Introduction
INTRODUCTION

With a better understanding of the need for rural development in the State's programmes of overall economic development, considerable interest has been generated in this subject in recent years. The State Government has been making efforts for improving the Village economy and the measures undertaken although laudable, did not meet the desired needs of the rural society. In the sphere of credit, the major stress of the Government policy has been on increasing the availability of credit to all classes of rural borrowers especially those belonging to the weaker sections, in terms better the usurious rates charged by money lenders. Keeping this in view, the Government considered it necessary that banks should also play their legitimate role in the promotion of the rural economy. The rural credit requirements and the spread of banking activities have received special emphasis at the hands of the Rural Banking Inquiry Committee and the Committee on Direction of the All India Rural Credit Survey. A final push in this direction was given on 19th July, 1969, through nationalization of commercial banks with clear objective like extension of credit to those sectors of the economy which were neglected till that date, encouragement to new entrepreneurs and the removal of regional disparities in the spread of banking and promotion of rural development. Due to various reasons, the commercial banks did not extend their activities much in rural areas. It was felt that rural credit needs were to be met essentially by the co-operative and other development agencies set
up primarily for the purpose. With the paramount importance attached to the co-operatives, in serving the credit needs of the rural areas, the Government's endeavour has been to strengthen the multi-tier cooperative credit structure in the State.

Rapid development and growth of agriculture has been one of the principal tasks in which the developed States have been engaged over the last four decades. Once all the cultivated land is brought under the plough, intensive farming is the only way to increase farm production, this entails application of science and technology to land by adopting the innovations, which usually require the shift to the use of modern farm inputs and assets from those of traditional ones. Hence, modernisation of agriculture leads to increased capital investment on land. As most of the farmers do not have resources of their own to finance the process of modernisation, they have to rely heavily on borrowings. In other words, farm credit plays a pivotal role in accelerating agricultural development. For this, long-term credit is required which should not only be adequate and cheap but also development oriented. Obviously, this type of credit is not likely to be provided by the private money-lending system on account of its own limitations. This has put forth the need for developing a suitable institutional credit system which provides the right type of farm credit in adequate quantity at the right time.

The development of such an agency for providing long-term finance for investment in agriculture in Uttar Pradesh was initiated during sixties of this century. At that time, this type of Bank was known as 'Land Mortgage Bank' because the purpose of granting loan was mainly for redemption of prior debts by mortgaging the
This Bank has undergone various transformations, over the last four decades and has come to stay now as “State Cooperative Village Development Bank”. This Bank caters to the needs of credit for investment in agriculture on easier terms. The main purpose for which long-term credit is made available to the eligible farmers by these banks are:

(i) Loans for creating irrigation facilities like construction of new wells, repairs of old wells, purchase of oil engines, electric motor pumps, laying down pipe lines, etc.;

(ii) Loans for land development like levelling of land, bunding, fencing of farms; and

(iii) Loans for purchase of agricultural machines like tractors, power-tillers, threshers, etc.

(iv) Loans for non-farm sectors like, horticulture, fisheries, Animal husbandry, Rural Housing etc.

In addition to this, the Uttar Pradesh State Cooperative Village Development Bank Ltd. issue loans for S.R.T.O. horticulture development and purchase of loan. Of late, Uttar Pradesh State cooperative Village development Bank Ltd. has taken up financing for diversified purposes like development of poultries, fisheries, diaries, erection of gobar gas plants, etc., to bring viability to small and marginal farmers and to other weaker sections of the society in an increasing manner. It has become very essential in the context of social objectives of five-year plans. Uttar Pradesh State Cooperative Village Development Bank Ltd. has diversified their operations to cover activities connected with agriculture and subsidiary occupations on particular and rural development in general.
A new vista was opened in the field of long-term agricultural credit by the establishment of Agricultural Refinance and Development Corporation in the year 1963 which was heavily assisted by the International Development Association (IDA), an affiliate of the World Bank, since 1973. This proved to be a powerful engine for the accelerated progress of Co-operative Village Development Bank in the State. As a result thereof Uttar Pradesh State Cooperative Village Development Bank Ltd. could expend their financial activities rapidly, facilitating agricultural development to considerable extent. This helped in bringing about green revolution in our State. The rapid expansion in the activities of this institution has brought to the fore a number of shortcomings in its working. One of the major problems before these banks is of overdues. The problem is so gigantic that, of late, World Bank has refused to finance the VII phase of loaning programme of the Bank. All this has made it necessary to investigate the working of this institution and find out whether this institution can prove an adequate and efficient machinery to shoulder the responsibility of increasing requirement of finance for agricultural development.

