



# **Role of Banks In the Development of Rural Haryana**

**Dr. Jasbir Singh**

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# **Role of Banks in the Development of Rural Haryana**

By:

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## **PREFACE**

Banking system plays a very significant role in the economy of a country as well as development of rural development in Indian Economy. More than 60 percent of Indian population living in rural areas and earn their livelihood from agriculture sector. Banks also play a dominate role in the development of international financial market. Banking, the world over, has been changing at a spectacular pace. This change is due to multifarious factors like the need to be efficient in functions, thirst for becoming finance superpowers than mere banks, growing importance of private banking, the rise in high net worth individuals, etc. With the ongoing financial depression, the position of banks have become all the more important in the course of working of the money market and hence the economy of a nation. The banking sector forming a portion of the financial sector primarily works as a financial intermediary generating money supply. From the different macro economic models, banks have been found to be a part of the supply side of the economy. However, over time banks have transformed from merely money generating organizations to a multi tasking entity.

This book is an attempt to provide the understanding Role of banking sector in the development of rural areas and their management to graduate students to make them ready as per demands of the banking industry. It is a comprehensive study material which integrates conceptual knowledge with business knowledge. This book covers various sector of primary market, role of co-operative banks and public sector banks in the development of rural areas as well as agriculture sector, various theories and function of money, evolution of banking sector and its system, types of banks Risk and their regulation, role of RBI, Indian monetary policy & system, financial position of co-operative banks, regulation and supervision of banking system banking risk management, developmental role of banking and financial institutions and various developments in banking sector. This book will enable students to equip themselves with all the basics of banking sector and role of banks in the development of rural and agriculture sector in Indian economy.

This book is dedicated to my father Late Shri JAIBHAGWAN and my Younger Brother Late Shri JAGBIR SINGH.

I want to do the special thanks to our family members and my children who sport me to finish this kind act.

I am thankful to publishers for their encouragement and cooperation in bringing out this edition.

I sincerely request comments and inputs from readers to improve the content of this book further in its future editions.

## ACKNOWLEDGEMENT

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**Dr. Jasbir Singh**

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*Chapter - I*

# Introduction

The concept of rural development was applied in early Fifties in many countries to increase the per capita income of rural poor. Many components have been introduced into the basic tenet remains, as one of increasing the income of rural poor so that they are able to obtain minimum basic needs. Rural development in the present study implies ameliorating the economic condition of the rural people by helping them financially in the generation of new productive assets and to increase the productivity of existing assets, employment and income through bank credit. India's economic development depends on the development of rural areas. Rural development is a major concept. It assumes significance in the context of socio, political and economic equality in the developing countries and the efforts are made by the national government to uplift the rural poor or weaker sections. Generally it has been observed that developing countries have longer proportion of rural population than urban and in the developed countries its opposite.

**Rural Area:**

A definition of the village was needed by rulers sitting in urban capitals to identify the units through which the main source of state income from land revenues was to be collected. The definition of the village in the 1921 census of the then Punjab was identical with that of an Estate under section 3(1) of the Punjab Revenue act, which stated that an Estate means any area for which a separate record of rights has been maintained and is also assessed for land revenue or would have been assessed, if the land revenue had not been released, compounded for or redeemed or which the local govt. may by general rule or special order, declare to be an Estate "village" is the basic unit of the rural area.

As per rules an area is defined as rural area having the following characteristic<sup>1</sup>

1. Population less than 5000 as per 1991 census.
2. At least 75 percent of the male working population being engaged in agriculture and allied activities and
3. Density of population less than 400 persons per square kilometer.

**Rural Development:**

In the early years, rural development was considered synonymous with the growth of agriculture and allied activities. Over the years, rural development has emerged as a strategy designed to improve the economic and social life of a group of the people, the rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural areas.

