State Bank of India and Agricultural Finance: A Study on Howly Agricultural Development Branch of SBI in Barpeta District, Assam, India

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Abstract:

Indian economy is predominantly a rural economy with an agricultural base. Therefore, agricultural financing assumes an important in the development of village economy. Finance makes villages more liveable and village occupations more viable. Financial powers serve a great variety of needs in rural activities such as agricultural, agro-allied, industrial, etc. In agro-industrial and industrial sector finance hastens the introduction of industries, creates employment opportunities and helps in better utilization of resources. It provides modern amenities of life and thereby introduces urbanism in rural life. The government and other functionaries such as doctors, bank managers, and teachers can be attracted and retained in villages. The purpose of this study is to identify the beneficiaries of the agricultural credit schemes given by the commercial banks especially for ADB of State Bank of India. The data were collected from a sample of 200 beneficiaries belonging to 40 villages spread across the 4 blocks of the Barpeta District. For identification of the beneficiaries both economic and non-economic characteristics of the farmers are taken into consideration. The impact is measured in terms of the benefits derived by the borrowers. The specific parameters that have been used for this purpose are land utilisation, cropping pattern (output) yield rate of variation, extent of irrigation facilities, income and expenditures of borrowers etc. In addition to the identification and assessment to the benefits derived by the sample particulars an attempt is being made to examine farmer's attitudes and expectations with respect to the banking schemes. The data indicate that the agricultural credit in the survey area has been marked by predominance of non-institutional credit. However, at present the farmers of the Barpeta district are enthusiastic to take agricultural loan from the commercial banks rather than from the money lenders of the villages.

Keywords: SBI, Agricultural Finance, Institutional Credit, Commercial banks, Agricultural Development Branch,

Introduction:

The Reserve Bank of India, after the nationalization of major Indian scheduled commercial banks, appointed a committee of bankers, under the chairmanship of Sri F.K.F Nariman, to evolve a coordinated programme in Branch expansion by SBI to ensure adequate banking facilities in the unbanked district of the country. On the basis of recommendation of the committee, the Lead Bank scheme was introduced by R.B.I. in December 1969 (www.rbi.org.in Date: 7-3-2012). With a view to providing credit to farmers on an intensive area basis the SBI and its associate bank have opened Agricultural Development Branch at certain selected centres throughout the country. The SBI has formulated the Village Adoption Scheme (area approach) in 1973-74. Since then innovative banking has been initiated by the SBI. In order that our bank should initiate projects which are of relevance to community and are dissected towards improving the life of down – trodden and exploited sections of the society. Extensive Branch facility is important for rapid economic progress. The State Bank has, therefore launched upon an extensive programme of branch expansion as required by the statute with a view to stimulating development of banking throughout the country. As a part of the branch expansion programme, the SBI established few branches all over India including Barpeta district of Assam. Moreover, to quicken the pace of rural development the bank has opened Agricultural Development Branch in different centres or districts of state.

The original name of State Bank of India was the Imperial Bank of India before it took the shape of public sector on 1st July 1955. The Imperial Bank formed in 1921 by amalgamating the three presidency banks of Bengal (1809), Bombay (1840), and Madras (1843). The All India Rural Credit Survey Committee appointed by the creation of State Bank of India by amalgamating certain state owned banks with the Imperial Bank. The committee recommended the setting of a State Bank of India as one strong integrated, state partnered commercial banking institutions with on effective machinery of branches spread over the whole country for simulating banking development by providing vastly extended remittance facilities for cooperative and other banks and following a policy which would be in effective cononence with the national policies adopted by the government without departing from canons of sound business. Accepting the recommendation of the committee the Govt. of India enacted the State Bank of India Act 1955. The State Bank of India was established by the statutory amalgamation of Imperial Bank and ten other state associated banks and since 1963 there have been running seven (7) its subsidiaries that was in line with the opinion expressed by the Rural Banking Enquiry Committee in 1950 that if these banks could be integrated into one institution and if that one institution could be aligned to national policies, then indeed that would be an extremely important and extremely desirable line of development. As per the act of 1955, the Imperial Bank was nationalized and came into existence from 1st July 1955.Subsequently, with the passing of the SBI (subsidiary bank) act 1959, the State Bank took over as its subsidiaries the following seven associated states Banks.

