CHAPTER III
CHAPTER-III

AN ECONOMIC DYNAMICS OF THE DISTRICT ECONOMY AND STATE OF NATIONALISED COMMERCIAL BANKING THERE IN UNDER THE ECONOMIC REFORMS PERIOD

"Knowledge is the only instrument of production that is not subject to diminishing returns."

- J.M. Clark

3.1 ORIGIN OF THE NAME OF DISTRICT BANDA :

The district is named after the headquarters towns, Banda, which is said to have derived its name from Bamdev, a sage mentioned in Hindu mythology as a contemporary of Ram. Bamdeo is said to have his hermitage at the foot of a hill called Khutla Banda, the name by which a locality of the town is still known.

Location and Boundaries : The district is located in the Jhansi Division of Uttar Pradesh. It is bounded in the north by the district of Fatehpur, in the east by the district of Allahabad, in the west by district of Hamirpur and in the south by Rewa, Satna, Panna and Chhatarpur, the district of Madhya Pradesh. The district of Banda has been bifurcated into two districts viz. Chitrakoot and Banda, in May 1997. The district after bifurcation, consists of 4 Tahsils having 8 development blocks, viz. Barokhar Khurd, Tindwari, Jaspura, Bisanda, Mahua, Naraini, Baberu and Kamasin. The name of 4 Tahsils are Banda,
Baberu, Naraini and Atarra?

Area: According to the central statistical organisation the district covered 4,114.2 sq. km.

Population: According to 1991 census the district had a population 1237.96 hectare. The percentage of male and female population is 54.59 (675.87 hectare) and 45.40 (562.10 hectare) respectively.

3.2 TAHSILS:

The district is divided into four tahsils namely Banda, Naraini, Baberu and Atarra. Tahsil Banda, comprising the north-western part of the district is bounded by the Yamuna on the north, tahsil Baberu on the east, tahsil Naraini and the state of Madhya Pradesh on the south and district Hamirpur on the west. It has 236 villages Banda comprises 3 blocks viz. Jaspura, Tindwari and Barokhar-Khurd. Jaspura has 85 villages, 88 in Tindwari and 63 in Barokhar-Khurd.

To the east of tahsil Banda lies tahsil Baberu which is bounded on the north by the Yamuna river, which separates in from district Fatehpur. The important villages of the district are Jaspura, Rampur, Khaptiha, Tindwari, Mataundh and Jauharpur etc.

Tahsil Naraini comprising the south eastern part of the district is bounded by tahsils Banda and Baberu on the north by tahsil Karwi\(^3\) on the east and the state of Madhya Pradesh on the south and west, the western boundary being formed for the most part by river Ken. To the east of tahsil Naraini lies tahsil Atarra and district Chitrakoot. This Tahsil comprises two development blocks viz. Naraini and Mahua.
The main villages of this Tahsil are Kalinjar, Sinhura, Kartal and Girwan. The total number of villages in this Tahsil are 263 (147 villages in Naraini and 116 in Mahua).

Tahsil Baberu is the second largest tahsil of the district is bounded by the Yamuna on the north, which separates it from district Fatehpur and Allahabad. On its east the tahsil Mau⁴ and the state of Madhya Pradesh, the latter also forming the southern and south-western bound area. Its western boundary is formed by tahsil Baberu and Naraini. There are 208 villages in Baberu consists of 76 in Baberu Block, 57 in Bisanda and 75 in Kamasin. The main villages of this tahsil are Kamasin, Augasi, Pindaran, Milathu, Murwal, Bhabhua and Palhari etc.

Tahsil Atarra is bounded on the north by the Yamuna river which separates it from district Allahabad. On the east lie the district of Chitrakoot and the state of Madhya Pradesh on south. Mahua and Bisanda are the two development blocks of this Tahsil. The main villages of this Tahsil are Oran, Pauhar, Badausa and Turra etc.
DISTRICT BANDA

District Banda: An Overview

1. Name of District: Banda

2. Geographical Area: 4,535 Sq. km.
   a. No. of Blocks: 08
   b. No. of villages: 653 habitations & 41 non-habitations

3. Rail Fall (in mm.)

<table>
<thead>
<tr>
<th>Condition</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>902.00</td>
<td>902.00</td>
<td>902.00</td>
</tr>
<tr>
<td>Actual</td>
<td>833.18</td>
<td>822.50</td>
<td>572.55</td>
</tr>
</tbody>
</table>


