CHAPTER VII

CREDIT DISBURSEMENT BY REGIONAL RURAL BANKS IN
THE RURAL DEVELOPMENT OF AGRA REGION

7.1 Introduction:

Credit is the end product of banking operations, Deposit are like the raw material and no business or industry can live on raw material purchase only because this creates a burden on the organisation. Deposits of whatsoever type and volume they be, are always burden some on the part of the bank because they beget interest payment burden on the purse of the banks. Payment to staff for deposit mobilisation and deposit management is a charge on and against the income of the bank. Bank to be profitable have to resort to lending operation since that ensures income in the form of interest charged on their credit authorisation and disbursement. As there are many types of the deposit schemes there are many form of credit depending upon the rate of interest, periodically purpose and objects.

RRBs are special brand of banking institution; the main object of rural banking is rural reconstruction through guided credit. Economics (both economic laws and economic academy) has travelled a long way so far as banking is concerned. The Keynesion theory of activising finance has been widely accepted all over the world. Development follows the banks has become the accepted slogan of banking
world and rural banking through out the country is transforming the fate of the rural folk into fortune through translating banking ideas into action. Rural side of the country is witnessing good change both in the direction of standard of living and standard of life.

This may be recalled that a RRB carries on the normal banking business i.e. the business of banking as defined in section 5(b) of the Banking Regulation Act, 1949. A RRB undertaken the following types of business -

(a) granting loans and advances particularly to small and marginal farmers and agricultural labourers etc.

(b) granting loans and advance particularly to the artisans small entrepreneurs and persons of small means particularly engaged in trade, commerce, industry or any other commercial activity within the notified area of rural banks.¹

Credit provides cash in the banks of have nots and gives enough of financial strength to work with. Agriculture, industry, commerce, trade, transport and other elements of infrastructure could at best be promoted through such cash funds, credit is the panacea of creating something rather many things out of nothing. It beget income to the bank and prosperity in the form of real benefit to the beneficiary. Thus the role of credit authorisation and disbursement can hardly be exaggerated and in very well proved, therefore, RRBs were opened to inculcate the banking
habit and spirit among villagemen and people living in the command area of the bank branch. RRBs have come to stay in the vital economy as friend philosopher and guide.

The RRBs in the region are engaged in providing credit and other facilities for the purpose of development of Agriculture, trade, commerce, industry and other productive activities in rural areas particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs for matter connected therewith and incidental thereto. In recent time another development in the loaning policy of the banks in the region, has been the growing emphasis for formation of IRDP for exploiting natural resources in well defined areas, especially the scheme of minor irrigation, soil conservation and special component plan. In addition, the banks have also provided loans to finance the schemes of allied activities of agriculture such as storage, bullock carts, horse/male carts, He-buffalo carts, Goatary, Piggery, Bio-Gas, Dairy development scheme and sheep rearing, poultry farming, and dairy fishries etc.

7.2 Priority Sector Lending:

After nationalisation of commercial banks were asked to extend credit facilities to the priority sector (which was either to very much neglected) of the economy. The
segment of priority sector credit were identified and various schemes to that effect were formed and implemented. It was very well contemplated that 1/3 of the bank credit should go to priority sector. Priorities sector credit figured in 20 point economic programme also as a very potent lever of poverty alleviation. Advancing of loans under DRI, IRDP, JRYO and other schemes has helped in creation of infrastructure in the rural economy.

There were many types of loans and advances under priority sector lending the few of which can be narrated as under -

7.2.1 **Farm Credit:**

Farm credit constitutes the credit made available to the farmers for the betterment of farming and farmer both. The farm credit many mean as under -

6.2.1.1 **Director Finance to Farmers for Agricultural Operation:**

7.2.1.1.A **Short term loans for raising crops:** i.e. for crop loans. In addition, advances upto ₹25000/- to farmers against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 6 months, where the farmers were given crop loans for raising the produce.
7.2.1.1.B Medium and long term loans:

Provided directly to farmers for financing production and development needs).

(A) Purchase of agricultural implements and machinery:

(a) Purchase of agricultural implements: Iron ploughs, harrows, hose, land-levelers, boundfarmers, hand-tools, sprayers, dusters, hay-press, sugar-cane, crushers, thresher machines, etc.

(b) Purchase of farm machinery: Tractors, trailers, power tillers, tractor accessories viz., dise. ploughs etc.

(c) Purchase of trucks, bullock carts and other transport equipments, etc. to assist the transport of agricultural inputs and farm products.

(d) Purchase of plough animals.

(B) Development of irrigation potential through:

(a) Construction of shallow and deep tube-wells, tanks, etc. and purchase of drilling units.

(b) Constructing, deepening, clearing of surface wells, electrification of wells, purchase of oil engines and installation of electric motor and pumps.

