indices for both rice and wheat is zig-zag during the three years of Annual plans. In the fourth plan, despite a change in the base year and weightage, the price indices both for rice and wheat show a continuously rising trend (except for 1970-71). The variation in case of rice is between 204.3 and 360 whereas in case of wheat it is between 199.9 and 350.1. There was a change in the base year as well as in the weightage again in the Fifth plan. The price indices for both rice and wheat show a declining but zig-zag trend which was due as explained above to control measures and the credit policy of RBI.

**TABLE NO. 4.5**

**PRODUCTION, IMPORTS AND PRICE INDICES OF RICE AND WHEAT**

<table>
<thead>
<tr>
<th>Year</th>
<th>RICE</th>
<th>WHEAT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Production</td>
<td>Imports</td>
</tr>
<tr>
<td>1956-57</td>
<td>29.0</td>
<td>0.5</td>
</tr>
<tr>
<td>1957-58</td>
<td>25.5</td>
<td>0.8</td>
</tr>
<tr>
<td>1958-59</td>
<td>30.8</td>
<td>0.4</td>
</tr>
<tr>
<td>1959-60</td>
<td>31.4</td>
<td>0.3</td>
</tr>
<tr>
<td>1960-61</td>
<td>34.2</td>
<td>0.7</td>
</tr>
<tr>
<td>1961-62</td>
<td>35.7</td>
<td>0.4</td>
</tr>
<tr>
<td>1962-63</td>
<td>33.2</td>
<td>0.4</td>
</tr>
<tr>
<td>1963-64</td>
<td>37.0</td>
<td>0.5</td>
</tr>
<tr>
<td>1964-65</td>
<td>39.0</td>
<td>0.6</td>
</tr>
<tr>
<td>1965-66</td>
<td>30.7</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Contd....
<table>
<thead>
<tr>
<th>Year</th>
<th>R I C E</th>
<th></th>
<th></th>
<th>W H E A T</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Production</td>
<td>Imports</td>
<td>Price Indices</td>
<td>Production</td>
<td>Imports</td>
<td>Price Indices</td>
</tr>
<tr>
<td>1966-67</td>
<td>30.4</td>
<td>0.8</td>
<td>181.6</td>
<td>11.4</td>
<td>7.8</td>
<td>190.1</td>
</tr>
<tr>
<td>1967-68</td>
<td>37.6</td>
<td>0.5</td>
<td>207.7</td>
<td>16.5</td>
<td>6.4</td>
<td>185.8</td>
</tr>
<tr>
<td>1968-69</td>
<td>29.8</td>
<td>0.4</td>
<td>202.4</td>
<td>18.7</td>
<td>4.8</td>
<td>207.8</td>
</tr>
<tr>
<td>1969-70</td>
<td>40.4</td>
<td>0.2</td>
<td>209.2</td>
<td>20.1</td>
<td>3.1</td>
<td>205.9</td>
</tr>
<tr>
<td>1970-71</td>
<td>42.2</td>
<td>0.2</td>
<td>204.8</td>
<td>23.8</td>
<td>3.4</td>
<td>199.9</td>
</tr>
<tr>
<td>1971-72</td>
<td>43.1</td>
<td>0.2</td>
<td>225.4</td>
<td>26.4</td>
<td>1.8</td>
<td>207.4</td>
</tr>
<tr>
<td>1972-73</td>
<td>39.2</td>
<td>-</td>
<td>263.4</td>
<td>24.7</td>
<td>0.3</td>
<td>227.0</td>
</tr>
<tr>
<td>1973-74</td>
<td>43.7</td>
<td>-</td>
<td>360.0</td>
<td>22.1</td>
<td>2.4</td>
<td>350.1</td>
</tr>
<tr>
<td>1974-75</td>
<td>39.6</td>
<td>-</td>
<td>201.4</td>
<td>24.1</td>
<td>4.2</td>
<td>163.9</td>
</tr>
<tr>
<td>1975-76</td>
<td>48.7</td>
<td>0.1</td>
<td>154.4</td>
<td>28.9</td>
<td>7.0</td>
<td>147.1</td>
</tr>
<tr>
<td>1976-77</td>
<td>41.9</td>
<td>0.1</td>
<td>169.6</td>
<td>29.0</td>
<td>5.8</td>
<td>150.6</td>
</tr>
<tr>
<td>1977-78</td>
<td>52.7</td>
<td>-</td>
<td>163.8</td>
<td>31.7</td>
<td>0.5</td>
<td>148.4</td>
</tr>
<tr>
<td>1978-79</td>
<td>53.8</td>
<td>-</td>
<td>171.5</td>
<td>35.5</td>
<td>-</td>
<td>150.9</td>
</tr>
</tbody>
</table>

**NOTE:**
(a) Base year - 1952-53 = 100 for II, III and Annual plans period;
1961-62 = 100 for IV plan period;
1970-71 = 100 for V plan period.
(b) Production and Imports data is in million tonnes.
(c) Weight for Price Indices for II, III and Annual Plan Rice = 113; Wheat = 5
    for IV plan period Rice=16.2; Wheat = 7.6;
    for V plan period Rice= 51.31; Wheat = 34.17.

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1. Compiled from the Reports on Currency and Finance for various years.
   (Published by RBI).
PRODUCTION, PRICE INDICES & BANK'S ADVANCES AGAINST RICE & WHEAT

PRODUCTION

PRICE INDICES

ADVANCES

YEARS