5. Population - Census 2001 (in thousand)
   a. Male: 826.54
   b. Female: 710.79
   c. Total: 1537.33
   e. Rural: 1293.01
   f. Urban: 244.01
   g. Scheduled Caste: 335.14 (1.8 percent)
   h. Scheduled Tribe: 23.06 (1.5 percent)

6. Statement of workers in the district (No.)
   a. Peasant: 604170
   b. Small & Marginal: 230998
   peasant in (a)
c. Agricultural Labour : 148372

d. Artisans : 4666

e. Cottage & small scale : 18663

f. Agri bases activities : 3266

g. Other workers : 54590

7. **Land Use (2000-2001)**

a. Total reported area : 453467 Hect.

b. Gross sown area : 339657 Hect.

c. Forest : 52853 Hect.


e. Crop Density : 126%

f. Utilisation of Manure : Nitrogen 6.358, Potash 0.030, Phosphorus 3.815

(g. Short Term Loan : Rs. 825.00/Hect. investment Rs. 250.00/Hect. credit


<table>
<thead>
<tr>
<th>Size of holding</th>
<th>No.</th>
<th>%age</th>
<th>Area (H)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 hect.</td>
<td>143340</td>
<td>57.41</td>
<td>61735</td>
<td>16.45</td>
</tr>
<tr>
<td>1 hect. to 2 hect.</td>
<td>50102</td>
<td>20.07</td>
<td>70.711</td>
<td>18.84</td>
</tr>
<tr>
<td>Above 2 hect.</td>
<td>56229</td>
<td>22.52</td>
<td>242794</td>
<td>64.40</td>
</tr>
<tr>
<td>Total</td>
<td>249671</td>
<td>100.00</td>
<td>375240</td>
<td>100.00</td>
</tr>
</tbody>
</table>


a. Total irrigated area : 114491 Hect.

b. By canals : 60196 Hect.

c. By drilling : 34793 Hect.
d. Others : 19502 Hect.

10. Use of Agricultural Manures
   b. Phosphorus : 3.815 M.T.
   c. Potash : 0.030 M.T.

11. Agricultural Facilities
   b. Agri Marketing/Mandi : 189 Nos.
   c. Rural godowns : 56 Nos.
      (no./total capacity)
   d. Agri Service Centres : 29 Nos.
   e. Agri Product Mandi : 04 Nos.

12. Live Stock (Year 2003)
   a. Agri Animals : Bull 189179, He baffalow 8085
   b. Milching Cattles :
      1. Cow : 135949
      2. Baffalow : 124494
   c. Sheep : 21111
   d. Goat : 182259
   e. Pig : 26613
   f. Poultry : 52427

13. Economic Activities in the district
   a. Agri Business
   b. Mining
c. Animal Husbandry & Milk production

d. Non Agricultural Activities
   1- Food processing
   2- Cottage industries

14. Main Crops / Commercial & Aforestration / Industrial Crops

a. Wheat
b. Linseed
c. Gram
d. Peas
e. Til
f. Mustard
g. Urd
h. Masoor
i. Jwart
j. Arhar
k. Rice/Paddy
3.3 DEVELOPMENT BLOCKS:

The district is divided into 8 blocks from the administrative point of view. Village remains the smallest unit of the district. It is very expensive to establish development block in each village. Therefore development block has been taken as the smallest unit from the administrative point of view. Banda is divided into 8 blocks. The headquarter of Development blocks is in Banda. The development blocks of Banda district is enumerated below:


1. Kamasin:

This block comes in Tahsil Baberu. This is 20 kilometer away from Tahsil Baberu established on Rajapur Road. Seventy five villages make it block.

2. Bisanda:

This block is on the road of Singhpur, 40 km. away from headquarter Banda. This consists of 57 villages.

3. Naraini:

This is tahsil as well as block. This block is on the road of Satna which is 40 km away from the headquarter Banda. This block comprises 147 villages.

4. Baberu:

This block is 48 km. away fro the headquarter Banda. All told are 76 villages in this block.

5. Mahua:
This block comes under tahsil Atarra. This is on Allahabad road which is 40 Km away from the headquarter.

6. **Tindwari** :
This is on Fatehpur road which is 25 Km. away from Banda. This comprises 88 villages.

7. **Jaspura** :
This block is on Hamirpur road which is 58 Km. away from the headquarter. Eighty five villages formed this block.

8. **Barokhar Khurd** :
This block is on Atarra road which is 5 Km. away from the headquarter. This consists of 63 villages.