India is a developing country and there is no doubt in this regard that Indian economy is rural dominated. In other words, we can say that India is a country of villages. According to the census 2001, 62 percent population lives in rural areas and a large number of rural people are still living below the poverty line (36%). The abject poverty, hunger, disease and human living conditions and the related problems of inequality and unemployment have been the well-recognized basic problems of our rural economy since long time. So that, India's development means rural India's development and rural India's development is impossible without eradication of rural poverty. It was realised, even before independence, that any strategy of development must give priority to rural development in order to solve the inter-linked problems of poverty, hunger, illiteracy and disease. Mahatma Gandhi was very right saying that, "If the village perishes, India will perish too. It will be no more India". Development implies a change for the betterment of human living. Development of a country does not merely mean an increase in its GNP or per-capita income. The recent view is how the growth process can be fitted in favour of the poor. The main objective of development in today's world is not merely the reduction of the poverty, inequality and unemployment but to improve the quality of life. "It has

to do with the whole texture of human existence. It is not the size of the economy but the quality of life for each member of society, which is our final concern". Development encompasses various factors such as the level of satisfaction of the needs of the people in terms of food and nutrition, housing, health, education, recreation security, spiritual satisfaction etc. "As a strategy of development its focus has been on rural areas, since the mass of the poor in India are concentrated here, and urban poverty is only an outflow of rural poverty." A number of attempts for rural development were made before and after independence. But the fruits of all rural development programme accrued mainly to the asset owning classes and they did not trickle down to the poor. Even after fifty-eight years of the independence we have failed to improve the living conditions of India's poor. The problem of deepening poverty has been the consequence of development strategies in which "We were too much concerned to take care of our GNP, since this would take care of poverty". But this did not happen. Our sustained growth is still accompanied by continuing poverty and the process of growth have tended to increase relative inequality. The poor even today are powerless, resource less and income less to earn their basic necessities of life. "What is at stake in rural India is not a fair share of the land but a fair share of income and employment, education and social status. The chief problem of rural poor is that landless labour is also capital less, skill less, education less and status less labour". Though huge public investment has been made on large number of rural development programme, yet these programmes could not cover all the sections and no significant improvement could be made in the living conditions of the poorest of the poor people in rural India.

If we say that the concept of rural development is a dynamic, complex and multi-dimensional. One and is of focal interest and widely acclaimed in both the developed and developing countries of the world. The term rural development has been used in different time and in vastly divergent contexts and every one interprets it's in his own way depending upon his focus.

In conclusion, rural development may be defined as a process of developing and utilizing natural and human resources, technologies, infrastructural facilities, institutions and organizations, government policies, and programme to improve the quality of rural life towards self-sustenance. In addition to economic growth, this process typically involves change in popular attitude and in many cases even in customs and beliefs. In a nutshell, the process of rural development must represent the entire gamut of change by which social system moves away from a state of life perceived as unsatisfactory towards a materially and spiritually better conditions of life.

The basic objective of rural development is to organize, develop and utilize the available resources of land, water and manpower in such a manner that the entire population dependent on these resources has an equitable opportunity to meet, as a minimum, its basic needs. Rural development involves:

- (i) Improvement in levels of living of the weaker sections of the rural population, as indicated by income, productivity, employment, literacy rate, health and nutrition, infant mortality rate, expectation of life, exposure to mass media, housing, political participation, status of women, supply of safe drinking water and similar other minimum needs etc.
- (ii) Eliminating inequality in the distribution of rural wealth and income and economic opportunities.
- (iii) Capacity of the rural sector to sustain and accelerate the pace of the above mentioned improvements over time.

### **Need of Credit in Rural Areas**

The green revolution, which began in India in 1966-67, initiated the era of modernization or marketisation of Indian agriculture. Which means intensive agriculture based on larger

irrigation facilities, chemical fertilizers and pesticides, when two crops are produced in place of one, mechanisation of farming helps to reduce time required for land preparation. In other words, on given land more input are combined to produce the higher level of output and constraint of land for production to that extent has loosened. In this scenario agriculture acquires characteristics of an industry. Cash crops, which respond more positively to prices, start becoming more important for the farmers. This is how, Indian agriculture has entered the real growth phase since 1966-67.

The new phase of growth promoted the demand for cash that has to be met largely through credit. Credit has not only increased in quantum but also in various forms, with the availability of new inputs and credit to purchase, the adoption of new farm technology in all areas and by all farmers would not be uniform. Since all areas are not endowed with irrigation potentials. So in the dry areas the growth process would be slow. With the advent of new technology change in credit procedures would become necessary to suit the new farm production system, which is not only intensive but also diversified in nature.