1. State Bank of Bikaner and Jaipur.

2. State Bank of Patiala

3. State Bank of Sourashtra

4. State Bank of Indore

5. State Bank of Hyderabad

6. State Bank of Mysore and

7. State Bank of Travancore

Emphasizing the development of rural India, the Government integrated these banks into the State Bank of India system to expand its rural outreach. There has been a proposal to merge all the associate banks into SBI to create a 'mega bank' and streamline operations. The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra was merged with SBI, reducing the number of State banks from seven to six. Then on 19 June 2009 the SBI board approved the merger of its subsidiary, State Bank of Indore, with itself. The process of merging of State Bank of Indore was completed by April 2010 and the SBI Indore branches functioning as SBI branches on 26 August 2010.

Review of Literature:

Uma Narang (2012) The Government of India promoted RRBs through the RRBs Act of 1976 to bridge the gap in the flow of credit to the rural poor. Despite the various measures taken by the government and the Reserve Bank though social control and the nationalization of 14 major commercial banks a large proportion of the rural poor remained outside the banking fold. A working group was appointed in 1975 under the chairmanship of Shri M. Narasimham, to explore the possibilities of evolving an alternative rural credit agency to benefit the rural poor. The group recommended formation of a new set of regionally oriented rural banks which would combine the local feel and familiarity of rural problems characteristics of cooperatives and the professionalism and large resource base of commercial banks.

R R Paul (2008) The concept of multi agency approach to rural credit and the social control measures were adopted and the commercial banks in the country were called upon to extend credit to rural masses on priority basis. As a result major commercial banks were nationalized and directed to open their branches in rural areas to serve the rural masses especially the poor.

Puhazhendhi and Jayaraman (1999) in their paper reviewed the performance of rural credit delivery system in the three focused areas viz. agriculture – sector, non agricultural sector and poverty alleviation. The challenges that the banks are likely to encounter in the next decade are discussed. The analysis that through rural credit has increased very rapidly in the country, yet the declining trend registered in the

priority sector lending, especially agricultural loans, is going to have serious repercussions on the economy. The regression analysis revealed that there was significant and positive impact of credit on the level of inputs used, which in turn, had a significant and positive impact on the gross value of output in agriculture banks with respect to rural credit system should be on such strategies, which may lead to the operational efficiency, better recovery performance, small farmer coverage and balanced sectional development.

Joshi (1998) analysed the role of commercial banks in rural credit and development in India and found that there was inadequacy of institutional credit to rural sector, especially to the agricultural sector. He further noticed that amongst the various regions of the country, there is incongruity in advancing of loans to priority sector, ie; western and 30 southern regions account for 55.5 percent of PSA of PSBs, whereas north – eastern and eastern regions account for only 13.4 percent of the same. He concluded that for strengthening the agriculture and rural development, the multi-agency rural credit system has become a crucial element of the ongoing financial sector reforms (FSRs).

Statement of the Problem and Significance of the Study:

The State Bank of India in general and the Agricultural Development Branch of State Bank of India in particular is taken as the area of study. The State of Assam as in the case of other North Eastern State of India poses a few problems in the path of economic development. The backwardness of the state is also due to the non-adaptability of new technology, to the traditional method of shifting cultivation, non-existing of too many industries, big or small, low level of consciousness among the rural people and above all non-acceptance of the banking facilities in the rural areas. Since the nationalization of State Bank of India has played a commendable role for the development of the agricultural sector, yet there seems to be great imbalance in respect of development of this sector in some areas of the state. So, the question generally crops up in the mind that the agriculturist of the interior villages could receive the facilities of the banks scheme. Hence, an attempt is being made in the present study to examine the operational aspects of the existing banking schemes at grass root level as well as to know the real beneficiaries and non-beneficiaries under the various schemes of banking institutions. For this reason the Barpeta District has been selected as the area of field investigation.

Utility of the Research Study:

The findings of the study are expected to go a long way in determining the required managerial skill for Agricultural Development Branch of State Bank of India in rural development. The proposed study are likely be helpful to the SBI itself for taking steps in policy making, decision making and successful performance of its activities in near future especially in agricultural finance.

Objectives of the Study:

To study the nature and extent of credit flow of the Agricultural Development Branch of SBI in the study area;

- ☐ To study the principles of granting assistance by Agriculture Development Branch for developing the region. (study area);
- ☐ To analyse the achievement indicators such as outreach, impact, asset creation and increase of production under various schemes of Agricultural Development Branch of SBI in the study area;
- ☐ To suggest measures to improve institutional framework of Agricultural Development Branch of SBI considering the needs of the rural society.

