Executive Summary

GSDP at a Glance:

Sr. No	Particulars	Value
1	GSDP (₹ lakh crore)	7.36
2	Growth of GSDP (%) at constant prices	6.75
3	Per capita income (₹)	195621

Introduction

Credit Planning, credit disbursal and its monitoring are paramount for achieving development in rural areas. Recognizing this, NABARD, since 1989, has been preparing annual Potential Linked Credit Plans (PLPs) for each district of the country. PLPs are prepared after detailed consultations with various line departments of the State Government, banks, and other stakeholders, to map credit potential under Priority Sector. The PLPs assess the credit potential of various sectors based on available resources, infrastructure, past trends of GLC flow and Government policies. Further, the document also identifies the opportunities available, gaps in critical infrastructure and sector wise interventions needed for better credit off take. The projections made in the PLPs are aggregated into State Focus Paper (SFP), which outlines the overall credit potential of the State and serves as reference documents for policy makers, banks & line department of the State Government. The State Focus Paper for the year 2025-26 is the culmination of the decentralized planning process of preparation of Potential Linked Credit Plans (PLPs) for all 23 districts of Punjab. For the year 2025-26, the total credit potential estimated for Punjab stands at ₹279657 crores.

State Profile – Physical Characteristics

Punjab is situated in the northwest region of India with a geographical area of 50,362 sq.km, constituting 1.54% of the country's total geographical area. The name Punjab is made of two words Punj (Five) + Aab (Water) i.e. lands of five rivers. These five rivers of Punjab are Sutlej, Beas, Ravi, Chenab, and Jhelum. Two major rivers viz., Beas and Sutlej, flowing in the northern half thus divides the State into three major regions viz. Majha, Doaba and Malwa. The State is endowed with semi-humid to semi-arid climatic conditions The south-west monsoon brings maximum rainfall in the State during July to mid-September. The average annual rainfall in the State for the last 05 years was recorded at about 495.11 mm.

As per the 2011 Census, the population of Punjab was 2.77 crore, constituting 2.29% of the total population of the country. About 62.50% of the State's population lives in rural areas. The per capita income at current prices was estimated at ₹195621 for Punjab in 2023-24, which is 1.05 times of the per capita income at national level. BPL Population in the State is 11.3% as compared to national figures of 29.5% (As per the Dr. C. Rangarajan Expert Group Report 2011-12), which indicates that Punjab is better poised to eradicate poverty.

Agriculture is the mainstay of Punjab's economy. Punjab contributes about 10% and 16% of the total rice and wheat production of India. The State is divided into three agro-climatic zones viz. Sub mountainous zone or Kandi area, Central Alluvial zone or Central plains and Southern Dry zone. The Net Sown Area is 41.14 lakh ha with Cropping Intensity of 191%. The major crops during kharif season are paddy, cotton & maize and in rabi are wheat & mustard. As per Agriculture Census 2015, the no. of operational holdings were 10.92 lakhs. The average size of the land holding was 3.62 ha. as against 1.08 ha. at all India Level. Punjab has a relatively smaller share (33%) of marginal and small landholdings in comparison to all India average of 86%. Large farms (greater than 10 ha) comprise 5% of Punjab's land holdings as compared to 1% at all India level.

The Gross State Domestic Product (GSDP) of Punjab for 2023-24 was ₹736423 crores (current prices) and is projected to be ₹802701 crore for 2024-25 (at current prices), amounting to growth of 9% over the previous year. Punjab's GSDP grew at an average rate of 5.2% between 2015-16 and 2023-24.

Economic Activities of the State

The economy of Punjab is diverse and dynamic activities, with significant contributions from agriculture, industry, and services. Historically, Punjab has been known as the "Granary of India" due to its robust agricultural sector, which continues to play a vital role. However, over the years, the state has seen substantial growth in its industrial and services sectors. The Sectoral Composition of State's Economy**:**

- Agriculture sector: Unlike the national economy, agriculture and allied activities continue to contribute a large share in Punjab's overall value added, exceeding the share of industry. In 2023-24, agriculture and allied sectors are expected to contribute a share of 26.7% of the Punjab's GSVA employing 25% of the labour force in Punjab. Relative to national trends, the sectoral composition of Punjab's GVA is more balanced.
- Industry sector: Industry holds a prominent position in economy of the State and as per advance estimates for 2023-24, accounted for 27.41% of GSVA and 1/3rd of total employment in State as per Periodic Labour Force Survey, 2023. In 2023-24, the industrial GSVA in the State grew at 7.9% in line with national growth of 7.9%.
- Service sector: This is the most dynamic sector in the economy and has remained the key driver of economic growth along with being a major contributor to GSVA and employment generation. The services sector contributed 45.9 % to Punjab's GSVA in 2023-24, growing from 43.8 % in 2011-12. The growth under service sector marginally increased from 7.1% in 2022-23 to 7.2% in 2023-24.