Though the new farm technology may be neutral to size of farm, organising credit for the growing number of small farmers would be a difficult and expensive task. Due to lack of sufficient credit, small farmers are not in a position to adopt the modern system of production unless the gain is large immediate and certain. Besides they may not have their own resources, easy access to credit becomes essential for development point of view.

It can be stated that credit may not initiate the process of adoption of new technology but it would facilitate adoption of technology and acts as a lubricant.

**Role of Banks:**

In a planned economy like India which primarily aims to ameliorate the conditions of the rural poor through creation of employment opportunities, improvement of skills and productivity of land and labour, banks are expected to play an active role in development irrespective of how they come-up, who own them and what they were doing up to now. The organization of co-operative credit system, the emergence/conversion of Imperial Bank of India into State Bank of India introduction of social control over banks and latter, the nationalization of major banks were to ensure that the banks no longer remained unconcerned with the needs of planned development but played an active role in improving the productivity of human and natural resources in India, in the development of rural sector and for the uplift of poorer sections of society. The role of banks in the present context has to be viewed from this basic consideration.

The banks cannot have the same objectives as those of the national plan. Irrespective of at what stages our planning process stands or the detailed contents of the on going five-year plan. The principal objectives of national planning in India have always been and continue to be for a long time to come viz., removal of unemployment and under-employment through creation of additional employment opportunities. For this purpose, provide necessary technical and financial help so that (a) requisite assets are acquired by the poorer sections of the population, (b) their skills are improved so that their productivity increases and (c) institutional support is given to those who require it most. From these objectives, the main content of developmental role of banks in the rural sector follows.

- (i) All bank loans are to be part and parcel of total development programming under the national five-year plan.
- (ii) Loans are to be given for labour intensive schemes, which generate employment.
- (iii) Loans are given to generate productive assets and increase the existing assets particularly of land so as to reduce under-employment and bring about increased income levels, and

- (iv) Loans are given to the weaker section (marginal and small farmers, agricultural labourers, rural artisans, and members belonging to scheduled casts and scheduled tribes.) for productive purposes with some consumption component so that their productive efficiency does not suffer due to lack of adequate maintenance income.

While the banks will have to keep in mind the basic needs to assist increased production by all the banking in the development context implies that the role of banks should contribute to promote various development programme and resource mobilization in the rural sector. The various development programmes could be group-oriented in which loans for group activity may be required or individual oriented in which individuals have to be assisted by loans to undertake investment each on his own. The areas in the command of irrigation projects that require compact area approach, lift irrigation schemes which are group based and individual investment schemes like sinking of a well or purchase of pair of bullocks require different systems of handling. Development programme will also encompass investment lending to add to the productive assets or to improve the productivity of the existing assets such as development of land by leveling and bounding. Development also includes bank loans for improving production with the help of larger and more modern inputs. In this way, development efforts would call for primarily investment lending for creation of assets and secondly for augmenting production from the existing assets as also from additional assets created through investment lending. In the Indian context, development lending has to be in live with the aims, objectives and programme enunciated in the five-year-plans. Thus, bank lending for rural development in India should mean a complementary role by the banks to assist in the implementation of plan programme. Rural banking, in this sense, becomes a handmaid of overall development planning for the rural sector. Considered this way, apart from production and investment loans to increased production and incomes, even schemes for infrastructure development where charges can be levied become bankable propositions.

Credit activities which are undertaken on an individual basis, in an adhoc manner without containing them into the overall plan programme and linking them with infrastructure development, will only result in the misuse of scarce resources and debt becoming a burden instead of a benefit to the borrower. The danger of credit becoming a burden rather than an instrument for uplift is greater in respect of loans to the vulnerable sections of the rural community. Since the poorer groups constitute the largest number, the national objective is naturally to take up development programme for improving the lot of these groups. As a conclusion, banks too will have to take the poorer groups as their main targets for development assistance. When the question is thus to assist the poor, the connotation of banking in the rural areas take a different form. No longer banking can be considered as purely commercial where the banks will decide to assist only those who will be able to make the best use of money lent and repay the loans taken. The role of banks in this situation gets widened and it becomes social banking. Which, would only mean that the banks have to help the socially backward groups not only by providing money but also by arranging for supporting services so that the borrower gets all the inputs required and technical guidance to make proper use of loans. This kind of credit system is really the crux of rural banking in India.