Methodology of the Study:

The study is based on both primary and secondary data collection. The primary data have been collected from the Agricultural Development Branch of SBI, respective Block Development Offices and direct field survey in the study area. The secondary information have been collected from Action Plan/ Credit Plans of the respective branches, published reports, journals, various committee reports, recommendations and internet.

The methodology for the present research work is descriptive, analytical and factual in nature. The study covered the past ten years i.e. 2001-2002 to 2010-2011. The study is confined to the 04 blocks out of 12 blocks i. e. four blocks from one sub division (i.e. Barpeta Sub division) of the Barpeta district to have an empirical analysis of beneficiaries of the branch. In this regard, 300 samples have been taken into consideration. Out of 300, 200 samples have been taken as beneficiaries randomly (50 from each block) from the list of beneficiaries collected from the SBI, Howly ADB and 100 non-beneficiaries sample were randomly selected (25 from each block) during the time of field survey . For this purpose a schedule has been served for collecting relevant data from the concerned bank as well as the beneficiaries and non beneficiaries of the bank. After collecting all the relevant facts, data have been analysed, statistical test like 'Paired t-test'   has been initiated to examine the mean income of borrower and also see the co-efficient of correlation of different financial information to arrive at the objectives for which study is undertaken.

Queries investigated:

To achieve these objectives, the following research queries have been established—

- i) Whether the Agricultural Development Branch of State Bank of India has provided adequate financial support or not to the persons engaged in agriculture and allied activities in the study district;

ii) Whether the rules and formalities for advancing loan to farmers ultimately force the agriculturist to depend more on costlier non-institutional sources of credit or not;

Sampling procedure and size:

The Agricultural Development Branch of SBI is set up in different districts of Assam and at present 09 Agricultural Development Branches of SBI have been working in Assam and there is only one ADB of SBI has been working in Barpeta District. Hence, in this case census method has been applied as the number of variables is limited. However, in case of beneficiaries of ADB of SBI sampling method has been applied as the number of variables are large. The sample size 200 beneficiaries are divided equally as 50 from four blocks of the Barpeta district and 100 non beneficiaries are divided equally as 25 from each block. To achieve this objective , special attention has been given in collection of primary data from the beneficiaries and at the same time enquiry has been made in the bank whether they are applicant for agricultural finance or not. Again confirming all these, enquiry has been made in the bank about the authenticity of their approach in the respective years**.**

Tools for data collection:

For collection of data mainly the questionnaire methods is selected. Two types of questionnaire are selected for collecting data, one for the Branch Manager of Agricultural Development Branch of SBI covering the following main questions.

- Name of the Branch -
- Workings of the Branch –
- Activities under taken so far-
- Rate of success –
- Proposed activities/ projects of future –
- Difficulties faced in executing the works –
- Level of satisfaction –

Apart from the above some data are also collected from Internet.

The other schedule is prepared for the beneficiaries of ADB covering the following main questions-

- Personal information of the respondents such as sex, age, qualification, nature of loan, amount of loan.
- Whether they have been able to avail loan and advances from the concerned branch or not.
- Whether the loan amount given to them is sufficient to execute the scheme or not.
- Constraints faced by the respondents.

Limitations of the Study:

The study contained some unavoidable limitations-

i. Since the data are obtained from more than one source, there may be some discrepancies between these two sources about the same variable.

ii. There may be slight discrepancies between the sum of constituent items and the totals because of rounding off.

iii. During the conduct of field survey some members of the respondents refused to give information out of fear or other personal problems. Some of the respondents had a tendency to conceal their borrowing part for their false prestige and pride.

Banking Scenario in India:

Here, the deposit and advances, capital adequacy ratio, return on assets, non-performing assets of SBI is shown in Table- 1.1

Table: 1.1

Deposit, Advances, Capital Adequacy Ratio, Return on Assets and Non Performing Assets of SBI during the year 2001-02 to 2010-11

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2010-11	2009-10
1.Return on average Assets (%)	0.73	0.86	0.94	0.99	0.89	0.84	1.01	1.04	0.71	0.88
2.Deposits (Rs. Crore)	270560	296123	318619	367048	380046	435521	537404	742073	933932	804116
3.Advances (Rs. Crore)	120806	137758	157934	202374	261801	337336	416768	542503	756719	631914
4.Net NPA Ratio (%)	5.63	4.5	3.48	2.65	1.88	1.56	1.78	1.79	1.63	1.72
5.Capital Adequacy Ratio										
Tier-I	4.13	4.69	5.19	4.41	2.52	4.33	4.4	4.44	3.76	3.54
Tier-II	9.22	8.81	8.34	8.04	9.36	8.01	9.14	8.53	6.93	8.46
Total	13.35	13.5	13.53	12.45	11.88	12.34	13.54	12.97	10.69	12