The shift from an agrarian economy towards a more industrialized and service-oriented economy has been driven by several factors, including infrastructure development, industrial policies, and the expansion of services such as information technology, education, healthcare, and finance.

Punjab's economy faces few key challenges, including its heavy reliance on agriculture, particularly the wheat-rice crop cycle, which has led to soil degradation, water scarcity, and overuse of fertilizers. The state's fiscal constraints, characterized by high debt levels and fiscal deficits, limit its ability to invest in infrastructure and social services. Industrial growth has been slower compared to other states, partly due to historical factors such as its border location and past conflicts, hindering economic diversification. Environmental degradation, including groundwater depletion and pollution, poses significant sustainability issues. Additionally, gaps in education and healthcare services impact the overall quality of human capital, while both physical and soft infrastructure require improvement to support economic activities and attract investment. Addressing these challenges requires comprehensive policy measures and sustained efforts to ensure balanced and sustainable economic growth in Punjab.

Banking Sector in the State

Banks play the important role of financial intermediation in the economy by providing credit to the priority areas identified in the state. As on 30th September 2024, Punjab has 12 public sector banks, 15 private sector banks, 1 regional rural bank and 1 cooperative bank with a branch network of 7413 branches. Out of these, 44% branches are in rural areas, 29% in semi-urban areas and 27% are urban branches. Public sector banks branches constitute 55% (4077 branches) of total branches with 1540 branches in rural areas and 1244 and 1293 branches in semi urban and urban areas respectively. There are 454 branches of Punjab Grameen Bank, 18 branches of Punjab State Cooperative Bank, 803 branches of 20 District Central Cooperative Banks and 89 branches of PSCADB in Punjab. In addition, there are 3965 Primary Agricultural Cooperative Societies catering to the credit requirements of farmers in rural areas. The average population served by a bank branch in the state is 4546.

The overall CD ratio of banks in the State is higher than the national goal of 60%. Further, the CD ratio improved from 60.24% as on 31.03.2023 to 63.37% as on 31.03.2024. The aggregate deposits of banks in the state as on 30.03.24 were ₹633068 crores and the aggregate advances stood at ₹401175 crores. Among agencies, the highest CD ratio was of Punjab Grameen Bank (76.75%) followed by Scheduled Commercial Banks (63.12%), and Cooperative bank (61.01%). CD Ratio of districts Hoshiarpur, Jalandhar, Kapurthala, SBS Nagar & Pathankot was less than 40%.

The total advances during FY 2023-24 stood at ₹4,01,175 crores, of which amount ₹2,13,142 crore (53% of total advances) was under Priority Sector Lending. Advances towards agriculture sector constituted ₹92224 crore (43% of PSL & 23% of total advances).

Sectoral trends in credit flow to Agriculture and Priority Sectors

Factors facilitating GLC

- Punjab's economy benefits from a robust banking infrastructure, with institutions like Punjab Gramin Bank and Punjab State Cooperative Bank (PStCB) ensuring widespread access to credit in rural areas.
- Government schemes such as the Kisan Credit Card (KCC), Modified Interest Subvention Scheme, Agri Infrastructure Fund, and Agri Marketing Infrastructure Scheme offer concessional credit to farmers.
- Digitalization efforts, including Aadhaar-enabled Payment Systems (AePS) and credit-related portals, streamline loan applications and the sanction process, enabling real-time access, document management, self-service options, increased transparency and efficiency.
- Subsidized loans for infrastructure through programs like the Micro Irrigation Scheme, encourage investment in agricultural infrastructure.
- Programs promoting Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) enable collateral-free credit access for agriculture and micro-enterprises, particularly benefiting women, oral lessees, tenant farmers, and marginalized groups.
- The push to the MSME sector through various schemes provides financial assistance, infrastructure support, skill development to enhance the competitiveness and sustainability of MSMEs. Additionally, risk mitigation programs, such as government-backed guarantees and credit insurance schemes like the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), encourage banks to lend to small farmers and rural businesses, reducing perceived lending risks.