(c) Purchase and installation of turbine pumps, construction of field channels (open as well as underground) etc.
(d) Construction of lift irrigation project.
(e) Installation of sprinkler irrigation system.

(C) **Reclamation and Land Development Schemes:**

- Binding of farm lands, levelling of land, terracing,
- conversion of dry paddy lands into wet irrigable paddy lands,
- development of farm drainage, reclamation of soil lands and
- prevention of salinisation, reclamation of ravine lands,
- purchase of bulldozers, etc.

(D) **Construction of farm buildings and structures etc.:**

- Bullock sheds, implement sheds, tractor and truck
- sheds, farm stores etc.

(E) **Construction and running of storage facilities:**

- Construction and running of warehouses, godowns,
- silos and cold storages.

(F) **Production and Processing of hybrid seeds of crops:**

(G) **Payment of irrigation charges, etc.:**

- Charges for hired water from wells and tubewells,
- canal water charges, maintenance and upkeep of oil engines
- and electric motors, payment of labour charges, marketing
- charges, service charges to custom service units, payment of
- development cess, etc.
(H) **Other types of direct finance to farmers:**

(i) **Short-term loans:**

(a) To non-traditional plantations and horticulture.

(b) For allied activities such as dairying, fishery, piggery, poultry, bee-keeping etc.

(ii) **Medium and Long-term loans:**

(a) Development loans to all plantations, horticulture, forestry, etc.

(b) **Development loans for allied activities:**

(1) Development of dairying and animal husbandry in all its aspects.

(2) **Development of fisheries in all its aspects:**

   From fish catching to stage of export, financing of equipment necessary for deep sea fishing, rehabilitation of tanks (fresh water fishing), fish breeding, etc.

(3) Development of poultry, piggery etc. in all its aspects including erection of poultry houses, pighouses, bee-keeping, etc.

(4) Bio gas plants.

7.2.1.2 **Indirect Finance to Agriculture:**

(i) Credit for financing the distribution of fertilizers, pesticides, seeds, etc.

(ii) Loans to Electricity Boards for reimbursing the expenditure already incurred by them for providing
low tension connections from stepdown point to individual farmers for energising their wells.

(iii) Loans to farmers through PACS, FSS and LAMPS.

(iv) Other types of indirect finance such as:

(i) Finance for hire-purchase schemes for distribution of agricultural machinery and implements.

(ii) Loans for construction and running of storage facilities (warehouses, market yards, godowns, soils and cold storages) in the producing areas. (If the loans to be cold storages are covered by the guarantee of the Deposit Insurance and Credit Guarantee Corporation (DICGC), they should be classified under SSI advances).

(iii) Advances to custom service units managed by individuals, institutions or organisations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combine etc. and undertake work from farmers on contract basis. If these advances are covered by the guarantee of DICGC they should be classified under SSI Advances.

(iv) Loans to individuals, institutions or organisations who undertake spraying operations.

(v) Loans to co-operative marketing societies co-operative banks for relending to co-operative marketing societies (provided a certificate from the
state co-operative bank in favour of such loans is produced) for disposing of the produce of members.

(vi) Loans to co-operative banks of produces (e.g. Aarey milk colony co-operative bank, consisting of licence-cattle owners).

(vii) Financing the farmers indirectly through the co-operative system (otherwise than by subscription to bonds and debentures issues) provided a certificate from the state co-operative bank in favour of such loans is produced.

(viii) Advances to state-sponsored corporations for onward lending to weaker section.

7.2.2 Non Farm Credit:

It is said that man does not live on bread alone are villages now do not mean agriculture alone. There are many non-agricultural activities observed in the villages. This constitute non farm sector. This non farm sector also require credit and finance. RRBs help the non farm sector in more than one ways through many type of loans schemes viz.

7.2.2.1 Direct Finance to Small-scale Industries:

The small-scale industrial sector has emerged as a dynamic and vibrant sector of the economy during the eighties. At the end of the VIIth plan period, it accounted for merely 35% of the gross value of the output in the
manufacturing sector and over 40% of the total exports from the country. It also provided employment opportunities to around twelve million people. By the end of VIIIth plan it is expected to provide employment to 15.6 million people.

The primary objectives of the small-scale industrial policies during the nineties (as envisaged under new industrial policy announced by Government of India in 1991), would be to impart more vitality and growth impetus to the sector to enable it to contribute its mite fully to the economy. Under the new policy assistance from government will be biased in favour of the tinny sector - The small scale industries. Practically, the entire small-scale industrial sector will be covered under "single window scheme" under which composite loans will be made available for long term as well as working capital for projects costing upto ½ twenty lakhs.

The new policy also lays stress on adequate and timely flow of credit to small-scale sector for which special monitoring agency is proposed to be set up so as to give a filip to the inflow of the credit to the small-scale industrial sector. A new scheme of integrated infrastructural development to small-scale industries is also a step in right directions which will help spread of industrial units in rural and backward areas.