Hence, an attempt has been made in this study to evaluate the lending policies of Uttar Pradesh State Cooperative Village Development Bank Ltd. in respect of agricultural developments.

**Statement of the Problems**

Although the operations of Uttar Pradesh State Cooperative Village Development Bank Ltd. have expanded sizably over a period of time, there has not been significant improvement in
qualitative terms and they continue to suffer several financial, organisational and operational problems affecting their viability. They are beset with several weaknesses such as low level of credit business. High cost of management, inadequate margins on loaning operations and low productivity. There is much to be desired in the democratisation in management, human resource development and systems and procedures. Thus in a competitive environment that is emerging, these banks have to revamp their operations and functions as viable units and only then they will be able to achieve the basis objective of meeting effectively the long-term credit demand of both farm and non-farm sector activities in the State.

Uttar Pradesh State Cooperative Village Development Bank Ltd. operating in Uttar Pradesh is no exception to the above-enumerated problems. Inspite of the paramount importance attached to this Bank in the development of agriculture, it is not showing the desired degree of success.

**Review of the Literature**

Since the review of the related literature is a vital prerequisite for the actual planning and execution of any research work. Thus every well-planned research is proceeded by a review of related literature. It not only allows the researcher to acquaint himself with current knowledge in the field or area in which he is going to conduct his study but describes the procedure for organising the related literature in a very systematic manners, it determines and defines the limits of one’s field and help in suggesting the area and scope for further research. The following reviews of the literature have been done for the purpose:
Panandikar S G (1975)\(^1\) in his book entitled "Banking in India" explained that one of the important objectives of bank nationalisation was to channelise the flow of credit to the priority sectors or hither neglected sectors. The nationalised banks have made marked progress in this direction. He also mentioned that the share of priority sector in the total credits of the public sector banks increased from 15 percent in June, 1969 to 25 percent at the end of December 1973. Between June, 1969 and September, 1972, the number of borrowers account with the public sector banks under priority sector viz., agriculture, small scale industries, road transport operators, retail trade and small business, professional and self employed persons and education rose from 2.6 lakh to 15.59 lakh. Again the advances by public sector banks to the priority sector increased from 438 crores in June 1969 to 1367 crores in September 1973. Finally, he pointed out that the agriculture and small scale industries together accounted for nearly 80 percent of the total credit extended by public sector banks to the priority sector in this period.

Another book entitled "Banking Policy in India": An evaluation by Ghosh D N (1979)\(^2\) explained that the credit to priority sector recorded a sharp increase under the impact of

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nationalisation. The sector to which credit mainly followed were agriculture, small scale industries and export, but a few new categories came to be added, namely road transport operator, professional and self employed persons, retailed traders and education.

(3) Desai Vasant (1979)\(^3\) in his book entitled "Indian Banking" clearly explained the scheme of social control over banking which was introduced in 1968 with the main objectives of achieving a wide spread of bank credit, preventing the misuse directing a large volume of credit to priority sectors and making it a more effective instrument of economic development. It was considered necessary to evolve proper guidelines for bank management and to promote a re-orientation of their decision making machinery, so that the decision of monetary and credit policy formulated by the Reserve Bank of India could be effectively implemented. It was also felt that a purposeful and equitable distribution of credit should be ensure with the help of periodical assessments of the demand for the bank credit, determination of priorities for lending and investment among various sectors of the economy.

\(^3\) Desai Vasant, "Indian Banking", Himaliya Publishing House, Bombay, 1979, p. 178-182.
(4) Bhat N S (1982) in his paper entitled “Priority Sector Financing” pointed out that after the nationalisation, commercial banks extended credit to priority sectors like agriculture, small scale industries and the retail trade, self employment scheme, education etc. These sectors are now popularly called the priority sector of the economy and increasing participation by the commercial banks in financing productive activities in these sectors. Since bank nationalisation presents a marked shift in credit activities of commercial bank in the country, financing of the priority sectors on increasing scale required to meet the need of rapid economic development, prices stability and social justice. He also pointed out that increasing flow of credit had the desired affect on agricultural production. The author was also of the view that the small scale and cottage industries, retail trade were denied of their genuine bank credit. Finally the author suggested that commercial bank should give up the traditional commercial loan theory while granting loans.