Factors inhibiting GLC

- Small farmers and rural entrepreneurs often face significant challenges in securing formal loans due to a lack of assets to offer as collateral.
- Additionally, there is a widespread lack of financial literacy among rural population, leading to lower demand for institutional loans & dependence on informal lending sources.
- High interest rates, especially for non-crop loans further hinder credit access, making it difficult for borrowers to repay.
- Over-indebtedness from multiple sources also makes farmers and rural entrepreneurs ineligible for further credit, increasing the risk of defaults.
- Marginal farmers, tenant farmers and oral lessees with low creditworthiness struggle

to access loans from formal institutions.

- Banks perceive rural credit as high-risk due to uncertain agricultural incomes, limiting their willingness to lend without proper risk management strategies.
- Micro and nano entrepreneurs face additional challenges including low awareness, limited credit history, insufficient collateral, high perceived risk, complex application processes, cash flow issues, high interest rates, etc., all of which contribute to lack of access to credit.

Credit Potential Assessment for "FY 2025-26"

Farm Credit

Crop Production, Maintenance & Marketing

The gross cropped area in the state stood at 78.88 lakh ha, with gross irrigated area being 77.79 lakh ha in 2022-23. Paddy and Wheat are the major food grains with maize, cotton, sugarcane, being the other major crops in the state. Keeping in mind the potential available in the state, the projections under crop loans for 2025-26 is ₹69212.80 crores. The Credit potential in Agriculture Farm credit has been estimated considering the scale of finance and cultivable area in the state to attain realistic targets.

Water Resources

There is good scope for bank financing of micro-irrigation technology, ground water recharge system, under-ground pipelines for water conveyance etc. Government of Punjab is also giving top priority to the sector. The total credit outlay assessed in the State under water resources is ₹2,881.49 crores for FY 2025-26.

Plantation & Horticulture and Sericulture

Presently, area under Horticultural crops in Punjab State is 4.8 lakh ha out of which 1.09 lakh ha is under Fruits, 3.2 lakh ha is under Vegetables, 2320 ha is under Flowers and 34860 ha is under Spices and Aromatic crops (Horticulture Statistics of India 2022-23). Among fruits, around 2/3rd of the production is that of kinnow and among vegetables, half of the production constitutes potatoes. Absence of appropriate risk mitigation interventions including insurance products for several perennial and annual horticulture crops is a major issue. Also, there are critical gaps in post-harvest handling, transport & storage infrastructure, which need to be addressed at the earliest. Emphasis needs to be given on cleaning, sorting, grading & packaging to minimize post-harvest losses and inclusion of IoT interventions towards extension operations. Considering the scope available for the horticulture sector, the credit potential has been assessed at ₹1570.93 crore for FY 2025-26.

Farm Mechanization:

Punjab exhibits a higher degree of mechanization in key agricultural activities as compared to other States in the country. While all major farming operations for wheat and paddy are already mechanized in the state, ongoing efforts are directed towards mechanizing operations for other agricultural and horticultural crops. The state has been actively addressing the issue of paddy stubble burning, particularly prevalent from September to November for which financial support is being extended to individual farmers, farmer groups, co-operative societies, and Panchayats since 2018-19 for procurement of machinery for crop residue management (Happy seeder, Super seeder, Paddy straw chopper, Mulcher, RMB plough, Zero till drill, Super SMS, Bailer, etc.). Nearly 16% of the total tractors of India are operating in the State. The state has the highest farm power availability (3.50 kw/ha) in India compared to a national average of (2.49 kw/ha). Considering the scope available for the farm mechanization sector, the credit potential has been assessed at ₹ 8333.22 crore for FY 2025-26.

Forestry and Waste land development

Punjab is deficient in area under forests as the total forest cover in the state is only 3.67% of its geographical area which is far below the national average of 21.71% and required target of 33% as per the National Forest Policy. Promotion of agro-forestry as also plantations on waterlogged/salinity/alkalinity affected lands assume special significance as these activities can turn the unproductive land/wastelands into productive use. Punjab offers significant credit opportunities particularly through agroforestry models featuring less water-intensive species like bamboo, neem (Azadirachta indica), ber (Ziziphus spp.) and Melia dubia. These species are suitable for regions with water scarcity, reducing the dependency on irrigation while providing high economic returns. Cultivation of commercial trees like poplar and eucalyptus remains profitable with additional revenues possible when integrated with carbon credit mechanisms. Credit projection of ₹394.39 crore has been made for the sector for the year 2025-26.