3.4 **ECONOMIC CLASSIFICATION OF BANDA DISTRICT** :
The economy of Banda district can be classified into **A. Farm Sector, B. Non Farm Sector** and **C. Other Priority Sector**.

**A. Farm Sector** :
Agriculture continues to be the mainstay of the economy of the district with around 90 percent of the people dependent on it for livelihood. The land available for cultivation is only 364290 hectare. While gross cropped area is 430891 hectare giving a cropping intensity of 11.8 percent. Only 67510 hectare of cultivable area is under cropping. In the kharif season only 128381 hectare was cultivated while in Rabi it was 302260 hectare. The major crops in Rabi season were wheat, gram and Masoor while in Kharif, the major crops were jowar, Paddy, Arhar and Bajara. In Rabi 97-98 the total production was 312.73 thousand metric tones.
Out of total cultivable area of 364290 hectare the total irrigated area is 112400 hectare i.e. 32.4 percent.

The preponderance of small land holdings (which are reported to be the tune of over 2 lakh) in the district, lead to use of animal power to undertake farming operations including its post harvesting marketing operations and transportation of inputs as well as farm produce. Fisheries can also be another source of income as the district have ample scope as three rivers viz. Yamuna, Ken and Baghen flow.

The activities of rearing sheep goat, pig, poultry farming, dairy development serve as sole or subsidiary source of subsenses for the rural poor, specifically landless, small farmers and SC/ST communities.

The horticulture crops, inspite of having long gestation period, is of importance because it provides good income to farmers due to its perennial demand on account of its nutritious value. The processed products out of these also have good demand.

There is immense need for land development work like levelling, bunding, terracing, construction of peripheral dams and water harvesting, storage structures. Mechanisation of agricultural operation is one of the important factors which results in increasing the productivity and production of agricultural commodities. The activities generally considered for financing through banks are tractors, power-tillers, threshers and other implements.

**B. Non Farm Sector:**

(i) As per the data of 1991 census, 28 percent of total workers in the district are engaged in non farm activities⁶.
In respect of industrial activities (including rural artisans) only 2.8 percent of the total work force. The tertiary sector engages 25.2 percent of work force of which 30 percent are in trade and business, 0.8 percent in transport and communication, 0.6 percent in construction and 20.8 percent in other activities.

(ii) The area under forest in the undivided district is 77-78 sq. kms. mainly in Naraini block of the present Banda district. The forest produce available relate to Bamboo, fruits, honey, wax etc.

(iii) In the present district the mineral deposits relate to granite stone in Naraini area, sand and laterite (near Yamuna and Ken rivers) The Sajar Pathar, a special stone available in Ken river in abundantly available in Barokhar Khurd.

(iv) The plantation, horticulture, vegetable crops relate to Aonla, Guava, Tomato which allow some scope for units to undertake their preservation.

(v) The district is one of the most industrially backward districts of U.P. As the status of basic infrastructure is not satisfactory as there are no direct rail links to eastern and southern states of the country, no national highway, most of the telephone lines are in urban areas. Out of total 133 villages only 778 are electrified with supply all the more erratic. The industrial estate also is not fully occupied and operational.
The district is having one industrial training centre, 40 primary industrial co-operative societies, and primary weavers co-operative societies and 4 marketing co-operative societies.

C. Other Priority Sector:

Under this sector different activities relating to services and business are generally covered and broadly refer to transport, retail business, self employment, housing etc. These activities are very important from the point of view of overall development of the district thought employment generation.

3.5 Lead Bank and Agriculture:

The Indian Economy presents a scene predominantly of a rural sector where in agriculture play a prominent role in it. It dominates all other activities and as such constitutes the base of India's developing economy. The agriculture sector generates more than 50 percent of national income, which accounts for 55 percent of export earnings and provides employment to about 70 percent of population in the country. The economic development of the Indian economy, therefore has to be associated with ranging growth in the rural or agriculture sector.

Agriculture is one of the main pillars of the Indian economy, but difficulties arise when we try to measures its performance as no single criterion is correct and perfect in itself. Numerous statistics can be presented which suggest the importance of agriculture. But there is no one measure of the importance of agriculture's contribution to the total economy.

It was found in many parts of India as in most European
countries, that inspite of rapid growth of the commerce and improvements in communications, the economic condition of the peasants had not been progressing as it should have done, that indebtedness instead of decreasing had tended to increase, that agricultural methods had not improved and that the old unsatisfactory features of a backward rural economy seemed destined persistently to remain.