### **Banking Development in India**

In the economic history of India, banking and bankers have always occupied a respectable place. "There is plenty of evidence to show that even prior to the advent of accidental ideas, India was not a stranger to conception of banking". Chanakya's Arthashashtra (about 300 BC) is full of facts to show that there were in existence powerful guilds of merchants bankers who received deposits, advanced loans and carried on other banking functions. It was the foreign invasions from 6<sup>th</sup> century onwards and consequent political instability that seriously undermined their status and standing. But individual bankers of the Nawabs of Bengal came to

be recognized. Even Aurangzeb, the most orthodox Moghul Emperor and the East India Company were compelled to borrow from them and publicly honour them.

But banking in the modern sense came to be established in India with the setting up three Presidency banks, the bank of Bengal in 1806, the bank of Bombay in 1840 and the bank of Madras in 1843. These were successors to agency houses, which invariably combined banking with their commercial and trading activities, and were floated by the East India Company to facilitate the borrowings of the government and maintenance of credit. These presidency banks were amalgamated in January 1921, into the Imperial bank of India. The intention was to create a Central bank in the country with the monopoly of note issue and serve as banker's bank and a government bank. By this time, a number of joint stock company banks had come to be established after the acceptance of the principle of limited liability in 1860. The year 1860 is therefore, considered to be a landmark in the banking history of India, as it was afterwards that some of the well-known banks were formed the bank of upper India (1863), the Allahabad bank (1865), the Bangalore bank (1868), the Alliance bank of Simla (1874) etc. Indian managed joint stock banks also began to be floated: the first being the Oudh Commercial bank in 1881, followed by the Punjab National Bank (PNB) in 1894. Then the Swadeshi Movement of 1906 gave rise to the bank of India, the Indian bank of Madras, the Central bank of India, the bank of Baroda and the like.

The two world wars proved a boom to the banking industry when many large and small banks were started. A good proportion of them stood the test of time and survived the subsequent crises; especially the great economic crash (1929-33). But at least an equal number of them failed and fell, and fell like the leaves of autumn as soon as boom and prosperity of the war was over. Though Reserve Bank of India (RBI) was constituted in 1935, much could not be done in respect of bank failures till the Banking Companies Act was put on the statutes book in March 1949. In the time period, between 1939 to 1946, 422 banks were failed. The Independence of the country in August 1947 changed the whole approach towards commercial banking and Government came to recognize it as a positive instrument for faster economic development. So that Govt. Nationalized (January 1949) the RBI and in 1955 Govt. Nationalized the Imperial Bank of India, which called State Bank of India (SBI). That called a bank of Govt. On the night of July 19, 1969 the then president V.V. Giri, all of a sudden, issued an ordinance nationalizing the 14 major scheduled commercial banks, whose deposits as on end June 1969 were not less than Rs. 50 crores. Broadly, the step of nationalization was intended to 'accelerate' the achievement of the objectives of social control. On April 15, 1980 the government issued an ordinance taking over six more private sector commercial banks: Andhra bank, Corporation bank, Oriental Bank of Commerce, and Vijaya Bank. Each one of these had crossed the deposit mark of Rs 200 crores, when at the time of first nationalization in July 1969; their individual deposits were below Rs. 50 crores.

#### **New NPAs Ordinance:**

New Financial Assets and Enforcement of Security Interest Ordinance 2002 "The Ordinance" was promulgated on 21-06-02 and become effective immediately. On the one hand, the banks and financial institutions will find the said ordinance quite handy. On the other hand, the opportunity to defend will come to defaulters at very high cost. The purpose of the ordinance is to check the menace of Non-performing Assets "The NPAs" that have been increasing by leaps and bounds.

Under the ordinance, a notice of 60 days is to be given to the defaulter before initiating any action under section 13(4) of the ordinance. After receipt of the notice, he should pay the dues within 60 days from the date of its receipt, else face stern actions. The defaulter cannot sell or otherwise transfer any assets after notice is served on him. Amount can be recovered from the

borrowers /debtors of defaulter directly. Management and control can be taken over after publishing notice in English newspaper and vernacular language newspaper.