Animal Husbandry

Punjab has a prominent place in the Animal Husbandry map of the country. Livestock sector in Punjab is a significant source of employment throughout the year and livelihood to SFs/MFs, especially women. It is expected to contribute 38.57%% of GSVA of Agriculture sector and 10% of the Gross State Value Added of the state economy. The livestock sector in the state has shown strong growth of 4.8% between 2012-13 and 2022-23 on average. Per capita per day milk availability of the State is @ 1281 grams/day is highest in the country against the national average of 427 grams. Despite rich livestock resources with impressive contribution to GSVA, significant roles in rural prosperity and socio-economic development of the society, the huge potential of livestock sector remains underexploited. Major challenges include high cost of quality feed and veterinary services, inadequate feed/fodder supply, low prices as major marketing are through unorganized sector, lack of improved breeds, and lack of awareness of schemes especially amongst women who are directly involved in animal husbandry activities. Subsidies and financial support to the sector, improving veterinary services especially in far flung places, market development for better market linkage, promoting value chains, capacity building and awareness creation are some of the interventions required. NABARD is also an eligible lending institution to dairy cooperatives under Animal Husbandry Infrastructure Development Fund (AHIDF) for value chain development. A Credit Guarantee Fund Trust with a corpus of ₹750 crores has been established under the Trusteeship of NABSanrakshan (subsidiary of NABARD) for providing credit guarantee to the loans extended for the specified activities supported under the fund. A credit projection of ₹9893.90 crore has been made for the year 2025-26 for dairy development. In addition to this, a credit potential of ₹2,051.46 crore and ₹836.56 crore have been made for poultry development and Sheep/Goat/Piggery development respectively in the State.

Fisheries

Fish farming as a supplementary occupation is gaining popularity among farmers in Punjab, though it being a non-traditional fisheries state. To improve the credit scenario, banks may, in close coordination with the fisheries department work together to provide working capital support as well as investment credit, to fish farmer. KCC for fisheries needs to be operationalized in full spirit for providing additional thrust to the sector especially by Cooperative banks. The state may derive benefits of FIDF scheme of GoI for infrastructure creation in fisheries sector. Government of Punjab is promoting shrimp farming with the twin objective of putting to productive use the salt affected land and enhancing income of farmers. Special efforts are being made to bring saline affected waterlogged wasteland of southwestern district of Sri Muktsar Sahib, Ferozepur, Mansa, Fazilka, Bathinda and Faridkot under fish culture. Credit potential of ₹404.22 crore has been estimated for fisheries development in the state during the year 2025-26.

Farm Credit - Others

Farm credit also involves those activities which are related to agriculture but do not fall under the purview of the sector mentioned above under Priority Sector. These activities include Integrated Farming Systems (IFS), Small Vehicles, Agricultural Gold Loans, etc. A credit potential of ₹14641.83 crore has been estimated for Farm Credit - Others in the state for the financial year 2025-26.

Agriculture Infrastructure

Agriculture Infrastructure development is one of the essential pillars which contributes to agriculture growth. Agricultural output growth is determined largely by infrastructure such as roads, irrigation, market, post-harvest infrastructure and sound credit facilities. A dedicated Agri Infrastructure Fund (AIF) has been created by GoI for development and upgradation of agri-infrastructure at farm gate level as well as for development of community managed infrastructures. There is also scope for infrastructure development in rural agriculture markets, regulated wholesale markets and Agricultural Produce Market Committee (APMC) Mandis. Adequate infrastructure for warehousing and storage in the state for both perishable and non-perishable commodities is to be ensured as it facilitates better price realization for the farmers and reduces the wastage of produce. Embodying the vision of ""Sahakar-se-Samriddhi", "World's Largest Grain Storage Plan in Cooperative Sector", has been rolled out as a pilot project, for which suitable PACS are being identified in the state. The entire value chain under organic farming, including production of inputs, needs credit support from banks. Quality soil testing services for protecting the soil and increasing crop production as also other extension activities through private enterprises need to be encouraged. Credit potential of ₹5820.25 crores has been estimated under Agriculture Infrastructure in the state for the financial year 2025-26.