Sources: www.sbi.co.in

The above table shows that percentage of return on assets has been increasing which are found 0.73%, 0.86%, 0.94% 0.99%, for the financial year 2001-02, 2002-03, 2003-04 and 2004-05, after that it decreased 0.89% and 0.84% for the years 2005-06 and 2006-07. A sharp increased return on assets 1.01% and 1.04% is found for the year 2007-08 and 2008-09. But it has again decline to 0.88% and 0.71% in the ear 2009-10 and 2010-11 respectively [Diagram 1.1 (A)].

Diagram -1.1(A)

Percentage of   Return on Assets over the financial years 2001 to 2011

Return on Assets

A line chart titled "Return on Assets" with Percentage on the y-axis (0 to 1.2) and Year on the x-axis. Data points: 01-02: 0.73, 02-03: 0.86, 03-04: 0.94, 04-05: 0.99, 05-06: 0.89, 06-07: 0.84, 07-08: 1.01, 08-09: 1.04, 09-10: 0.88, 10-11: 0.71.

Table 1.1 reveals that deposit and advances of SBI have been increased during the year 2001-02 to 2010-11 which also indicates the efficient financial management making the concerned aware of the policies. [Diagram-1.1(B)]

Diagram-1.1(B)

Bar diagram of Deposit and Advances over the financial year 2001 to 2011.

Deposits and Advances

A bar chart titled "Deposits and Advances" with Rs Crore on the y-axis (0 to 1000000) and Year on the x-axis, showing Deposits and Advances bars for years 01-02 through 10-11.
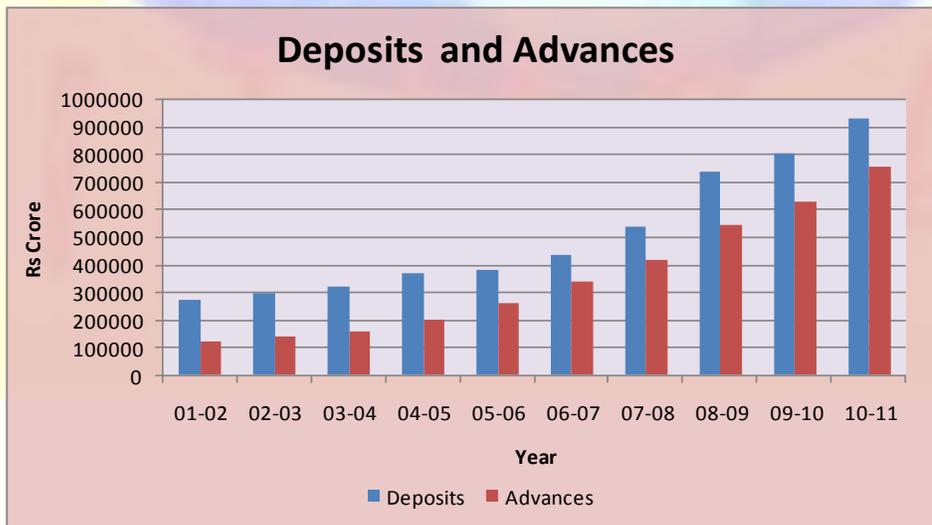
Table 1.1 shows that the maximum percentage (about 13%) regarding the capital adequacy ratio are found in the financial year   2001-02, 2002-03, 2003-04 and 2007-08 respectively. However minimum percentage (10.69%) is observed in the financial year 2010-11. [Diagram 1.1(C)]

Diagram-1.1(C)