The policy show greater concern for modernisation of looms, provision for better design, dyes and chemicals,
marketing assistance and also encouraging the spinning capacity in the co-operative sector.

It is obvious that the RRBs have to play a vital and crucial role in the implementation of the new industrial policy designed for the small-scale sector as referred in the preceding paragraphs above. The small-scale industrial units are helped by the RRBs directly against their loan proposals. Advances of this sector include financing small traders, transporters, professionals and other self-employed persons.

7.2.2.2 **Indirect Finance to Small-Scale Sector:**

RRBs are contributing to the cause of nations economic development by helping the small entrepreneurs both directly and indirectly. Indirect finance is this connection may mean financing to state sponsored corporation and agencies lending to priority sector, RRBs have not done networking in this direction.

But RRBs developed like a been light and have inculcated a ray of hope in the mind of small men of the region RRBs are the big support of the small men of the region.

7.3 **Poverty Alleviation Programmes:**

Whatsoever be the cause and effect of poverty in India, poverty entirely is our basic problem. This is a deep rooted problem oriented problem. Poverty begets
poverty since it is both cause and effect of poverty. Hence poverty alleviation is the need of the hour. Virtually creation of wealth, generation of prosperity and multiplication of all we have is the only effective way of going well on this front.

Different type of scheme generating employment opportunity to the unemployed youth in the form of service and self employment avenues can do wonder in this direction. And this can be done easily and effectively through providing ample of the credit in the hands of the villagers men. RRBs can do this wonder with surety and perfection as no other bank can touch this issue with all sincerely and devotion. Literally this poverty alleviation programme have to be viewed in the wider perspective of socio-economic transformation in the region. Banks specially RRBs should take up this challenge in full length because through this RRBs will be helping the poor men to uplift his standard of living and standard of life both. Following are the schemes that RRBs are taking up under the strict vigilance of the government.

Different Poverty Alleviation Programmes and Schemes:

The government has launched the following anti-poverty programmes and schemes to bring the people above the poverty line.\(^3\)
(i) Integrated Rural Development Programme (IRDP)
(ii) Differential Rate of Interest Scheme (DRI)
(iii) National Rural Employment Programme (NREP)
(iv) Lead Bank Schemes (LBS)
(v) Village Adoption Schemes (VAS)
(vi) District Credit Plans (DCP)
(vii) Annual Action Plan (AAP)
(viii) Community Development and Panchayti Raj Institutions (CDPI)
(ix) Special Employment Programme (SEP)
(x) Rural Landless Employment Guarantee Programmes (RLEGP)
(xi) Land Reforms.
(xii) Integrated Rural Energy Programmes. (IREP)

The main objectives of these programmes and schemes are to raise the sources of income of families in the identified target group. The target group comprises to poorest among the poor in the area and scheduled castes and scheduled tribes.

The total impact of the programmes depends on the degree to which the different poverty alleviation programmes including the Minimum Needs Programme (MNP) are integrated with one another and with the overall, endowment of land under land reform measures can enable a family to grow fodder for the animal given under the IRDP, development of house sites under MNP can be integrated with the
construction of houses under NRFP or RLEGP and vice-versa, and both in turn integrated with the IRDP by developing work sheds and production estates around the housing complex. NREP and RLEGP can also be used extensively for raising productivity in agriculture through construction of field channels for irrigation and for drainage.

Banks provide assistance for the following forestry programmes -

(A) **Farm Forestry:**

Raising of trees on bunds and boundaries of fields and/or raising trees on private agricultural lands.

(B) **Production/Commercial Forestry:**

Raising of trees with the objective of producing timber, fuelwood, fodder and other forest products as a business enterprises.

Bank loan is made available for any of the following purposes:

(i) **Development of nurseries:**

The amount of loan is calculated for raising minimum of 2500 seedlings to ensure economic viability. This involves investment for preparation of land, raising nurseries at the initial stage.  

(ii) **Plantation:**

The loan is granted for the purpose of planting fruit or timber trees involving.
(a) Development of land areas.
(b) Creation of irrigation facilities.
(c) Construction of drainage channel.
(d) Purchase of fertilisers, pesticides, seedings etc.
(e) Purchase of farm equipment.
(f) Labour charges etc.

Farmers, companies, State undertakings having perpetual tendency rights are eligible for availing loans under the scheme.

7.4 Procedure for Sanction of Loans:

In the present set-up of credit/advances management, the loan applications of such families, as have been identified by Vikas Mhikari in collaboration with the branch manager of RRB among the target group of panchayat level are processed by the branch manager.

The application which is available at the branch offices in printed proforma, completed in all respects, is submitted to the branch office. Application under government sponsored schemes are duly attested by Patwari/Gram Sewak/Tehsildar etc. After processing the application, the branch manager sanctions the loan.