(5) A paper entitled “Analysis of Credit Planning by Banks” contributed by Singh, R.R. (1982) analyses that after nationalisation of commercial banks and adoption of the various measures of credit planning through credit

deployment in favour of the priority sector has increased from 14.6 percent in 1969 to 32 percent in 1979 of the total advances. In a country like India, the objective of credit planning is not merely to allocate more credit to priority sector of the economy but to the priority section of the society, i.e., the weaker sections consisting of small and marginal farmers, agricultural labourers and poor artisans class. The allocation of credit in the agricultural sector has largely benefited the big farmers and affluent sections of the population. Within the banking industry the RBI, at the national or aggregate level, may think of providing cheaper credit to the priority sectors but an individual bank may take a somewhat restrict view of things. The author finally mentions that for the success of economic planning, credit planning has become a catalytic element because availability of credit to the various priority and proper adjustment between the supply of and demand for credit lubricates the mechanism of the development plan as well as keeps inflation under control.

(6) Yet another paper entitled “A Decade of Nationalised Banking”, by Singh, R.R., (1982) reveals that as a result of various measures, the sectoral distribution of credit has undergone a marketed change in favour of the priority sectors and the small borrowers. A target placed before the banks in this regard was to raise the level of their advance to priority sectors to 33.33 percent, the amount outstanding

6. Ibid.
being Rs. 4991 crores. In June 1969, priority sectors advances of these banks amounted to Rs. 441 crores accounting for 14.9 percent of total advances. Among the priority sectors advances agriculture (direct and indirect) covered 13.4 percent in December 1978 as against 5.5 percent in June 1969, whereas the share of small scale industries increase to 12.8 percent from 8.5 percent in the same year.

(7) A study entitled “Changing Scenario Over Decade” by Devi, R.A.K. (1982)\(^7\) analyses that commercial banks have been under pressure from the Government to setup advances to priority sectors comprising – agriculture, small industry and other welfare measure. Priority sectors advance rose from Rs. 504 crores in June 1969 to Rs. 6729 crores in March 1980, taking their share from 14 percent to 31.7 percent. Although this was lower that the target of 33.33 percent the commercial banks were required to achieve before March 1979. The share of agriculture rose from 5.2 percent to 13 percent while the share target medium industries decline from 52.2 to 39.2 percent. While financing priority sector schemes emphasis has been on meeting the financial requirements of their weaker sections of the society like small farmers, marginal farmers, landless labourers, rural artisans, small entrepreneurs etc.

Another paper entitled "Banking and Economic Growth" by Jha K P (1982) reveals the main objectives of nationalization of major commercial banks were to provide adequate credit to the neglected sector like agriculture, small industry, and export industry. In June 1969, advances to the designated priority sector formed only 15 percent of the total advances of the nationalized banks and SBI Group. Since nationalized, the commercial banks continued to extend liberal credit facilities to the priority and neglected sector of the economy. A part from financing public food procurement and export, commercial banks continue to extend liberal credit facilities to the priority and neglected sectors. Their lending under differential interest rates to the weaker section of the borrowers also went up considerably. With a view to enlarging the flow of bank credit to neglected sectors, Government has advised public sector banks to make effort to increase the proportion of neglected sector advances to the level of 33.33 percent by March 1979.

An article written by Patnaik SC 1982 entitled, "New Dimension of Commercial Banking", mentioned that the Reserve Bank has advised the public sector banks that priority sectors in the economy and advances under special

8. Ibid
9. Ibid.
schemes together account 33.33 percent of the aggregate advances by March 1979. The schedule commercial banks now required to play a dynamic role in achieving the plan objectives by providing institutional credit support to various programmes of development in the priority sectors for increasing productivity and employment.