Agri. Ancillary Activities

Agriculture being the main occupation of the rural people in the State, the major focus in enterprise development has to be on food and agro processing sector. This sector serves as a vital link between the agriculture and industrial segments of the economy. Strengthening this link is of critical importance to reduce wastage of agricultural raw materials, improve the value of agricultural produce by increasing their shelf- life, fortify the nutritive capacity of the food products and ensure remunerative prices to farmers at affordable prices to consumers. Loans towards development of agro-processing industry especially through GoI's schemes viz. PM-FME, PM Kisan Sampada Yojna as well as financing of Agri. Startups needs to be promoted by the banks to give fillip to the sector. The credit potential assessed for Ancillary Activities is ₹4358.76 crore for FY 2025-26.

Agri. Ancillary Activities – Others

Loans to Custom Service Units managed by individuals, institutions or organizations, who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake farm work for farmers on contract basis, are eligible for categorization as Priority Sector advance. Further to promote such establishment through Agri-Clinics and Agri-Business Centres (ACABCs) by agriculture graduates, the Government of India has also introduced a subsidy scheme. The credit potential assessed for Ancillary Activities - Others is ₹611.46 crore for FY 2025-26.

Micro, Small and Medium Enterprises (MSME)

Government of Punjab is focusing on development of MSMEs. The State Government has formulated an Industrial and Business Development Policy 2022, which seeks to attract an investment of Rs. 5 lakh crores. The policy envisages to develop 15 industrial parks and 20 rural clusters, besides creating employment opportunities. The credit potential for supporting the MSME sector (Investment credit plus Working Capital) during 2025-26 has been assessed at ₹111791.06 crore.

Export Credit

Punjab is ranked 8th in the overall and 4th in the land locked states in the export preparedness Index. Among the major exports of the state, IT services, basmati rice, textiles, sports goods, etc. plays a significant contribution. IT sector in Punjab has witnessed a cumulative growth of almost 14% in IT/ITES exports over last 5 years in Mohali Chandigarh Region. To further promote exports, Government has notified State Export Action Plan for all round development of economy through exports. The credit potential assessed for Export Credit is ₹17692.88 crore for FY 2025-26.

Education

Modern economic growth is driven by knowledge, and education provides inputs for economic growth. As per Revised Priority Sector Guidelines 2020, loans to individuals for educational purposes, including vocational courses, not exceeding ₹20 lakhs are considered eligible for priority sector classification. The GoI has set up a Credit Guarantee Fund for Education Loans to cover education loans extended by Member Lending Institution(s) without any collateral security and/ or third-party guarantee. Government of Punjab to promote education at school level has launched the project "School of Eminence" program aiming to revolutionize education in government schools throughout the State, for the holistic development of children and for preparing them for future. Over 98% of the schools in Punjab are equipped with necessities like building, boundary wall, drinking water, electricity and playground. The state government spending on education in Punjab has continuously increased from ₹4340 crores in 2010-11 to ₹16987 crores in 2024-25. The credit potential assessed for Education is ₹5861.58 crore for FY 2025-26.

Housing

Housing sector in India is one of the fastest growing sectors and a key input in economic, social, and civic development. The requirement of housing is growing with changes in lifestyle, income levels and choice, environment, availability of infrastructural facilities and rapid urbanization. Central Government had launched a comprehensive mission 'Housing for All by 2022', through 'Pradhan Mantri Awas Yojna' (PMAY-G). The scheme has been given extension till March 2029. The total potential for the sector for the year 2025-26 has been worked out as ₹15,922.65 crore.

Social Infrastructure

Social Infrastructure consists of infrastructure related with supply of piped drinking water, education Institutions, health institutions, toilets, anganwadi centres, solid waste management, and infrastructure related with sanitation etc. Aggregate potential for the sector for the year 2025-26 has been worked out as ₹4178.16 crore.

Renewable Energy

India has set a target to reduce the carbon intensity of the nation's economy by less than 45% by the end of the decade, achieve 50% cumulative electric power installed by 2030 from renewables and achieve net-zero carbon emissions by 2070. India aims for 500 GW of renewable energy installed capacity by 2030. The economic growth of a country is inextricably linked to its energy security. Climate change has emerged as a global threat and considering the environmental impacts of non-renewable energy resources, the shift towards renewable energy has become imperative rather than a choice. Given the dwindling resources in the form of thermal power, tapping the renewable energy sources such as solar, biomass and wind have good scope in the State. The aggregate credit potential assessed for the year 2025-26 for different activities under the sector is ₹982.33 crore.