The existing Securitisation and Reconstruction companies will have to apply to RBI for registration with in 6 months from 21-06-02 i.e., by 20-12-02. The banks are not debarred from taking simultaneous action under other laws also. By an estimate, the aggregate amount blocked in the cases before the Debt Recovery Tribunals (over Rs. 1,00,000 crore) forms almost 25 percent of the annual union Budget of our country.

Under the Section 2(1)(c) defining bank does not include co-operative banks. They seem to have been deliberately excluded from the benefit due the recent scams resulting from the mismanagement and willful fraud with said banks. Just because the co-operative banks have suffered due to scams in recent time and if that is the reason for depriving them of the benefits under the ordinance, it seems that the central Govt. is over reacting. These banks need to be included at least in the interest of small investors who put their hard-earned money with them.

### **Punjab National Bank (PNB):**

#### **ORGANISATIONAL STRUCTURE OF PNB (FUNCTIONAL AREAS)**

BOARD OF DIRECTORS (INCLUDING MANAGING DIRECTOR) EXECUTIVE DIRECTOR

G.M. Personal G.M. Finance G.M. Policy General Manager  
(General)

D.G.M. Account D.G.M. Finance D.G.M. Priority Section D.G.M. (CAD)

A.G. M. Staff Training Collage

A.G.M. A.G.M. Functional

Chief Manager Chief Manager

Sr. Manager Sr. Manager (Senior)

Assistant Manager Manager

Manager Accountant Peon

Clerk

Peon

PNB was first pure Indian bank. It was established May 19, 1894. As a result, banking was given a new direction and thrust. The bank is over 108 years old today. During its long corporate history it has encountered major challenges. It has always responded enthusiastically to the nation's needs. It has been seriously engaged in the task of national development. PNB has always been an active participant in the country's striving for economic development. The bank realises its roll in promotion of country's foreign trade also.

### **Co-Operative Banks:**

Co-operative banks another component of the Indian banking organization, originated in India with the enactment of the Co-operative Credit Societies Act of 1904, which provided for the formation of co-operative credit societies. Under the Act of 1904, a number of co-operative credit societies were started. Owing to the increasing demand of co-operative credit, a new Act was passed in 1912, which provided for the establishment of co-operative central banks by a union of primary credit societies or by a union of primary credit union of primary credit societies and individuals.

The chief functions of these banks were:

- (i) Attracting deposits from non-agriculturists
- (ii) Using excess funds of some societies temporarily to make up for shortage in others, and
- (iii) To supervise and guide the affiliated societies.

In 1914, the Maclagan committee was appointed to examine the co-operative movement and to make recommendations regarding the improvement of the movement. It recommended the establishment of state co-operative Apex bank. On this recommendation a central co-operative bank was established in Bombay. Other provinces also took action on similar lines. Although these may be considered as the early beginning in the direction of establishing co-operative banks to meet the financial needs of agriculturists, the movement received momentum only after the Second World War.

Co-operative banking in India is federal in its structure. At the lower range, there are primary credit societies, then there are the central unions or central co-operative banks and at the top there are the provincial co-operative banks or state co-operative banks, otherwise known as “Apex” banks.

#### **Co-Operative Banks and RBI:**

In order to encourage co-operative banking and to make the scheme of financing agriculture through co-operative banks success, the RBI is endeavoring to extend a number of facilities to the co-operative credit institutions.

The Reserve Bank, as in the case of scheduled banks, extends short-term credit to the state co-operative banks in the form of advances and discounts. In addition to short-term credit facilities, the bank also extends medium term and long-term credit facilities to co-operative bank. Section 17 (4)(A) of the RBI Act provides for the grant of medium term and long term loans to state co-operative banks from the National Agricultural Credit (long term operations) fund established in February 1956, and the National Agricultural Credit (stabilization) fund established in June 1956, in terms of the provisions embodied in the RBI, (Amendment) Act 1955.

The National Agricultural Credit (long term operations) fund has been established for making in addition to loans to Land Mortgage Bank,

- (i) Long-term loans and advances to state government for a maximum period of 20 years to enable them to subscribe directly or indirectly to the share capital of co-operative credit institutions, and (ii) Medium-term loans (for period between 15 months and 5 years) to state co-operative banks for agricultural purposes including reclamation of land, bunding and other land improvements, preparation of land for orchard and plantations, irrigation sources, purchase of live stock, implements machinery and transport equipment's etc. The RBI allows a concessional rate of interest; in case of medium term loans at 2 percent below the bank rate provided the finance is used for agricultural purposes.