Guarantee:

No guarantee or collateral is required for advances on agricultural and allied activities to an extent of Rs.5000/-. For loans in the industrial and business sector
the maximum limit of advance without collateral security is Rs.25,000/-. Identified beneficiaries are advanced in the specially organised loan melas, village congregation, special functions and at bank counters.

7.5 Credit Deployment of RRBs in Agra Region:

The Regional Rural Banks in Agra Region have earned a good name among the rural masses for timely and need based lending to the weaker section covering agriculture and allied activities as also the non-agricultural sector as described earlier.

7.5.1 Credit and Advances of Aligarh Gramin Bank, (A.G.B.)

Aligarh:

The table 7.1 and 7.2 shows that there has been record growth of advances in terms of loan disbursed and outstanding. The Aligarh Gramin Bank, Aligarh, has successfully smashed the target set for outstanding advances and for the disbursement during year 1990-91 and 1996-97. It is observed from the table that the A.G.B., Aligarh had dispensed a total sum of Rs.384.92 lakhs to 8297 beneficiaries in the year 1990-91. The distribution of credit, however, increased of Rs.4558.48 lakhs to 27972 beneficiaries in the year 1996-97. This shows that over the years the distribution of credit has increased by 12 times. Sectorwise,
TABLE 7.1

Showing the purposewise advances with their respective numbers of A.G.B., Aligarh

(Amount in Lakhs)

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<tbody>
<tr>
<td></td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
</tr>
<tr>
<td>1. Crop loan</td>
<td>2107</td>
<td>82.78</td>
<td>3244</td>
<td>136.64</td>
<td>7176</td>
<td>390.22</td>
<td>9206</td>
</tr>
<tr>
<td>2. Agricultural term loan</td>
<td>1991</td>
<td>81.42</td>
<td>1892</td>
<td>94.28</td>
<td>3691</td>
<td>275.75</td>
<td>3905</td>
</tr>
<tr>
<td>3. R &amp; C, SSI, RA, Tertiary Sector and other</td>
<td>4199</td>
<td>220.72</td>
<td>2040</td>
<td>113.35</td>
<td>1783</td>
<td>109.18</td>
<td>2343</td>
</tr>
<tr>
<td>4. Other Non-priority Sector Advance</td>
<td>-</td>
<td>-</td>
<td>2790</td>
<td>145.86</td>
<td>3363</td>
<td>240.54</td>
<td>4091</td>
</tr>
<tr>
<td>Total</td>
<td>8297</td>
<td>384.92</td>
<td>9466</td>
<td>490.13</td>
<td>16013</td>
<td>1015.69</td>
<td>19545</td>
</tr>
</tbody>
</table>

Source: Compiled from Annual Reports for the relevant years, Aligarh Gramin Bank, Aligarh
### TABLE 7.2

**Showing the outstanding amount and number of accounts of advances of A.G.B., Aligarh**

(Amount in lakhs)

<table>
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<tbody>
<tr>
<td></td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
</tr>
<tr>
<td>1. Crop loan</td>
<td>13535</td>
<td>543.26</td>
<td>15107</td>
<td>581.17</td>
<td>16668</td>
<td>731.21</td>
<td>19728</td>
</tr>
<tr>
<td>2. Agricultural term loan</td>
<td>23225</td>
<td>842.55</td>
<td>23783</td>
<td>905.59</td>
<td>22355</td>
<td>992.16</td>
<td>22276</td>
</tr>
<tr>
<td>3. R&amp;C, SSF, RA, Tertiary Sector</td>
<td>27065</td>
<td>933.65</td>
<td>17160</td>
<td>837.22</td>
<td>16183</td>
<td>789.54</td>
<td>16193</td>
</tr>
<tr>
<td>4. Other Non-priority Sector Advance</td>
<td>2885</td>
<td>153.52</td>
<td>2425</td>
<td>152.66</td>
<td>3079</td>
<td>253.28</td>
<td>3698</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66710</td>
<td>2473.01</td>
<td>58475</td>
<td>2476.64</td>
<td>58285</td>
<td>2766.19</td>
<td>61895</td>
</tr>
</tbody>
</table>

Source: Annual Reports, A.G.B., Aligarh, for the relevant years.
agricultural sector has alone claimed 43 and 56 per cent of total credit respectively in the year 1990-91 and 1996-97. R&C, SSI, RA, Tertiary Sector and other loan were raised from 220.72 lakhs to 938.45 lakhs in the year 1990-91 and 1996-97 and other non-priority sector advance has also increased from 145.86 lakhs to 1047.04 lakhs in the year 1990-91 & 1996-97.