Status of Cooperatives in the State

Cooperatives in Punjab are vital in fostering agricultural and rural development. The state has 19243 cooperative societies across various sectors including dairy, agriculture labor and agro-processing. The dairy sector dominates with nearly 37% of the total cooperatives followed by agricultural credit societies and labor cooperatives. Geographically, districts like Amritsar Ludhiana and Gurdaspur have the highest concentration of societies. Out of 19243 cooperatives 11505 (60%) are functional. The total membership across these cooperatives stands at over 30 lakhs. The Sector wise distribution of Cooperatives is as under

- Dairy Cooperatives: 7113 (36.96%)
- Primary Agricultural Credit Societies (PACS): 3962 (20.59%)
- Labor Cooperatives: 2860 (14.86%)
- Agro-Processing/Industrial Cooperatives: 2008 (10.43%)
- Others: 3300 (17.16%)

The State of Punjab has a 3-tier structure under ST Coop. Credit Structure. At apex level there is PStCB followed by 20 District Central Coop. Banks at the district level and 3552 functional PACS at the grassroot level. Ministry of Cooperation, since its inception has undertaken several initiatives to realize the vision of Sahakar-se-Samriddhi and to strengthen & deepen the cooperative movement from Primary to Apex level Cooperatives in the country.

Potential for Geographical Indication in the State

GIs can play an important role in rural development, empowering communities, acting as product differentiators, support brand building, create local employment, creating a regional brand, generating spin-off effects in tourism and gastronomy, preserving traditional knowledge and traditional cultural expressions and conserving biodiversity. Till date only two products have been GI tagged in Punjab i.e. Phulkari and Basmati Rice. Punjab being a State with rich heritage, there is good scope for more products getting GI tagged like Thathera Craft, Wooden Inlays, Punjabi Jutti, etc. First GI Project on Thathera Craft has been sanctioned by NABARD at Jandiala Guru, Amritsar during FY 2022-23 with implementing agency Punjab Small Industries & Export Corporation (PSIEC) for GI registration.

Aspirational District & Aspirational Block Program

The Aspirational Districts Program (ADP), launched by the Government of India in January 2018 and spearheaded by NITI Aayog, aims to transform underdeveloped districts by addressing socio-economic disparities and promoting inclusive growth. In Punjab, the program targets two districts viz. Ferozepur, and Moga. The program aligns with the Sustainable Development Goals and drives progress through targeted initiatives such as mid-day meal enhancements, school infrastructure development, promotion of e-NAM for better market access, water conservation projects, financial literacy campaigns, and sanitation under Swachh Bharat Mission. NABARD has also contributed to these efforts, notably through the DPR projects such as:

- Construction of ponds under Integrated Water Management Scheme in 5 villages of Moga.
- Upscaling Techno-Economically Viable Onion-Garlic Processing in District Moga.
- Formation and promotion of Farmer Producer Organization

NABARD initiatives in the State

- Under NABARD Infrastructure Development Assistance (NIDA), during the year 2023-24, NABARD sanctioned and disbursed term loan of ₹650 crore to Punjab Infrastructure Development Board (PIDB) for implementation of various irrigation, health care and drinking water projects in Punjab benefitting approx.. 5.38 lakh population with portable drinking water, 1.89 lakh population with healthcare facilities and irrigating 5.35 lakh ha of farmer's field.
- A pilot project to showcase Modern Techniques of Intelligent Irrigation through working models was taken up with Department of Soil and Water Conservation, GoP in Balachaur, SBS Nagar. The project is expected to play a major role in promoting micro-irrigation through awareness building for its adoption by farmers on a larger scale.
- With NABARD's financial support, the Water & Sanitation Department, GoP successfully implemented the rural drinking water supply project in Salempur village. With new water supply system, all households in Salempur village now have access to a regular and reliable

source of clean drinking water.