Stacked Bar diagram of Capital Adequacy Ratio over the financial year 2001 to 2011
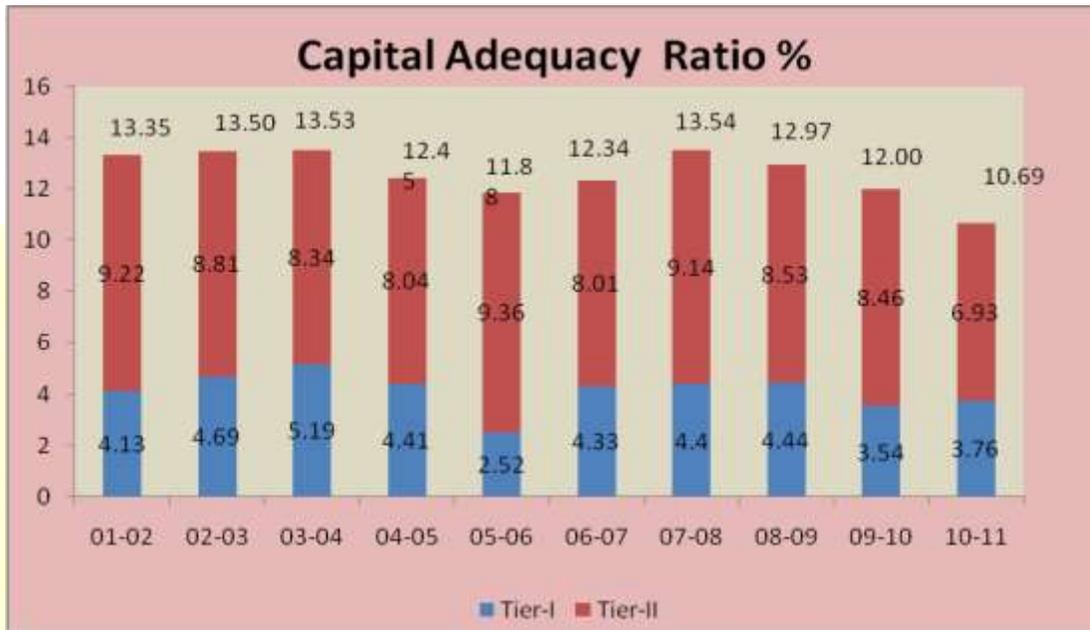
In respect of Net Non-Performing Assets, the percentage of non-performing assets has been decreasing from 2001-02 to 2006-07, i.e. the last six financial years. There is a slight increasing trend found during the financial year 2007-08 to 2009-10. But again it slops downward in the year 2009-10 and 2010-11. It reveals that the recovery position of the bank against the securities seems to be up to the mark. [Diagram 1.1(D)]

Diagram-1.1(D)Net Non-Performing Assets Ratio over the financial years 2001 to 2011
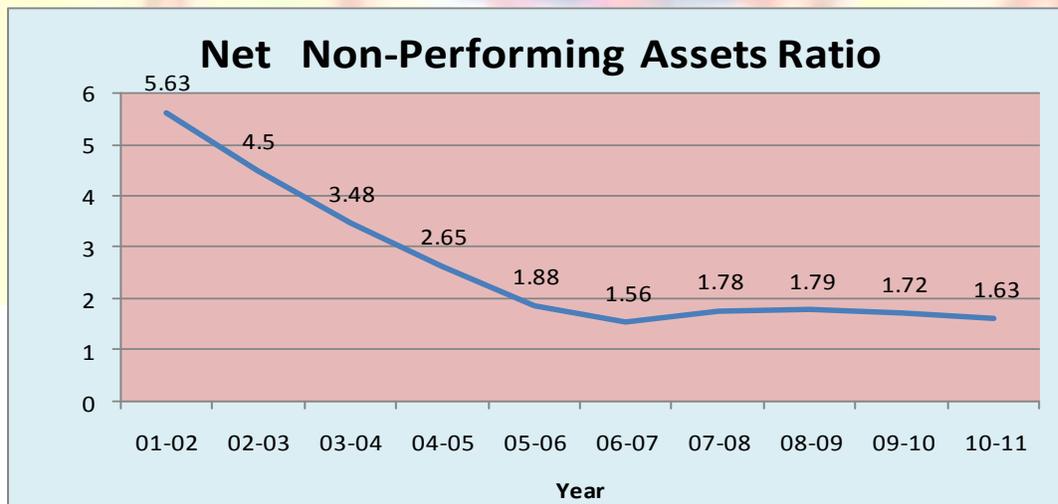
Financial Performance of Howly ADB (SBI)

Financial performance of an institution depends primarily on the quantum of deposits and advances for different purposes. The deposits and advances of Howly ADB (SBI) during the last four years are given shown in table 1.2

Table 1.2

Deposit and Advances of Howly ADB (Rs. in '000 figures)