The number of outstanding accounts also showed a significant increase during the study period. It is evident from the table 7.2 that number of beneficiaries in 1996-97 was more than that of 1990-91. And the number rose from 66710 to 71934 in the year 1990-91 to 1996-97. Though the outstanding amount of advances has also increasing position during the study period. It increased from ₹.2473.01 lakhs, to ₹.8483.18 lakhs respectively. This clearly indicates that whatever credit is supplied by RRBs, they are supplied mainly in the form of direct advances. This has encouraged them to be closely associated with multifarious borrowers living in the district Aligarh.

7.5.1.(A) Participation in Government Sponsored Schemes

by A.G.B., Aligarh:

The bank has started vigorous implementation of (20) twenty points economic programme by financing various Governments sponsored schemes, with a view to provide maximum assistance to weaker sections of the society. The
The performance of the bank is given in the table 7.3, amount disbursed with respective accounts number during the study period.

The table indicates that in the year 1990-91, the A.G.B., Aligarh, dispensed a sum of Rs.175.27 lakhs to 3701 beneficiaries in favour of various rural development programmes sponsored by Central and State Governments. This, however, increased to Rs.1500.10 lakhs to 5669 beneficiaries in the year 1996-97. Over the years, the increased was 12 per cent. It is further observed from the table that bulk of the credit is distributed in favour of Integrated Rural Development Programme (IRDP) sponsored by the Central Government. The A.G.B., Aligarh, assistance for this scheme accounted for 87.8 per cent and 31.6 per cent of the total in the years 1990-91 and 1996-97. Next to IRDP scheme is the special component plan scheme sponsored by Government. In the category of other farm sector schemes we have a host of centrally sponsored and State sponsored rural development schemes. The primary objective of these schemes is to benefit the weakest among the weak in rural areas. It is observed from the table 7.3 that A.G.B., Aligarh, had supplied 0.82 per cent of total. Credit to these designated other sectors. However, in 1996-97, the same increased 65.1 per cent of the total.
TABLE 7.3

Showing disbursement under Government sponsored schemes of A.G.R., Aligarh

(n. in lakhs)

<table>
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<tr>
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<tr>
<td></td>
<td>No. of</td>
<td>Amount</td>
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<td>Amount</td>
<td>No. of</td>
<td>Amount</td>
<td>No. of</td>
</tr>
<tr>
<td></td>
<td>A/Cs</td>
<td>disburse</td>
<td>A/Cs</td>
<td>disburse</td>
<td>A/Cs</td>
<td>disburse</td>
<td>A/Cs</td>
</tr>
<tr>
<td>1. I.R.D.P.</td>
<td>3245</td>
<td>153.91</td>
<td>2888</td>
<td>154.93</td>
<td>3137</td>
<td>226.63</td>
<td>3937</td>
</tr>
<tr>
<td>3. Other Sector</td>
<td>12</td>
<td>1.44</td>
<td>10</td>
<td>.80</td>
<td>221</td>
<td>40.54</td>
<td>111</td>
</tr>
<tr>
<td>Fisheries, Bio-Gas, Dairy development, Minor Irrigation, Bullock carts, Piggery, Goatery</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3701</td>
<td>175.27</td>
<td>3440</td>
<td>182.23</td>
<td>3581</td>
<td>283.04</td>
<td>4352</td>
</tr>
</tbody>
</table>

Source: Annual Reports, A.G.R., Aligarh, for the relevant years.
7.5.1.(B) Assistance to SC/ST & Minority Community by A.G.B., Aligarh:

In 1990-91, special attention was given to SC/ST beneficiaries by the bank, and during the period 1990-91, the bank has disbursed ₹. 96.82 lakhs to 2347 SC/ST beneficiaries. On 31st March 1991 an amount of ₹. 770.73 lakhs to 20700 beneficiaries and persons belonging to minority communities were also being provided financial assistance, during period ₹. 22.75 lakhs to 536 lakhs beneficiaries was disbursed to the same community. This financial assistance, however increased to ₹. 404.44 lakhs to 3670 beneficiaries. As on 31.3.1997 ₹. 1279.95 lakhs to 18128 beneficiaries is outstanding against the SC/ST beneficiaries.5

In addition, the bank has also come forward and continued to provide financial assistance to minority communities. An amount of ₹. 13.27 lakhs spread over 120 beneficiaries was disbursed during the year and ₹. 438.30 lakhs to 4670 beneficiaries were outstanding as on 31.3.1997.6