- NABARD assisted Punjab State Cooperative Milk Producers' Federation Limited (Milkfed Punjab), the apex body for the procurement and marketing of dairy products in the State with ₹122.64 crore under RIDF to set up the state-of-the-art plant located in sprawling complex of 26 acres with excellent connectivity."
- A project on promoting onion & garlic processing is being implemented by NABARD, Punjab RO in the aspirational district of Moga with KVK Moga, PAU. The project envisages awareness building among farmers on better seed selection, storage & processing of onion and garlic.
- During 2023-24, a grant support of ₹451.50 lakh was provided by NABARD for formation/credit linkage of SHGs/JLGs, their capacity building, awareness creation. To provide livelihood training to SHG members in agriculture and allied sector as also off-farm sector, 15 projects with financial assistance of ₹111 lakh were sanctioned to NGOs spread covering various districts. The broad activities covered were dairy, goat rearing, woodcraft, terracotta, jute bag, milk processing, fashion designing, punji durri, crochet and herbal products etc."
- Rural Self Employment Training Institutes (RSETIs) are dedicated institutions designed to impart necessary skills as also skill up-gradation of the rural youth to address the unemployment issue. One RSETI is established in every district in the country by the concerned lead bank with the responsibility for creating and managing it. During FY 2023-24, NABARD sanctioned grant assistance to 17 out of 18 RSETIs for improving their capabilities.

Major Constraints

- The State heavily relies on groundwater for irrigation. Overextraction has led to alarming depletion rates of ground water. Inefficient water usage and the cultivation of water-intensive crops, such as paddy, exacerbate the issue. Limited sources of water are an area of concern.
- Soil degradation and fertility decline due to the excessive use of chemical fertilizers and pesticides has impaired soil health. Salinity and alkalinity, particularly in canal irrigated regions, has impacted agricultural productivity.
- Small and fragmented landholdings reduce economies of scale and restrict the adoption of advanced farming techniques thereby affecting productivity.
- Limited access to remunerative markets, high post-harvest losses, and inadequate cold storage facilities affect farmers' incomes.
- Overdependence on wheat and rice cultivation due to assured procurement hampers diversification into high-value crops like fruits, vegetables, and pulses.
- Small and marginal farmers face challenges in accessing institutional credit due to lack of collateral as also awareness. Continued reliance on multiple informal credit sources often results in indebtedness.
- Punjab's agriculture is vulnerable to climate change, including irregular rainfall, temperature fluctuations, and extreme weather events.
- Limited off-farm employment opportunities and insufficient skill development initiatives constrain rural livelihood diversification. Challenges in accessing finance and markets restrict the growth of rural MSMEs.
- Erratic power supply/water connection in rural areas, lack of cost effective and efficient logistics/supply chain infrastructure/ plug & play facilities, R&D Centers/ Tool Rooms/ Technology Transfer Centers, etc.

Thrust areas

- Promoting diversification from traditional crops like wheat and rice to high-value crops such as horticultural crops, pulses and oilseeds; encouraging value-added activities in agriculture.
- Giving thrust to developing vegetable clusters in potential areas by focusing on promoting cluster-based production, efficient water uses and market linkages.
- Enhancing water-use efficiency through micro-irrigation techniques such as drip and sprinkler irrigation, strengthening existing irrigation infrastructure and promoting the adoption of water-saving technologies. Addressing water issue through efficient sewerage treatment for irrigation.
- Promoting soil health management through use of soil health cards, use of organic fertilizers, crop rotation, and integrated pest management practices for better environmental sustainability.
- Promoting the adoption of smart agriculture technologies like precision farming, drones, soil sensors, grading & sorting, marketing, etc. by engaging with start-ups for optimal resource utilization.
- Implementing adaptive strategies to address climate change impacts, including the promotion of drought-resistant and climate-resilient crops.
- Enhancing access to institutional credit for farmers, particularly small and marginal farmers, through Kisan Credit Cards (KCC).
- Encouraging the formation of Farmer Producer Organizations (FPOs) to improve collective bargaining power, better market access, and improve economies of scale.
- Providing financial and technical support to FPOs to help them grow and engage in value addition and marketing activities by focusing on cluster approach. Effective convergence of different schemes through FPOs is essential.
- Productive utilization of salinity affected soil for shrimp farming and addressing the pre and post-production requirements for proper price realization.
- Addressing the various issues faced by rural MSMEs will help micro and nano enterprises thrive and create rural employment opportunities.
- Encouraging rural entrepreneurship through the establishment of agro-based industries, handicrafts, and rural tourism.