The agricultural financing by commercial banks can be traced as far back as 1968, when social control of banks was introduced. On nationalization of 14 major banks in 1969, the commercial banks were made to augment the agricultural credit efforts of co-operative banks. Each bank adopted its own style in implementing the agricultural credit policy of the government. There was no uniform system among the banks. In an attempt to meet the government's expectations, every bank entertained every request for from every farmer approaching for credit.

The banks, however, discriminated against the small farmers. They preferred loan applications for large amounts from medium and large farmers. With little or no consideration for viable schemes, loans were granted far and wide. The problem of bankable schemes like recovery, acute shortage of manpower, and even of untrained hands started coming in. Then it was realised that the system of 'Scattered' lending was not convenient.

It was felt, therefore, that operational area should be restricted to efficiency and targeted result. Hence, the service area approach concept was accepted as an alternative to scattered lending. The service
area approach involves four major aspects which are as follows:-

1. Identification and Allocation of Service Area.
2. Survey of villages.
3. Preparation of credit plan.

3.6 THE AREA APPROACH CONCEPT IN AGRICULTURE:

Agriculture is the basic canvas of rural economy. Land use pattern in various villages, already collected in the profile data, gives us an idea of utilisation of this resource. Existence of cultivable waste may provide an opportunity for intervention in terms of horticulture, social forestry etc. for which these are schemes under Waste Land Development. Turning to cultivated land, the crucial factor which differentiates the productivity of land is availability of water. The extent and the sources, regularity, efficiency etc. or irrigation in the various villages are the main aspects.

The cropping pattern and intensity differs between the irrigated and unirrigated tracts. The adequacy and regularity of supply of irrigation facilities will also influence the pattern, production and productivity. The next step is to know the yield under various crops during different season and compare them with standard yields in the surrounding area. After the profile of agriculture the Branch Manager will have to consider the strategy for financing agriculture in areas. Development of agriculture should be along the following directives:

a) Extensive Agriculture: bringing more land into production through crop husbandry, horticulture etc.;
b) increase the area under irrigation and commensurate change in the cropping pattern;

c) changing over to more remunerative cropping pattern in irrigated and unirrigated areas.

d) increase in yields through optimum dosage of inputs, more applicable in assured rainfall or irrigated areas.

e) improving the yields through better cultural practices and moisture preservation strategy in dry lands.

f) providing storage facilities to take advantage of remunerative prices.

The rural Branch Manager should have a through grasp of the operation of agricultural sector in his service area. There may be certain areas such as extending crop loans where the bank can act on its own. In this, efforts should be made to have close co-operation with co-operative societies extending such loans. In certain other areas such as new cropping pattern, waste land development or dry land agriculture which require sustained extension efforts, increasing irrigation facilities, improving the regularity and adequacy of supply of existing irrigation facilities, water management for optimising the use of existing facilities etc. collaboration with government agencies and NABARD would be necessary.

The government agencies have a number of schemes for development of agriculture. With his enlightened understanding of agriculture of the area, the Manager should contact various functionaries at the local level to elicit their information on schemes which are under
operation in the villages covered by his service area. The important aspect is to know the major efforts in agricultural development which are on going and likely to continue. Identifying these spheres where credit can play a role, the manager can evolve an action programme for the year.

In preparing the credit plan, the Branch Manager should also give due consideration to the resource position. An estimate of the financial resources will include the likely growth in deposits, refinance likely to be available from NABARD, IDBI etc. and recovery performance.

3.6.1 THE MAIN CROPS OF BANDA DISTRICT:

The main crops of the district can be classified into kharif crops and Rabi crops. Kharif, urad and sugarcane and they are cultivated in monsoon while Rabi crops are wheat, barley, gram, mustard and tara-mira and they are cultivated in winter.

The growing of food grains is not prominent among the farmers. This is perhaps due to poor irrigation facilities and small fragmented holdings which compel the farmers to give preference to cultivation of food grains for self use.

Among the food grains, the extensively sown is paddy, which is the staple food of a sizeable part of the population especially the poor class.

Statement showing the irrigated area in different years :-
TABLE No. 3.1

Irrigated area in Banda District

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<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Gross Irrigated Area</td>
<td>127199</td>
<td>-</td>
<td>163216</td>
<td>163216</td>
</tr>
<tr>
<td>Net Irrigated Area</td>
<td>84050</td>
<td>104269</td>
<td>111940</td>
<td>111940</td>
</tr>
</tbody>
</table>

Source: District Credit Plan, Allahabad Bank.