Year	50495 77321	Advances			Net Profit	Return to Adv.	Total Adv.to Deposit	Agri. Adv. to Deposit	Agri. Adv. to Total Adv.	Other Adv. to Total Adv.	Recovery (%)
		Agricultural (x)	Other (y)	Total (z)							
2003-04	66928	4451	18273	22724	259	1.14%	33.95%	6.65%	19.59%	80.41%	78%
2004-05	83854	7877	14847	22724	1777	7.82%	27.10%	9.39%	34.66%	65.34%	82%
2005-06	98750	19832	25308	45140	1500	3.32%	45.71%	20.08%	43.93%	56.07%	81%
2006-07	111575	30647	36627	67274	4239	6.30%	60.29%	27.47%	45.56%	54.44%	76%
2007-08	137228	33130	53326	86456	5477	6.34%	63.00%	24.14%	38.32%	61.68%	78%
2008-09	165254		127351	177846	7223	4.06%	107.62%	30.56%	28.39%	71.61%	82%
2009-10	239152		140961	218282	15999	7.33%	91.27%	32.33%	35.42%	64.58%	84%
2010-11	311571	94154	147090	241244	18202	7.55%	77.43%	30.22%	39.03%	60.97%	84%
Total	1214312	317907	563783	881690	54676	43.86%	72.61%	26.18%	36.06%	63.94%	-

Source: - Howly ADB, Barpeta, Assam. Date: 06-07-2011

Note: - The Advances except Agricultural Advances i.e. Other Advances is calculated as Total Advances minus Agricultural Advances for computation of correlation. The figures in terms of percentage are self computed.Table 1.2 reveals that there is an increasing trend between Deposit and Advances over the years. It means that higher deposit tends to more advances. So there is a positive relation between the deposit and advances. In order to find out the degrees relationship between deposit and advances a statistical tool co-relation coefficient is calculated and following results are obtained from the analysis. [For this analysis SPSS (17 ver.) software is used.]

 Co-efficient of correlation between deposit (w) and agriculture advances (x) is
        $r_1 = 0.936$

(i)   Co-efficient of correlation between deposit(w) and   other advances (y) is
        $r_2 = 0.940$

(ii)   Co-efficient of correlation between deposit(w) and   total advances (z) is
        $r_3 = 0.938$

Thus it is found that all the coefficient of correlation i.e. r1, r2 and r3 establish highly positive correlation. Hence we may conclude that higher deposit tends to more advances.

Analysis and Interpretation of Primary Data:

The survey was made among agricultural, agro-allied, rural industrial under the four blocks of Barpeta district. Under each block 50   borrowers were randomly selected which lead to covering a total of 200 borrowers were taken for this study.

Table 1.3
Category   of Borrowers

		Number/ Percent	Bhabanipur	Gobardhana	Paka Betbari	Rupshi	Total
a)	Agriculture	No.	22	22	16	11	71
		%	44.0	44.0	32.0	22.0	35.5
a)	Allied Agricultural Activities.	No.	13	11	24	30	78
		%	26.0	22.0	48.0	60.0	39.0
b)	Small Business	No.	4	0	0	0	4
		%	8.0	0.0	0.0	0.0	2.0
c)	Agriculture & Allied Agr. Activities	No.	8	9	9	7	33
		%	16.0	18.0	18.0	14.0	16.5
d)	Agriculture & Small Business	No.	3	8	1	2	14
		%	6.0	16.0	2.0	4.0	7.0
Total No. of Beneficiaries			*50*	*50*	*50*	*50*	*200*

The above table shows the age of the beneficiaries mainly fall into the category of 31-40 years and most of the beneficiaries belong to either general or other backward caste. The average family member is found about 6 persons in the entire four selected block. Regarding educational qualifications heist percentage of under graduate persons are found in Bhabanipur (32%)   and Gobardhana block (44%) blocks. On the other hand   highest illiterate beneficiaries found in Paka Betbari (42%) and Rupshi (38%) block respectively. The monthly income ranges also described in the above table. Fifty eight percent of borrowers from Bhabanipur, Gobardhana, Pakabatbari block and 52% from Rupshi block have the monthly income range Rs 6001-12000. It is also observed that most of the borrower categories came from either agriculture or allied agriculture activities.

Table 1.4
Frequency distribution of various aspect of loan such as Amount of borrowing, Nature of the loan, Mode of repayment, Source of Information, Loan amount utilize in and type of scheme for obtaining loan.