The National Agricultural Credit (stabilization) fund has been established for making medium-term loans and advances to state co-operative banks to enable them to convert their short-term credit into medium term credit, whenever such conversion becomes necessary as a result of drought, famine or other natural calamities.

#### **Central Co-Operative Banks (CCB):**

The central co-operative banks are independent units in as much as the provincial co-operative banks have no powers to control or supervise the affairs of central banks. They are of two kinds, viz. ‘pure’ and ‘mixed’. Those banks, the membership of which is confined only to co-operative organization, are included in the ‘Pure’ type, while those banks, the membership of which is



open to co-operative organizations as well as to individuals, are included in the 'mixed' type. The pure type of banks is based on strict co-operative principles, while the mixed type does not adhere to any such strict principles. However, the latter has an advantage over the former in so far as they can draw their funds from the non-agricultural section too. But by allowing individuals to hold shares, loan facilities are necessarily extended to them; and in case some of them happen to be middlemen, who may utilise the proceeds of the loan to carry on their trading operations, then it would be a hard blow on the very basic principles of co-operation, which strive for the elimination of middlemen.

As mentioned earlier, the central co-operative banks draw their funds from share capital, deposits, loan from the state co-operative bank and where the state co-operative bank does not exist, from the RBI and other commercial banks. The main function of the central bank is to finance the primary credit societies. In addition to this, they carry on commercial banking activities like acceptance of deposits, the giving of loans and advances on the security of first class gold-edged securities, fixed deposit receipts, gold bullion, goods and documents of title to goods, the collecting of bills, cheques, hundies, the receiving of valuable for safe custody and the performance of services as an agent to the customer to purchase and sell securities etc. They also act, as balancing centers making available temporary excess funds of one primary society to another, which is in need of them.

#### **The Jhajjar Central Co-operative Bank:**

Central co-operative banks are mostly located in the district headquarter. A function of these banks is not only to supply the required capital to the primary society but also to make the surplus resources of some societies available for other societies suffering from a deficiency of funds and to provide proper guidance and inspection over them. They are formed of primary societies and individual member as well as draw funds from (a) share capital (b) reserve (c) deposits and (d) loans.

The Jhajjar Central Co-operative Bank (JCCB) limited was established in 1<sup>st</sup> April 2001 after the birth of Direct Jhajjar in 16 July 1997. Before the establishment of JCCB, all branches of co-operative banks in district Jhajjar were in the supervision of Rohtak Central Co-operative Bank (RCCB). To begin with, it had very humble origins, but now it is playing a prominent role in the upliftment of society. It is providing a very potent instrument of social changes. The bank has functional type of organisational structure in which, various functions have been grouped into various categories, controlled and administered by different departmental heads. At the top of the bank has a Board of Directors, followed by managing Director/Chairman. In operating management bank has four departmental heads. (i) Administrative section. (ii) Loan and Account section. (iii) Planning and Development section. (iv) Inspection section.

The objective of the bank is to facilitate the operation of the affiliated co-operative societies in particular and its other constituents in general. The perform of organizational structure is given as:

#### **Organizational Structure of the CCB (Functional Areas)**

Board of Directors (Including managing Director)

Manager

Asstt. Manager/Development officer

Senior Accountant Senior Acctt. Senior Acctt. Senior Acctt.

(Administrative Section) (Loan & Acc. Section) (Planning & Dev. Section) (Inspection Section)

Junior Acctt./Executive Officer

Clerk /Cashier

Record Keeper

Peon/Gunman

**Profile of District Jhajjar:**

The district Jhajjar was established on July 15, 1997. It has 260 villages. According to the census 2001, it has total population 8,87,392. The district has 1834 square K.m. own area. Out of this total population 78.02 percent lived in rural areas. The population growth rate is found 24.09 percent lived in rural in the decade 1991-01. In the district, population density comes to 484 people per square K.m. Population density was found 3578 and 389 people in urban and rural areas respectively in 2001. In the district total work participation rate is found 44.35 percent, it comes 51.61 percent and 35.78 percent for the male and female respectively. In the district, wheat, Bajra, Jawar, Paddy, Sugarcane, mustered, Gram etc. crops are sown. In the district, only Bhadurgarh City is considered in Industrial City (areas). It shows that, the district's economy is mainly based on agriculture because there is lack of Industries in the district.