7.5.2 Credit and Advances of Jamuna Gramin Bank, Agra:

The advances of J.G.B., Agra, for various activities are shown in the table 7.4 during the year 1990-91 and 1996-97.
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</thead>
<tbody>
<tr>
<td>1. Agriculture</td>
<td>93.81</td>
<td>79.48</td>
<td>95.88</td>
<td>134.94</td>
<td>197.06</td>
<td>216.94</td>
</tr>
<tr>
<td>2. Allied activities</td>
<td>57.15</td>
<td>90.59</td>
<td>114.35</td>
<td>171.36</td>
<td>179.94</td>
<td>182.05</td>
</tr>
<tr>
<td>3. R &amp; C, SSI, RA, RT, Small business &amp; tertiary sector</td>
<td>106.05</td>
<td>96.48</td>
<td>126.93</td>
<td>228.72</td>
<td>563.60</td>
<td>586.57</td>
</tr>
<tr>
<td>4. Others</td>
<td>98.20</td>
<td>131.80</td>
<td>157.74</td>
<td>210.88</td>
<td>410.88</td>
<td>811.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>355.21</strong></td>
<td><strong>398.35</strong></td>
<td><strong>491.60</strong></td>
<td><strong>745.90</strong></td>
<td><strong>1352.38</strong></td>
<td><strong>1797.23</strong></td>
</tr>
</tbody>
</table>

**Source:** Compiled from Annual Reports of J.G.B., Agra, for the relevant years.
It is observed from the table 7.4 that the Jamuna Gramin Bank, Agra, had dispensed a total sum of ₹.355.21 lakhs to the weaker sections in the year 1990-91. The distribution of credit, however increased to ₹.1797.23 lakhs in 1996-97. This shows that over the years the distribution credit has increased by 5 times. Sectorwise, agricultural sector has alone claimed 47.4 per cent and 22.2 per cent of total credit respectively in the year 1990-91 and 1996-97. Although between 1990-91 and 1996-97, the share of agricultural credit in the total has declined yet this sector still account for the bulk of the credit.

It is revealing to note that the percentagewise distribution credit to R&C, SSI, RA, RT, small business and tertiary sector accounted for 30 per cent and 37 per cent of the total respectively between 1990-91 and 1996-97. This sector has not received adequate amount of credit over the years. However, the percentage share in the distribution of credit in favour of others stood at 27.5 per cent and 45.1 per cent respectively in 1990-91 and 1996-97.

7.5.2.(A) Participation in Governments Sponsored Schemes

by Jamuna Gramin Bank, Agra:

The bank continued to participate in Government sponsor scheme by financing under various schemes such as IRDP, special component plan and annual action plan etc. to the weaker section of the society.
### Table 7.5

**Showing disbursement under Government sponsored/AMP Schemes of J.G. Bank, Agra**

(M. in lakhs)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.of A/Cs</td>
<td>Amount disbursed</td>
<td>No.of A/Cs</td>
<td>Amount disbursed</td>
<td>No.of A/Cs</td>
<td>Amount disbursed</td>
</tr>
<tr>
<td>1. T.R.D.P</td>
<td>3531</td>
<td>170.33</td>
<td>1920</td>
<td>138.0</td>
<td>2119</td>
<td>175.0</td>
</tr>
<tr>
<td>2. Special Component Plan</td>
<td>-</td>
<td>-</td>
<td>210</td>
<td>-</td>
<td>560</td>
<td>39.0</td>
</tr>
<tr>
<td>3. Annual Action Plan</td>
<td>6527</td>
<td>395.21</td>
<td>-</td>
<td>398.0</td>
<td>-</td>
<td>492.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10058</td>
<td>525.54</td>
<td>2230</td>
<td>5360.0</td>
<td>2679</td>
<td>706.0</td>
</tr>
</tbody>
</table>

**Source:** Compiled from Annual Reports, Jamuna Gramin Bank, Agra, for the relevant years.
The table 7.5 indicates that in the year 1990-91, the bank dispensed a sum of Rs. 525.54 lakhs to 10058 beneficiaries in favour of various rural development programmes sponsored by Central and State Governments. This, however, increased to Rs. 2174.88 lakhs to 9849 beneficiaries in the year 1996-97 over the years, the increase was 24 per cent.

7.5.2. (B) Financial Assistance to SC/ST by Jamuna Gramin Bank, Agra:

People belong to scheduled castes and scheduled tribes have been recognised as the most vulnerable sections. Banks have been asked to make special efforts to assist them with adequate credit to enable them to undertake self-employment ventures to acquire income generating capital assets so as to improve their standard of living. At the end of March 1996-97, the total outstanding amount of loan extended to Scheduled Castes/Scheduled Tribes by Jamuna Gramin Bank was Rs. 151.38 lakhs in 1117 beneficiaries as against Rs. 144.39 lakhs in 1242 beneficiaries in March 1995-96.

7.5.3 Credit and Advances of Etah Gramin Bank, (EGB) Etah:

The main task of the Etah Gramin Bank, Etah, is to provide credit to the economically weaker sections in the rural areas. They are: small/marginal farmers, small businessmen, retail trade rural artisans, and professionally self-employed persons, scheduled castes and scheduled
tribes etc. The bank provides both direct and indirect finance to these classes of borrowers. The sectorwise distribution of credit by Etah Gramin Bank, Etah, can be observed from the table 7.6.