The table indicated that irrigated area had been on the increase as in 1993-94 net irrigated area were only 84050, which had been increased to 104,269 in 1997-98. There had been increased of 19.39 percent in irrigated area.

Table 3.2 showing advances to total agriculture bank wise from 1990-91 to 2002-03. Total agriculture loan includes loan given to Minor Irrigation. From mechanisation, planed and horticulture, Agriculture and others (Bullocks, Bullock carts, Bio gas plants) and crop loans.

It is clear from the table that the loan advance by Allahabad Bank to total agriculture had been on the increase i.e. in 1993-94 amounted to Rs. 492500000.00 and it had been increased to Rs. 52615000.00 in 2002-03. Comparatively Gramin Bank had sanctioned huge loan for total agriculture in 1993-94 loan amounted to Rs. 13828000.00 and it increased to Rs. 100000000.00 in 2002-03. Bank of Baroda's contribution in 1993-94 was nil. In 1994-95 it was amounted to Rs. 1125000.00 and it had been increased to Rs. 1860000.00 in 2002-03.
Table No. 3.2
District Credit Plan Advances to Agriculture Bank Wise

<table>
<thead>
<tr>
<th>Distt. Banda</th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Name of Bank</td>
<td>93-94</td>
<td>94-95</td>
<td>95-96</td>
<td>96-97</td>
<td>97-98</td>
<td>99-02</td>
<td>01-02</td>
<td>02-03</td>
<td>03-04</td>
<td>04-05</td>
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<tr>
<td>Allahabad Bank</td>
<td>49250</td>
<td>41500</td>
<td>18627</td>
<td>26505</td>
<td>33877</td>
<td>34073</td>
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<td>Central Bank of India</td>
<td>3239</td>
<td>3598</td>
<td>4118</td>
<td>3185</td>
<td>3765</td>
<td>6370</td>
<td>8225</td>
<td>8180</td>
<td>12000</td>
<td>15750</td>
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<td>Union Bank of India</td>
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<td>1820</td>
<td>1840</td>
<td>3550</td>
<td>2210</td>
<td>2400</td>
<td>3300</td>
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<td>Punjab National Bank</td>
<td>892</td>
<td>72</td>
<td>1270</td>
<td>810</td>
<td>1000</td>
<td>1215</td>
<td>3355</td>
<td>4450</td>
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<td>Gramin</td>
<td>13828</td>
<td>2870</td>
<td>31895</td>
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<td>72390</td>
<td>50607</td>
<td>81300</td>
<td>100000</td>
<td>118400</td>
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<td>Bank of Baroda</td>
<td>NA</td>
<td>1125</td>
<td>1500</td>
<td>840</td>
<td>875</td>
<td>1540</td>
<td>1910</td>
<td>1860</td>
<td>5400</td>
<td>2500</td>
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Source: Annual District Credit Plan, Lead Bank Allahabad Bank.

Note: NA means not available.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Block</th>
<th>93-94</th>
<th>94-95</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>99-02</th>
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<th>02-03</th>
<th>03-04</th>
<th>04-05</th>
<th>05-06</th>
<th>06-07</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Baberu</td>
<td>10567</td>
<td>11879</td>
<td>16835</td>
<td>15303</td>
<td>11509</td>
<td>23808</td>
<td>31493</td>
<td>33980</td>
<td>50500</td>
<td>60250</td>
<td>126939</td>
<td>14320</td>
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<tr>
<td>2.</td>
<td>Barokhar Khurd</td>
<td>15299</td>
<td>16576</td>
<td>18339</td>
<td>20079</td>
<td>32406</td>
<td>39933</td>
<td>68040</td>
<td>80385</td>
<td>112225</td>
<td>134050</td>
<td>361247</td>
<td>49690</td>
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<tr>
<td>3.</td>
<td>Bisanda</td>
<td>11706</td>
<td>10976</td>
<td>8637</td>
<td>10940</td>
<td>17755</td>
<td>21971</td>
<td>26597</td>
<td>321136</td>
<td>29875</td>
<td>42950</td>
<td>148479</td>
<td>22210</td>
</tr>
<tr>
<td>4.</td>
<td>Jaspura</td>
<td>5851</td>
<td>4289</td>
<td>6107</td>
<td>5976</td>
<td>17305</td>
<td>11370</td>
<td>16736</td>
<td>21135</td>
<td>30800</td>
<td>37000</td>
<td>116257</td>
<td>12450</td>
</tr>
<tr>
<td>5.</td>
<td>Kamasin</td>
<td>7391</td>
<td>7669</td>
<td>5315</td>
<td>8402</td>
<td>7688</td>
<td>11377</td>
<td>18984</td>
<td>21978</td>
<td>19650</td>
<td>33800</td>
<td>85669</td>
<td>9270</td>
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<tr>
<td>6.</td>
<td>Mahua</td>
<td>9574</td>
<td>9043</td>
<td>12735</td>
<td>9109</td>
<td>13141</td>
<td>19991</td>
<td>23475</td>
<td>27990</td>
<td>28250</td>
<td>40450</td>
<td>132907</td>
<td>16140</td>
</tr>
<tr>
<td>7.</td>
<td>Naraini</td>
<td>30411</td>
<td>21071</td>
<td>24895</td>
<td>24439</td>
<td>38140</td>
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<td>98300</td>
<td>111500</td>
<td>379110</td>
<td>37340</td>
</tr>
<tr>
<td>8.</td>
<td>Tindwari</td>
<td>13222</td>
<td>15815</td>
<td>13181</td>
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<td>35686</td>
<td>29900</td>
<td>42550</td>
<td>140727</td>
<td>16720</td>
</tr>
</tbody>
</table>