	Number/Percent	Bhabanipur	Gobardhana	Paka Betbari	Rupshi	Total
1. Amount of Borrowing						
a)Rs 35,000	No.	16	2	21	30	69
	%	32.0	4.0	42.0	60.0	34.5
b)Rs 35001 - 40,000	No.	7	6	6	5	24
	%	14.0	12.0	12.0	10.0	12.0
c)Rs 40,001 - 50,000	No.	24	25	19	15	83
	%	48.0	50.0	38.0	30.0	41.5
d)Rs 50,001 - 75,000	No.	0	3	0	0	3
	%	0.0	6.0	0.0	0.0	1.5
e)Rs 75001 - 100,000	No.	0	5	0	0	5
	%	0.0	10.0	0.0	0.0	2.5
f)above Rs 100,000	No.	3	9	4	0	16

	%	6.0	18.0	8.0	0.0	8.0
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
2. Nature of loan						
a)Cash	No.	50	50	50	50	200
	%	100	100	100	100	100
b)Kind	No.	-	-	-	-	-
	%	-	-	-	-	-
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*

	Number/Percent	Bhabanipur	Gobardhana	Paka Betbari	Rupshi	Total
3. Mode of Repayment						
a)Monthly	No.	47	47	47	47	188
	%	94.0	94.0	94.0	94.0	94.0
b)Half yearly	No.	3	3	3	3	12
	%	6.0	6.0	6.0	6.0	6.0
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*

Regarding amount of borrowing, it is found that 60% beneficiaries of Rupshi and 42% of Pakabetbari block have taken the loan amount upto Rs. 35,000/- . However 48% of Bhabanipur and 50% of Gobardhana block have received the loan amount upto Rs 40,001/- to 50,000/- . All the beneficiaries have taken the loan in the form of cash. Ninety four (94%) percent beneficiaries from all selected blocks agreed that month wise they will repay the loan.

Table 1.5
Frequency distribution of beneficiaries who have faced difficulties, delay in   sanctioning loan, frequency   to visit the Bank branch for sanctioning their loan , paid margin money, mortgage and paid bribe for obtaining the required loan.

	Number/ Percent	Bhawanipur	Gobardhana	Paka Betbari	Rupshi	Total
1.Faced official difficulties to obtaining loan						
a) Yes	No.	9	6	6	6	27
	%	18.0	12.0	12.0	12.0	13.5
b) No	No.	41	44	44	44	173
	%	82.0	88.0	88.0	88.0	86.5
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
If faced difficulties then reasons						
a)Procedural Difficulties	No.	7	6	3	6	22
	%	77.8	100	50.0	100	81.5
b)Disbursement difficulties	No.	2	0	3	0	5
	%	22.2	0	50.0	0	18.5

	Number/Percent	Bhawanipur	Gobardhana	Paka Betbari	Rupshi	Total
Total No. of Beneficiaries		*9*	*6*	*6*	*6*	*27*
2. Faced Delay in sanctioning loan						
a) Yes	No.	10	9	3	6	28
	%	20.0	18.0	6.0	12.0	14.0
b) No	No.	40	41	47	44	172
	%	80.0	82.0	94.0	88.0	86.0
Total No. of Beneficiaries		50	50	50	50	200
If faced delay then delay time						
a)1-4 months	No.	1	0	0	0	1
	%	10.0	0.0	0.0	0.0	3.6
b)1-6 months	No.	3	2	1	2	8
	%	30.0	22.2	33.3	33.3	28.6
c)More than 6 months	No.	6	7	2	4	19
	%	60.0	77.8	66.7	66.7	67.9
Total No. of Beneficiaries		*10*	*9*	*3*	*6*	*28*
	Number/Percent	**Bhawanipur**	**Gobardhana**	**Paka Betbari**	**Rupshi**	**Total**
3. Frequencies to visit branch						
a)Twice	No.	0	2	0	0	2
	%	0.0	4.0	0.0	0.0	1.0
b)Thrice	No.	2	11	4	3	20
	%	4.0	22.0	8.0	6.0	10.0
c)More than three times	No.	48	37	46	47	178
	%	96.0	74.0	92.0	94.0	89.0
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
4. paid any Mortgage						
a) Yes	No.	24	9	15	3	51
	%	48.0	18.0	30.0	6.0	25.5
b) No	No.	26	41	35	47	149
	%	52.0	82.0	70.0	94.0	74.5
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
5. paid any Margin money to Bank						
a) Yes	No.	50	50	50	50	200
	%	100	100	100	100	100
b) No	No.	0	0	0	0	0
	%	0	0	0	0	0
6. paid any Bribe						
a) Yes	No.	2	3	1	1	7
	%	4.0	6.0	2.0	2.0	3.5
b) No	No.	48	47	49	49	193
	%	96.0	94.0	98.0	98.0	96.5
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*