(10) Angadi V B (1983)\(^\text{10}\) in his article entitled, "Bank advances to Priority Sectors: An Enquiry into the Causes of Concentration", pointed out that the policy on priority sectors advances assumed great significance after nationalisation of commercial banks in 1969. The policy has come to be regarded as one of the most important policies aiming at attaining the socio-economic goals. As a matter of fact, the concept of priority sectors advances was formulated as early as in 1968 before the scheme of social control over the commercial banks was launched. The principal objectives of new scheme were to achieve a wide spread of bank credit, avoiding concentration and directing a large volume of credit flow to hitherto neglected sectors. In 1979 the commercial banks were advised to enlarge the flow of credit to the priority sectors so as to raise their share in aggregate credit to 33.33 per cent by the end of March 1979. Subsequently in 1980 this ration has been raised to 40 per cent, to be achieved over a period of five

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years (by March 1985). It has been recognised that that distribution of priority sectors advances of scheduled commercial banks has not been equitable among the different sections within the respective sectors. Therefore, scheduled banks have been directed that, in the agricultural sector, not less than 50 per cent of the banks' lending to agriculture should go to weaker section by 1983. In the small scale industry sector, the weaker section should get 12.5 per cent of the total advances by 1985 as against 6.25 per cent. Similarly in other priority sectors, certain conditions were imposed on lending for the benefit of the weaker section in the respective sections. Finally, the author find the distribution pattern of priority sector advances, among the state, reveals that neither their growth during the period nor their portion to total credit in the respective state was uniform and equitable. In Orissa, Bihar, Haryana, the share of priority sector advances in the total bank credit in these sectors shot up significantly from 11.2 per cent to 49.9 per cent, 9.1 per cent to 49.7 percent, and 28.2 per cent to 60.9 per cent, respectively. The share of priority advances in the bank credit in the respective states was highest (72.7 per cent) in Jammu and Kashmir).

(11) Agarwal A N (1985)\(^\text{11}\) in his book entitles “Indian Economy Problems, Development and Planning” pointed out

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that after improvement in banking system, commercial banks have devoted special attention to the hitherto neglected sectors. These include agriculture, small scale industries, small business including retail trade, road transport operators, self employed persons and professional etc. The total credit which these sectors could get in 1969 was just Rs. 505 crores. This increased rapidly by as much as 25 times to stand at Rs. 12565 crores in June 1983. As a result, its share in total advances of commercial banks rose from 14 per cent. Within the priority sectors agriculture, small scale industries and small business account for a major share. In the case of agriculture the advances measured from Rs. 188 crores to 3356 crores. As a result, its share of total credit to the priority sectors improved from 5.7 per cent to 15.1 per cent. Similarly, in the case of small scale industries the bank credit rose from Rs. 294 crores to Rs. 7209 crores, with its share rising from 8.7 per cent to 20.4 per cent.

(12) Singh J P, Chakarvarty and Atibudhi (1988)\(^\text{12}\) in their book entitled "Rural Banking" explained that one of the major objectives of bank nationalisation was to expand the horizon of banking in rural areas in order to identify themselves with the problems of cultivators and making banking as an instrument for bringing about the social and economic transformation of rural economy. For this purpose, the have diverted increasing credit flow to priority

sector and hitherto neglected sectors of society. Total advances of public sector banks to priority sectors increased to Rs. 20544 crores at the end of December 1985. As against the national target of 40 per cent for priority sectors advances of December 1985. In June, 19869 priority sectors advances constituted only 14.6 per cent of the total bank credit. Within the priority sectors, the share of agriculture in total credit of public sector banks has increased from 5.4 per cent as in June 1969 to 18.2 per cent by December 1985. The share of direct finance to total credit has particularly increased from 1.5 per cent to 15.3 per cent. The share of small industrial sector in aggregate credit has increased from 8.3 per cent at the time of nationalisation to 15.3 per cent by December 1985 and retail trade and small business from 0.6 per cent to 8 per cent. The author also mentioned that banks were directed to step up their direct finance to agriculture to 15 per cent of their total advances by March 1985. In keeping with this directive, banks credit to agriculture as portion of total bank credit reached the level of 15 per cent. This further expected to raise to 16 per cent by March 1985.