Suggested points for the State Government

- The focus of Farm Mechanization to be on promotion of Resource Conservation Technologies (RCT) through precision equipment such as laser land levelers, zero till drill and happy seeder, ridge and bed planter, inter-crop planter, pneumatic precision planter, sugarcane harvester, cotton picker, tractor operated pond excavation machinery, drip and sprinkler irrigation system.
- Strengthening of post-harvest mechanism, marketing channels and promotion of Producers' Organizations (POs).
- Organizing horticulture farmers particularly vegetable growers and linking these to the Food Processing Industries.
- Demonstration of organic farming related practices, vermi-culture technology can be focused upon.
- The yield of important crops like wheat and paddy, though higher than national average, is nearing stagnation. There is a need for developing and providing better varities for

increasing the yield.

- Need to shift from ‘only agriculture’ to agriculture & allied activities viz. horticulture, floriculture, agro-forestry, dairy, animal husbandry, fisheries, integrated farming and agro- processing. Diversification from paddy-wheat cycle could be incentivized by providing cash incentive and strengthening of procurement system for other crops.
- Government may introduce the Policy on the holistic crop insurance scheme covering all eligible farmers.
- The State Govt. may launch special schemes to incentivize the food processing industry.
- Use of machines for in-situ and ex-situ management of paddy stubble to be promoted through incentivization to POs, SHGs/JLGs, PACS, etc.
- The relatively large village ponds can be developed as a source of irrigation.
- Incentivizing setting up of bio char units for gasification of stubbles for manufacture of briquettes from paddy straw stubbles.
- The storage facilities like Controlled Atmosphere (CA) and Modified Atmosphere (MA) cold storages along with Pre-Cooling Units need to be developed so as to preserve the perishable produce, transport them over long distances and prevent the post-harvest losses which remains a major concern for the farmer.
- Drip irrigation and sprinkler irrigation should be promoted through incentivization to reduce the ground water exploitation and avoiding deepening of the tube wells.
- Use of ICT for imparting training, use of smartphone, VC mode of training may be used to maximum extent for undertaking agricultural extension and information dissemination activities.
- Installation of grid-connected solar power plants on agricultural waste and fallow lands; promotion of new solar pumps; solarization of existing irrigation pump sets and providing incentives whereby excess energy can be transmitted to grid.

Action points for Banks

- Financial-cum-digital literacy camps to be regularly conducted by rural branches of banks & FLCs. Additionally, in such camps, issue of water conservation and stubble burning can also be added. Banks are also required to impart financial literacy about the benefits of institutional credit measures as well as cost-effective finance being made available to farmers through institutional sources.
- Mobile banking and adoption of digital mode of payments must be publicized to reduce costs and ease comfort of banking. Cooperative banks to adopt internet banking to become competitive.
- Model projects in the emerging areas like hi-tech agriculture, organic farming etc. to be prepared and banks adopt a proactive approach to finance such projects.
- Banks required to estimate the holistic credit requirement of the farmers and provide credit solutions accordingly.
- There is a need for promotion of custom hiring centers to effectively address the Farm Power and Mechanization needs of farmers in an economical manner and to generate rural employment.
- Banks may develop innovative loan products for promotion of custom hiring centers and PACS may avail concessional refinance support measures under scheme titled “Transformation of PACS as MSC” launched by NABARD. Custom hiring of Krishi Drones through these CHCs may also be promoted to help the farmers take benefit of Drone as a Service (DrAAS) ecosystem.

- Applications for Kisan Credit Card (KCC) are disposed of within the prescribed period.
- Promoting private and public investment for setting up of storage infrastructure and cold chain marketing facility for both fresh and processed commodities.
- As cooperative banks/PACS have more connect with farmers as their members, the RCBs should also initiate measures for issuing of KCC for AH/Poultry and Fisheries sector.
- Banks may finance only those tractors and power tillers which meet BIS standards. Banks' financing of secondhand tractors should be done carefully after considering the residual economic life of the tractor.
- Banks may give greater thrust on making farmers aware of the latest modern technologies and equipment, minimum performance standards etc., through leveraging financial Literacy cum Loan Melas, Camps, Farmers' Club meetings, etc.
- The Mega-food parks being promoted in the State provide a big opportunity for bankers to finance diverse food processing project units being constructed in such parks. Banks may explore financing opportunities under these projects.
- Banks may consider financing projects in the warehousing sector. Storage infrastructure may be promoted through PPP mode.
- The services of NABCONS may be availed for techno-economic feasibility studies of the proposals received.
- Banks especially, the Coop. Banks need to replicate the JLG mode of financing, particularly for financing of dairy farmers in the State so as to improve the efficacy of the term lending operations and reduction of instances of infructuous loans in their asset portfolio.