Above table indicates that 82% to 88% borrowers of all selected blocks have not faced any official difficulties to obtaining the loan. But the borrowers who have faced difficulties they informed that a procedural difficulty is the main bottleneck for obtaining the loan. However, maximum percentage of beneficiaries belongs to Bhabanipur (20%) followed by Gobardhana (18%) block has faced delay in sanctioning loan. It is also observed that more than 90% borrower of Bhabanipur, Pakabetbari and Rupshi block have visited the Bank more than three times to obtaining the required loan followed by Gobardhana (74%) block. In case of mortgage paid, the maximum percentage is found in Bhabanipur (48%) followed by Pakabetbari (30%) block. All beneficiaries have paid margin money to the Bank and it is also found that 6% borrower of Gobardhana, 4% of Bhabanipur and 2% each from Pakabetbari and Rupshi have paid bribe for sanctioning the loan.

Table 1.6

Beneficiaries opinion on sufficiency of received loan, subsidy received and source of raw material, profit and loss, difficulties faced to smooth running , training and additional credit requirement for smooth running of the business.

	Number /Percent	Bhabanipur	Gobardhana	Paka Betbari	Rupshi	Total
1.Whether the given loan is sufficient or not						
a) **Sufficient**	No.	0	0	0	0	0
	%	0	0	0	0	0
b) **Not sufficient**	No.	50	50	50	50	200
	%	100	100	100	100	100
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
If loan amount is not sufficient then other sources						
a)Personal resources	No.	0	1	0	0	1
	%	0	2.0	0	0	0.5
b)Loan from friends/Relatives	No.	5	24	15	2	46
	%	10.0	48.0	30.0	4.0	23.0
c)Loan from money lenders	No.	45	25	35	48	153
	%	90.0	50.0	70.0	96.0	76.5
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*
2. received any subsidy from Bank						
Yes	No.	0	0	0	0	0
	%	0	0	0	0	0
No	No.	50	50	50	50	200
	%	100	100	100	100	100
Total No. of Beneficiaries		*50*	*50*	*50*	*50*	*200*

Suggestions:

1. There is a need for proper interaction between the blocks and the concerned bank officials at grass root level, so that joint inspection and common approach between them can be made. An atmosphere should be created where the financing units and Government department should feel that it is their duty to assist the poor. The beneficiaries are made to know that the banks are for assistance and guidance for their development.

2. It is gross inadequate to measure the success of banks achievements in rural financing simply in terms of quantitative variables like the number of rural branches, growth of deposits and advances, credit deposit ratio etc. The terms of increased earnings, improvement in the standard of living, uplifting the rural population above the poverty line as an impact of bank finance directed towards the poorest among the rural poor. Therefore, data on economic status of the rural beneficiaries in the pre and post sanction period of the bank loans should also be collected and evaluated.

3. To prevent multiple borrowing the bank should not be allowed to lend to a person who is beyond the limits of bank areas. It is desirable to select schemes relevant to the background of the beneficiaries and with reference to the possible demand of services from the proposed schemes and as far as possible in accordance with the beneficiaries' preference. The tendency of the beneficiaries to rush for a particular category of scheme for enjoying higher subsidy should be discouraged.

4. RBI has instructed the banks not to provide credit to the defaulters. However, a distinction should be made between willful default and default due to crop loss, death of animal and natural calamities. Unless the small borrowers, who may be defaulters due to circumstances beyond their control, are made eligible for bank assistance, it will be difficult to find adequate number of potential beneficiaries who are the weakest among the weaker sections.

5. There is a need to streamline the credit flow of banks in the rural sector to make it more effective in the process of rural development as well as agricultural development.

Conclusion:

In conclusion, it can be safely said that the State Bank of India including Agricultural Development Branch of SBI are playing a very specific and important role in the upliftment of the economy of the state. After the nationalization of SBI, they were providing liberal finance to the farmers leading to the development of the agricultural sector of the state. Moreover, with a view to providing credit to farmers on an intensive area basis the SBI and its associate banks have opened ADB certain selected centres

throughout the country as formulation of the 'Village Adoption Scheme'. But after the introduction of 'Service Area Approach' scheme there is no distinction between special ADB and ordinary branch as regards to their operations.

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