(13) Srivastava R M (1991) in his book entitled “Management of Indian Financial Institution” observed that the objectives of nationalisation of banks was to direct large volume of

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credit flow of the banking sector into the priority sector. He also described the new credit policy by the banks. The bank would pursue the production nexus approach instead of the assets nexus approach while dispensing assistance to the priority sectors. For example, the viability of the project would be judge on the basis of whether the incremental income that would be generated by undertaking an activity with the help of bank finance would be sufficient to ensure the repayment of the loan. He also mentioned that the bank would not insist on security and personal guarantee for loan purposes. Priority sectors would receive lending facility on relaxed terms and conditions. Under the new policy, a commercial bank would entertain viable proposal even for composite finance. The banks were also asked by the Reserve Bank of India to adopt target oriented programmes for financing priority sectors. The public sector banks were advised to enlarge the flow of credit to priority sectors, so as to reach a level of 33.33 per cent of their outstanding credit by the end of March 1979. Subsequently, in 1980, this ration was raised to 40 per cent to be achieved over a period of five years (by March 1985). With a view to ensuring an equitable distribution of bank credit among the priority sectors, they have been directed to lend not less than 16 per cent of the total bank credit facilities to the agricultural sector by 1985. Now this has been raised to 17 per cent. Further, direct advances to weaker section in agriculture should reach a level of at least 10 per cent of the total lending to agriculture and allied activities by 1985. He pointed out the
various schemes launched by the commercial banks to support priority sectors.

(14) Preet H S (1993)^14 in thesis entitled,” Social Banking in Patiala, District discussed that in November 1974, the banks were advised to raise the share of priority sector in their aggregate advances to the extent of 33.33 per cent of their total advance over a period of 5 years. In 1980, the target for priority sector advances of the public sector banks was raised to 40 per cent to be achieved by March 1985, out of which not less than 16 per cent (of the total advances) was to be advanced for direct agricultural. No upward revision in the overall target of priority sector has been made since it was fixed in 1980. However, the target for direct agricultural advances was raised to 17 per cent in 1988 and further 18 per cent in 1989. He also mentions that the commercial banks are suppose to lend 25 per cent of priority sector advances (10 per cent of total banks credit) to the weaker sections of the society. As at the end of June, 1990 advances to weaker sections by public sector banks aggregated to Rs. 10,086 crore which constituted 11 per cent of their total bank credit as against a target of 10 per cent.

(15) Patel S G (1994) in his thesis entitled “Role of Commercial Banks Lending to Priority Sectors in Gujrat: An Evaluation” explained that bank lending in India has moved away from financing trade to financing industries. In recent years, several new claimants for bank credit have emerged and banks now finance small scale industries, agriculture and the weaker section of the economy. He mentioned the role of commercial bank lending to priority sectors in Gujrat has been undertaking with the objective to evaluate the growth of commercial bank. In Gujrat, to know the modus operandi of priority sectors lending by the commercial bank, to analyse progress made by commercial banks to make an indepth study of priority sector lending of the selected banks in the State and to suggest ways and means for improving the quality lending to this sector. He also mentioned that priority sectors advances of public sectors bank increased from Rs. 441 crores in June 1969 to Rs. 44995 crores in June 1992. The study also analyses the overall performances of commercial bank in financing priority sectors in Gujrat.


nationalisation of banks, flow of credit has been increase
tremendously to the neglected sectors as well as to the
weaker sections of the society and promoting their economic
welfare. The could be possible through the expansion of
vast number of branches in rural and semi-urban areas to
achieve the objective. The author also pointed out the
lending norms of priority sectors for smooth flow of credit
to different segments of priority sectors.

"Indian Economy", explained that before bank
nationalisation, the lending policy of commercial banks was
highly discriminatory. Their anti-small borrowers bias was
obvious, and they generally ignored the claim of small-scale
industries in respect of credit. Hence agriculture, small-
scale industries and other priority sectors fail to get the
required bank credit in spite of their importance in the
country's development planning. Late on the scheme of
social control over banking was introduced under which
banks were required to allocate bigger amount of credit to
the priority sectors. In February 1968, the National Credit
Council was setup with a view to provide a forum for
deciding priorities on all India basis. These measure were
soon found inadequate and the Government thus resorted to
nationalisation of major 14 banks. The extension of credit to
small borrowers in priority sector was test of success. In the

17. Misra S. K., Puri V. K., "Indian Economy" Himalya
past very little bank credit was available to agriculture. Aggregate finance to agriculture amounted to Rs. 162.3 crore at the end of June 1969. Since then bank finance agriculture has increased considerable which is evident clearly from the fact that the outstanding bank credit to agriculture on March 28, 1997 was Rs. 30874 crore. Importance of small-scale industry in this country has been underlined from time to time on account of its employment potential. Its survival and growth, however, depends largely on the available its of finance from the organised banking sector. On March 28, 1997 there was an outstanding balance or Rs. 34113 crore. Among others, road and water transport operators, retail traders and small business, professional and self employed persons are some important categories of people who have considerably benefited since nationalisation. The amount of again to this sector is clearly from the fact that the aggregate amount outstanding stood at Rs. 17001 crore on March 28, 1997 as against Rs 23 crore on June 30, 1969.