**Source**: Annual District Credit Plan, Lead Bank Allahabad Bank.

**Note**: NA means not available.
Table 3.3 showing advance to total agriculture block wise from 1993-94 to 2002-03. In 1993-94 to 2002-03 Naraini block had been sanctioned highest loan from agriculture while the lower amount sanctioned for total agriculture was Manikpur, Kamasin, Jaspura. Jaspura, Kamasin in 1993-94, 1994-95, 1995-96, 1996-97 and 1997-98 respectively, whereas in 1999-2000 to 2002-03 no loan had been sanctioned to Chitrakoot, Manikpur, Mau, Pahari and Ramnagar.

Table 3.4 shows that Allahabad bank had achieved cent percent target except in the year 192-93 and 1996-97. State Bank of India had also achieved its target cent percent except in the year 1992-93, 2000-01 and 2001-02 respectively. It is Central Bank of India had never achieved its target while Punjab National Bank had achieved target in 1999-2000 only. Unlike Land Development Bank, District Co-operative Bank and Bank of Baroda had achieved its target in 1992-93 and 1996-97 respectively. Tulsi Gramin Bank had achieved its target to 183.10 in 2000-01 which is the highest achievement even performed by bank in Banda District. There exist credit gap in providing loan by bank credit gap can be explained with the help of diagram given below.

In this diagram target is assumed to be demand and achievement is assumed to be supply :-

\[
\text{Credit Gap} = \text{Credit deficiency} \\
\text{CD} = \text{CS} \\
\text{CD} > \text{CS} \\
\text{CD} - \text{CD} = +\text{Ve} \\
\text{CS} - \text{CS} = -\text{Ve}
\]
Whereas:

\[ \text{CD} = \text{Credit demand and} \]
\[ \text{CS} = \text{Credit supply}. \]

**Diagram 3.1**

**Credit Gap**

\[ \text{AD} = \text{Aggregate Demand} \]
\[ \text{As} = \text{Aggregate Supply} \]

In a diagram 3.1, E is the equilibrium point where credit gap exists because there is excess demand which banks fail to meet. Excess demand.

Credit gap can also be explained with the help of Ratchet Effect. Ratchet Effect® is nothing but a scissors effect in which credit demand curves move upwards while credit supply curve goes downward. The point where both curves intersect each other is the Ratchet Effect. The diagram of a Ratchet Effect is given below:-
Diagram 3.2

Ratchet Effect

In the above diagram CD is credit demanded whereas CS is credit supply.

Dynamic Process of Credit Gap:

The dynamic process of Credit Gap is that process in which credit gap is being increased as it moves from point wherein toward Z point which is false point. The dynamic process is given below:

Diagram 3.3

Dynamic Process of Credit Gap
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T*</td>
<td>A%</td>
<td>T*</td>
<td>A%</td>
<td>T*</td>
<td>A%</td>
</tr>
<tr>
<td>1.</td>
<td>Allahabad Bank</td>
<td>(100.03%)</td>
<td>(102.31%)</td>
<td>(42.08%)</td>
<td>(86.59%)</td>
<td>(135.06%)</td>
</tr>
<tr>
<td></td>
<td>496.81</td>
<td>496.98</td>
<td>485.02</td>
<td>496.27</td>
<td>560.30</td>
<td>235.82</td>
</tr>
<tr>
<td>2.</td>
<td>Central Bank of India</td>
<td>(60.38%)</td>
<td>(74.75%)</td>
<td>(71.52%)</td>
<td>(4.01%)</td>
<td>(40.90%)</td>
</tr>
<tr>
<td></td>
<td>31.93</td>
<td>19.28</td>
<td>35.28</td>
<td>26.39</td>
<td>39.68</td>
<td>28.38</td>
</tr>
<tr>
<td>3.</td>
<td>Punjab National Bank</td>
<td>(51.40%)</td>
<td>(60.93%)</td>
<td>(18.36%)</td>
<td>(51.28%)</td>
<td>(70%)</td>
</tr>
<tr>
<td></td>
<td>5.33</td>
<td>2.74</td>
<td>7.45</td>
<td>4.54</td>
<td>8.55</td>
<td>1.57</td>
</tr>
<tr>
<td>4.</td>
<td>Union Bank of India</td>
<td>(19.26%)</td>
<td>(77.35%)</td>
<td>(99.34%)</td>
<td>(81.61%)</td>
<td>(16.78%)</td>
</tr>
<tr>
<td></td>
<td>3.53</td>
<td>0.68</td>
<td>5.83</td>
<td>4.51</td>
<td>7.68</td>
<td>7.63</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Baroda</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>6.</td>
<td>Tulsi Grami Bank</td>
<td>(51.76%)</td>
<td>(73.65%)</td>
<td>(63.35%)</td>
<td>(139.82%)</td>
<td>(66.48%)</td>
</tr>
<tr>
<td></td>
<td>214.64</td>
<td>111.11</td>
<td>174.93</td>
<td>128.85</td>
<td>223.99</td>
<td>141.90</td>
</tr>
</tbody>
</table>

Contd.....2
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>T*</td>
<td>A§</td>
<td>T*</td>
<td>A§</td>
</tr>
<tr>
<td>1.</td>
<td>Allahabad Bank</td>
<td>(105.30%)</td>
<td>(111.52%)</td>
<td>(135.46%)</td>
<td>(137.75%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>282.83</td>
<td>297.84</td>
<td>399.81</td>
<td>445.87</td>
</tr>
<tr>
<td>2.</td>
<td>Central Bank of India</td>
<td>(58.82%)</td>
<td>(15.89%)</td>
<td>(27.17%)</td>
<td>(20.71%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.92</td>
<td>27.60</td>
<td>73.82</td>
<td>11.73</td>
</tr>
<tr>
<td>3.</td>
<td>Punjab National Bank</td>
<td>(40%)</td>
<td>(124.43%)</td>
<td>(46.05%)</td>
<td>(112.60%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14.10</td>
<td>5.64</td>
<td>17.15</td>
<td>21.34</td>
</tr>
<tr>
<td>4.</td>
<td>Union Bank of India</td>
<td>(5.57%)</td>
<td>(3.66%)</td>
<td>(42.87%)</td>
<td>(52.07%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26.20</td>
<td>1.46</td>
<td>29.50</td>
<td>1.08</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of Baroda</td>
<td>(22.72%)</td>
<td>(29.50%)</td>
<td>(71.74%)</td>
<td>(63.77%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15.40</td>
<td>3.50</td>
<td>18.30</td>
<td>5.40</td>
</tr>
<tr>
<td>6.</td>
<td>Tulsi Grami Bank</td>
<td>(79.97%)</td>
<td>(105.71%)</td>
<td>(183.10%)</td>
<td>(115.10%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>269.06</td>
<td>215.19</td>
<td>600.00</td>
<td>634.28</td>
</tr>
</tbody>
</table>

T* = Target  
A§ = Achieved  
NA = Not available  
Source = Annual District Credit Plan, Allahabad Bank.
### Table No. 3.5