It is observed from the table that the Bank has disbursed ₹.535.02 lakhs to 18439 beneficiaries in the year 1990-91. The distribution of credit, however, increased to ₹.2425 lakhs to 21324 beneficiaries in the year 1996-97. This shows that over the years the distribution of credit has increased by 22 per cent. Sector-wise, farm sector has alone claimed 70 per cent and 62 per cent of total credit respectively in the year 1990-91 and 1996-97. However, the percentage share in the distribution of credit in favour of non-farm sector stood at 29.1 per cent and 38.3 per cent respectively in the year 1990-91 and 1996-97.

7.5.3.(A) Participation in Government's Sponsored Schemes by Etah Gramin Bank, Etah:

The bank continued its participation in IRDP and other Government sponsored schemes. The bank has played a commendable role in the implementation of IRDP, the country's largest antipoverty programme. During 1990-91, the Etah Gramin Bank, Etah, has disbursed ₹.149.03 lakhs to 3182 beneficiaries and the total outstanding amount at the end of March, 1991, under IRDP was ₹.588.70 lakhs of 21164 accounts.
## TABLE 7.6
Showing the sectorwise advances of Etah Gramin Bank, Etah (E.G.B)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
<td>Amount disbursed</td>
<td>No. of A/Cs</td>
</tr>
<tr>
<td>A. Farm Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Agriculture</td>
<td>1393</td>
<td>319.61</td>
<td>4883</td>
<td>91.96</td>
<td>12653</td>
<td>268.41</td>
<td>13378</td>
</tr>
<tr>
<td>(ii) Allied Activities</td>
<td>1584</td>
<td>60.09</td>
<td>612</td>
<td>24.25</td>
<td>929</td>
<td>45.06</td>
<td>1564</td>
</tr>
<tr>
<td>B. Non-Farm Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Rural Artisans</td>
<td>155</td>
<td>3.98</td>
<td>115</td>
<td>2.76</td>
<td>202</td>
<td>663</td>
<td>210</td>
</tr>
<tr>
<td>(ii) Retail Trade</td>
<td>416</td>
<td>17.62</td>
<td>290</td>
<td>13.74</td>
<td>464</td>
<td>25.50</td>
<td>695</td>
</tr>
<tr>
<td>(iii) P &amp; S Employed</td>
<td>92</td>
<td>3.14</td>
<td>60</td>
<td>2.29</td>
<td>94</td>
<td>3.71</td>
<td>219</td>
</tr>
<tr>
<td>(iv) Road Transport</td>
<td>548</td>
<td>37.98</td>
<td>294</td>
<td>17.41</td>
<td>451</td>
<td>26.91</td>
<td>584</td>
</tr>
<tr>
<td>(v) Others</td>
<td>2061</td>
<td>92.60</td>
<td>2482</td>
<td>110.96</td>
<td>2813</td>
<td>136.27</td>
<td>3245</td>
</tr>
<tr>
<td>Total</td>
<td>18439</td>
<td>535.02</td>
<td>38736</td>
<td>263.37</td>
<td>17606</td>
<td>512.49</td>
<td>19895</td>
</tr>
</tbody>
</table>

Source: Annual Reports, Etah Gramin Bank, Etah, for the relevant years.
Under IRDP the bank extended assistance to the tune of 104.85 lakhs benefitting 1985 people during the year 1997-93, as compared to Rs.53.96 lakhs disbursed under IRDP to 1251 beneficiaries in 1991-92. However, the annual targets fixed for such financing, could not be achieved since the targets fixed for the district as a whole under district credit plan were achieved much before the end of the year.  

During 1993-94, the bank has disbursed Rs.170.30 lakhs to 2801 beneficiaries under this plan. Under IRDP the bank extended financial assistance amounting to Rs.186.83 lakhs benefitting 2628 numbers beneficiaries as against the target of Rs.214.89 lakhs for 2899 numbers beneficiaries in the year 1994-95. During 1996-97, The Etah Gramin Bank, Etah, has disbursed Rs.230 lakhs to 1851 beneficiaries under this plan against the target of 180 lakhs to 1616 beneficiaries.