(18) Varde Varsha (1997)\(^\text{18}\) in his article entitled, “Rural Banking From paper Nationalisation to Rationalisation” examines that after nationalisation commercial banks have succeeded in broadly achieving the targets at before the industry of achieving 60 per cent credit deposit ratio to rural areas, 16 per cent of total credit going to the agricultural, 40 per cent of the total credit going to the

\[\text{18. Ibid.}\]
priority sectors, opening about 70 per cent of the branches in rural and semi-urban areas. This has helped in creating large-scale and wide spread presence of banking in rural areas, mobilising large resources and providing increase access to credit to rural population including small formers, small industries and weaker sections of the society.

(19) Mohapatra U. C. (1997) in his article entitled, “Rural Banking: For Sustained Profitable Growth” mentioned that after the nationalisation of commercial banks, the hitherto neglected sectors of the economy received much attention and financial helps from the banks. With an extensive branch network public sector banks can not afford to neglect this sector. In this article the author suggested that banker must reorient their attitudes and develop a positive outlook for neglected sectors to meet the emerging.

(20) Chandra A.S. (1997) in his article entitled, “Rural Banking Changing Scenario”, mentioned the concept of lending to priority sectors which formed the backbone of rural economy. The financing of priority sectors by banks involved concessionality in interest rate. The author also pointed out the several changes in the priority sectors lending which included: (a) enhancement of small scale

19. Ibid.
industries limits to Rs. 60 lakh from Rs. 35 lakh and increase in limit to Rs. 70 lakh in respect of ancillary export oriented units. (b) the target of 18 per cent of net bank credit to agriculture had been made applicable. (c) bringing housing loan up to Rs. 2 lakh per cent borrower. (d) reduction in concessionality of interest rate on larger loans of priority sectors. The author suggested that the financial sector reforms initiated in the early 90's particularly for priority sectors, may have to carried further for effective credit system.

(21) An article entitled, “Evaluation Studies on Financing Weaker Sections” by Khankhoje, D. P. (1997)\(^{21}\) explained the involvement of bank in financing many activities under priority sectors. There is a need for the comprehensive evaluation of the performance of those lending activities at the individual bank level as well as the industry level. The Report of the Working Group on priority sectors opines that the individual banks need to make impact studies of the specific scheme financed by them. The report also mentioned that it was necessary that impact studies of financing in specific areas, covering all the schemes should be made on a continuous basis to ascertain the problems encountered in the preparation and implementation of those schemes. During the last few years concerted efforts have been made by commercial banks at the instances of

\(^{21}\) Ibid.
(22) **Bedi R.D. (1985)**\(^{22}\) in his book entitled “Cooperative Agricultural Development Banking in India”, has written in his book about the cooperative agricultural credit provided by different cooperatives in India. He has explained the historical background of agricultural cooperative in India. The agricultural development in India so far has been discussed by him.

(23) **Bedi R.D.,**\(^{23}\) in his book entitled “Cooperative Land Development Banking in India”, has briefly explained the historical background of Land Development Banking in India. He has also explained the performance given by the Land Development Banks since their establishment and the progress made by them.

(24) **Chaubey, B.N.,**\(^{24}\) in his book “Agricultural Banking in India”, has described the banking engaged in India. He has also described the structure exist for agricultural financing in India and the steps taken by the Government of India in this connection.

(25) **Ghosal S.N.,**\(^{25}\) in his book “Agricultural Finance in India”, has described about the agricultural financing in India and the need of agricultural credit in India. He has given a brief history of agricultural financing in India.

(26) Another book entitled “Problem of Agricultural Development in India”, by **Jain, S.C.,**\(^{26}\) has described the problems faced by Indian Agriculture and in its development.