**District & Loan Distribution of Commercialised Banks**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Deposits</td>
<td>1289253</td>
<td>1608700</td>
<td>1660899</td>
<td>3357418</td>
<td>3694900</td>
<td>4126280</td>
</tr>
<tr>
<td>2.</td>
<td>Total Loan distribution</td>
<td>582685</td>
<td>778159</td>
<td>782565</td>
<td>1184377</td>
<td>373738</td>
<td>356063</td>
</tr>
<tr>
<td>3.</td>
<td>Percentage of loan on deposits</td>
<td>45</td>
<td>48</td>
<td>59</td>
<td>35</td>
<td>10</td>
<td>09</td>
</tr>
<tr>
<td>4.</td>
<td>Loan distribution in Priority area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Agriculture and allied agriculture</td>
<td>216537</td>
<td>283582</td>
<td>398134</td>
<td>555400</td>
<td>298226</td>
<td>294542</td>
</tr>
<tr>
<td>4.2</td>
<td>Small Scale Industry</td>
<td>78347</td>
<td>104550</td>
<td>107814</td>
<td>102193</td>
<td>16486</td>
<td>10882</td>
</tr>
<tr>
<td>4.3</td>
<td>Other</td>
<td>215627</td>
<td>267236</td>
<td>176149</td>
<td>372181</td>
<td>59026</td>
<td>50639</td>
</tr>
<tr>
<td>Total 4.1 - 4.3</td>
<td></td>
<td><strong>510511</strong></td>
<td><strong>655368</strong></td>
<td><strong>682097</strong></td>
<td><strong>1029774</strong></td>
<td><strong>373738</strong></td>
<td><strong>356063</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Urban Metropolitan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-03-1990</td>
<td>998</td>
<td>277</td>
</tr>
<tr>
<td>31-03-1991</td>
<td>1008</td>
<td>277</td>
</tr>
<tr>
<td>31-03-1992</td>
<td>1010</td>
<td>298</td>
</tr>
<tr>
<td>31-03-1993</td>
<td>1004</td>
<td>323</td>
</tr>
<tr>
<td>31-03-1994</td>
<td>1013</td>
<td>326</td>
</tr>
<tr>
<td>31-03-1995</td>
<td>1007</td>
<td>335</td>
</tr>
<tr>
<td>31-03-1996</td>
<td>1007</td>
<td>337</td>
</tr>
<tr>
<td>31-03-1997</td>
<td>1008</td>
<td>338</td>
</tr>
<tr>
<td>31-03-1998</td>
<td>958</td>
<td>351</td>
</tr>
<tr>
<td>31-03-1999</td>
<td>958</td>
<td>355</td>
</tr>
<tr>
<td>31-03-2002</td>
<td>959</td>
<td>367</td>
</tr>
</tbody>
</table>

When credit gap is being increased through process of time i.e. credit gap is increasing as we moves from point vertix to the false point Z i.e. a to b to c to d towards e. This process is known as dynamic process of time.

3.7 IMPORTANT TRENDS/INDICATORS OF ALLAHABAD BANK

# Deposits and Loan Distribution:

The deposits of commercialised banks in Banda economy in 1991-92 was Rs. 1289253000. In the year 1999-2000 was Rs. 3355418 and the deposit has increased to Rs. 4126280000 in 2001-02. Total loan distribution in 1991-92, 1999-2000 and 2001-02 was Rs. 582685000, Rs. 1184377 and Rs. 356063 respectively. This indicates that the economy of Banda district is being monetised. It is clear from the table no. 3.5.

# Comparative Position of Branch Expansion:

Branches of Allahabad Bank has been increased during F.Y. 1990 to 2002. In 1990 it was 1766 and it has been increased to 1914 in 2002. It is clear from the table 3.6.

# Deposit, Advance and Investment:

Table 3.7
Deposits, Advances & Investments of Allahabad Bank
(Rs. in crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>9231</td>
<td>10149</td>
<td>11541</td>
<td>13541</td>
<td>15510</td>
<td>20106</td>
<td>22665</td>
</tr>
<tr>
<td>Advances</td>
<td>4237</td>
<td>4816</td>
<td>4938</td>
<td>5724</td>
<td>6985</td>
<td>9582</td>
<td>10992</td>
</tr>
<tr>
<td>Investments</td>
<td>3798</td>
<td>4271</td>
<td>5268</td>
<td>6462</td>
<td>7161</td>
<td>8719</td>
<td>10358</td>
</tr>
</tbody>
</table>


NOTES & REFERENCES

1. U.P. Gazetteer, p. 01
3. Tahsil Karwi becomes the part of Chitrakoot after bifurcation of Banda district into parts viz. Banda and Chitrakoot in May, 1997.
4. Mau becomes the part of Chitrakoot.
8. Ratchet Effect: The Relative Income Hypothesis was first propounded by Dorothy Brady and Rose Friedman. The Relative Income Theory tells as that the level of consumption spending is determined by the household level of current income earned.
previously. People are then reluctant to revert to the previous low level of consumption. This is the Ratchet Effect. (G.K. Puri & M.R. Parida, Economics, IIMS Publication 203, p.15).