7.5.3.(B) Crop Loans and Farm Mechanisation:

Each district, however, is an important district from the point of view of foodgrain production. It stands second in the whole of Uttar Pradesh in tobacco production. Agriculture occupies prominent place in the economy of the district, with 80% of the population being directly dependent on agriculture. During 1990-91, the bank has disbursed Rs.231.79 lakhs to 12499 farmers under crop loan
## Table 7.7

Showing the sectorwise outstanding advances of K.K.G. Bank, Mainpuri

(All amounts in lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of A/Cs outstanding</td>
<td>Amount outstanding</td>
<td>No. of A/Cs outstanding</td>
<td>Amount outstanding</td>
<td>No. of A/Cs outstanding</td>
<td>Amount outstanding</td>
<td>No. of A/Cs outstanding</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td>21861</td>
<td>549.43</td>
<td>70536</td>
<td>583.81</td>
<td>9689</td>
<td>623.69</td>
<td>18547</td>
</tr>
<tr>
<td>2. R.A., R&amp;C &amp; SSI</td>
<td>2923</td>
<td>109.89</td>
<td>2837</td>
<td>115.38</td>
<td>2692</td>
<td>119.93</td>
<td>3094</td>
</tr>
<tr>
<td>3. Prof. &amp; S. Employment</td>
<td>16826</td>
<td>663.19</td>
<td>16547</td>
<td>691.30</td>
<td>14955</td>
<td>652.85</td>
<td>15267</td>
</tr>
<tr>
<td>R.T., Small business, R.T. etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Others</td>
<td>826</td>
<td>33.55</td>
<td>926</td>
<td>44.60</td>
<td>986</td>
<td>61.96</td>
<td>1038</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42416</td>
<td>1356.06</td>
<td>40846</td>
<td>1435.09</td>
<td>37299</td>
<td>1458.43</td>
<td>37946</td>
</tr>
</tbody>
</table>

**Source:** Annual reports, K.K.G. Bank, Mainpuri, for the relevant years.
out of which ₹44.39 lakhs has been disbursed for special foodgrain production programme for maize crop cultivation. During 1996-97, the bank has disbursed ₹1308 lakhs to 16629 beneficiaries under crop loan and farm mechanisation against the target of ₹580 lakhs to 14007 beneficiaries.

7.5.4 Credit and Advances of Kshetriya Kisan Gramin Bank (K.K.G.B.), Mainpuri:
The total outstanding advances at the end of March 1991, of K.K.Gramin Bank, Mainpuri, was ₹1356.06 lakhs to 47436 accounts. The sectorwise outstanding advances are shown in the table no.7.7 for the last seven years. This, however, increased to ₹2980.11 lakhs in the year 1996-97. Thus it is clear from the table that the total outstanding amount has increased continuously.

7.5.4.(A) Disbursement in Government Sponsored Scheme:
The K.K.Gramin Bank, Mainpuri, was actively involved in financing the rural people through various schemes of the Government under the heads of special component plan, Bio-gas, Minor Irrigation and Fisheries. The Bank dispensed a sum of ₹141.25 lakhs in favour of rural development programmes sponsored by Central & State Governments. This however, increased to ₹278.72 lakhs in the year 1996-97 under IRDP and special component plan.
7.5.4.(B) **Advances Under Annual Action Plan (AAP):**

**TABLE 7.8**

*Showing the target and achievement under AAP of K.K.G.B., Mainpuri*

(\(^{\text{Rs. in lakhs}}\))

<table>
<thead>
<tr>
<th>Years</th>
<th>Target</th>
<th>Achievement</th>
<th>Percentage of Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>553.46</td>
<td>436.83</td>
<td>78.92</td>
</tr>
<tr>
<td>1991-92</td>
<td>506.06</td>
<td>194.01</td>
<td>38.34</td>
</tr>
<tr>
<td>1992-93</td>
<td>443.25</td>
<td>236.35</td>
<td>38.34</td>
</tr>
<tr>
<td>1993-94</td>
<td>474.33</td>
<td>503.40</td>
<td>106.13</td>
</tr>
<tr>
<td>1994-95</td>
<td>668.99</td>
<td>-</td>
<td>107.36</td>
</tr>
<tr>
<td>1995-96</td>
<td>414.00</td>
<td>1297.54</td>
<td>31.92</td>
</tr>
<tr>
<td>1996-97</td>
<td>1123.25</td>
<td>746.84</td>
<td>66.00</td>
</tr>
</tbody>
</table>

Source: Annual Reports, K.K.G.B., Mainpuri, for relevant years.

The table 7.8 shows that the achievement against the target of K.K.G.B., Mainpuri, under AAP has been progressive. The bank has special contribution in the district credit plan of District Mainpuri and Ferozabad. In both the
districts, the bank has disbursed Rs.740.84 lakhs showing an increase of 78.65% over the disbursement of previous year.

7.6 Recovery of Loans:

Recovery of loans is an important component upon which the success and prosperity of the banks depend. A higher degree of recovery would lead the bank on the path of the development and the poor performance of recovery of loans may reduce the capacity of the banks, and the prosperity as well as the profitability of the banks. It also adds to the operational cost of the banks. A high degree of recovery of loans on the other hand, encourages the lending operations of the banks and improving its profitability.
REFERENCES

2. NABARD, Annual Report, Mumbai 1995-96, p.25
6. Ibid., p.10
10. Ibid., p.12.