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23. Ibid.
refinancing agencies e.g. (NABARD) and credit regulating institution e.g. (RBI) to evaluate a large number interrelated projects undertaken by them as a part of their social intervention. At present, more than 350-evaluation study reports are available which cover a wide range of activities and programme. These can be classified into four categories such as: (a) Activity specific like poultry, sheep rearing etc; (b) Target specific such as IRDP beneficiaries, small farmers, SC/ST, etc; (c) Scheme-specific, e.g. TRYSEM, SEEUY etc; (d) Area specific, viz. a district, a block, a cluster of Village etc. Financing the weaker sections of the society has its own peculiar features, which the banks have experienced over the years. Finally the author suggested that the systematic evaluation of various lending programme is necessary for implementation to ensure efficiency and effectiveness.

OBJECTIVE OF THE STUDY

The aims and objectives of the present study are:

(i) To analyse the Agricultural Cooperative credit and growth of land Development Banking in lands.

(ii) To study Cooperative Development Banking in Uttar Pradesh and evaluate the working of Bank in terms of its underlying objectives.

(iii) To examine the organisational and managerial aspects of the Bank.

(iv) To study the methods and procedures employed in collection of share capital, deposits and borrowings and to assess
their effectiveness. It also covers the assessment of the management in mobilising of resources.

(v) To examine the lending policies and procedures adopted by the Bank.

(vi) To explore the management strategies in recovery of advances and to evaluate its practice.

(vii) To explore the problems being faced by the borrowers in getting the assistance and subsequent repayment dues to the Bank.

(viii) To analyse the problem of overdues in its various aspects and suggest measures for reducing them.

(ix) To highlight the role played by the Bank in agricultural development.

(x) To identify the problems and suggest on the basis of study results, the proper working mechanism and outline their implications for the Bank and the borrower.

**Hypotheses**

In the light of above objectives, the following set of the hypotheses has been formulated for verification and confirmation:

(i) The working of Bank is not in accordance with the objectives that have been established.

(ii) Loaning policies and procedures adopted by the Bank are not based on scientific lines.

(iii) There is a considerable delay in sanctioning and in disbursement of loans.

(iv) Overdues affects the lending eligibility of the Bank.
(v) Rate of interest is high and farmers are not in a position to repay instalments within stipulated time.
(vi) The economic, financial and managerial aspects of the Bank are very weak.
(vii) The Bank if conducted on efficient and effective guidelines will become strong and will definitely contribute towards economic upliftment of the people.

Materials and Methodology
(a) Sample Design
Uttar Pradesh State Cooperative Village Development Bank Ltd. operating in Uttar Pradesh for providing long-term credit needs to farm and non-farm activities has been selected for making an indepth analysis to assess management, economic and financial aspects, policies and procedures adopted and the role played in the agriculture development in Uttar Pradesh. Head Office operating in Uttar Pradesh is selected for detailed study and Aligarh District Branch office is selected for indepth study. Out of the total number of beneficiaries/members provided financial assistance during the last three decades through these branches, an appropriate number of samples were selected at random for indepth analysis.

(b) Data Source
The data for the study were obtained both from primary and secondary sources. The main sources of secondary data were published data and literature, as well as first hand information collected by personal visits to the Head Office at Lucknow,
District Office and Branch Office of Uttar Pradesh Co-operative Village Development Bank Ltd., Aligarh Moreover, data have also been collected from various departments of Uttar Pradesh Government viz., Economics and Statistics Divisions, Directorate Agriculture Department of Co-operation, Registrar Co-operative Societies, all located at Lucknow. Published data were also taken from publications of the Reserve Bank of India/NABARD, National Co-operative Land Development Bank federation Ltd. Mumbai, Census Reports, and Five Year Plans of Uttar Pradesh. Besides these main sources, other books, reports and records have also been used for collecting relevant information for which due acknowledgement has been in the thesis.

The primary data for the study was collected from the Bank under study and the borrowers of the Bank. Personal discussions were held to benefit from the views and attitudes of banking authorities/ official working at head office/branch office and the borrowers.

(c) Tools of Analysis

The management, economic and financial technique were employed to assess the economic aspects, management expertise and financial viability of the Bank under study. The data thus collected from primary and secondary sources has been tabulated, analysed and interpreted with the help of various statistical tools to arrive at objective and dependable conclusions.