**Need and Importance of Study:**

Indian economy is called a rural economy and rural areas are totally dependent on agriculture and allied activities. So that agriculture sectors also acts as backbone of the Indian economy (rural economy), which also supports the infrastructural development. It helps the railways and road transports that get a big volume of business from the movement of agricultural items from one place to another place and thus earning substantial revenue. Better performance of agriculture leads to high purchasing power of the farmers, which generates more demand for manufactured goods.

In the modern era credit is necessary for rural/agricultural development. For the development of agriculture, it is necessary to use the modern machinery, equipment, pesticides, seeds, fertilizer and other inputs. But it is not possible for the farmers without getting the financial help in the form of loan and advances from the government and its sponsored financial institutions. This help to the farmer is in the shape of credit/loans and subsidies. Undoubtedly, credit has played very significant role in the progress of agriculture in India since independence. So that we can say, credit is the measure instrument of the overall development of any economy/country.

The farmer's requirements are determined on the basis of their capacity to borrow and return. All inputs like seeds, fertilizers, small equipment, hired labours, pesticides, fodder etc. can only be arranged by a majority of farmers, with the help of borrowed funds. Most of these loans are of short period nature say 15 months. Medium term credit (from 15 months to 5 years) it is generally used by the farmers for the purchase of agriculture implements, cattle as well as for construction and repairs of tube-wells. The credit finance given by the financial institutions for the purpose of permanent improvement of land, purchase of tractors and other big sized equipment's are known as long term credit and is given up to 5 years. All these types of time-based credits are required to be given by co-operative bank, RRB and CB.

It may further be stated that the agricultural credit also plays its role in capital formation and its maintenance, storage, marketing and processing activities in the economy. The demand of agriculture credit is increasing very fastly. It can only meet by bank and other financial institutions. It was estimated Rs. 750 crore rupees in 1951-52, which has increased Rs. 60842 crore in 2001-02. It demands of credit for agriculture is estimated not real. After the nationalization of 20 banks, there are hardly meet the 14.1 percent (1998-99) of agriculture credit demand. So, that in the rural area people had to go to the private moneylender for the fulfillment of the credit need and they charged very high rate of interest (24 to 60 %). While, one of the main objectives of nationalization was to enable the banks to play a more dynamic role in

agricultural production by increasing their loaning to agriculture sector and reducing the credit gap in rural people. Because this gap is increasing, demand of rural credit is increasing while supply of this credit also decreasing. At last we can say that, for the development of agriculture credit is needed so for the fulfillment of rural credit.

There is lack of sufficient literature related to the area of present study. Though a number of studies have been carried out so far relating to recovery of loans, credit delivery, impact of loans on incomes and employment of rural areas, operational problems etc. in respect of Public Sector Banks and Co-operative banks. Yet the literature lacks a comparative study of the performance of PNB and CCB in the context of aforesaid variables. The present study intends to fill up this gap with the purpose of comparing the performance of CCB with the PNB, a leading Public Sector Bank, which is also a lead bank in Haryana so as to suggest improvements in their practices of CCB.

#### **The Main Objectives of the Proposed Study:**

- (i) To examine the performance of central Co-operative bank and PNB in terms of deposits, advances, NPAs, C-D ratio, recovery rate, profitability etc. with special reference to rural areas.
- (ii) A comparative study of the extent of supply, utilization and recovery of bank loans by both the banks.
- (iii) To compare the impact of bank loan on the income, employment and asset generation by both the banks.

#### **METHODOLOGY**

Agro-climatically, Haryana State may be divided into three regions. The first region consists of northeastern part of the state, which has assured irrigation facilities and relating fertile soils. It consists of the district of Karnal, Kurkushetra, Kaithal, Ambala, Panchkula, Yamunanagar, Sonapat and Panipat. The main sources of irrigation are tubewells and government canals. Wheat-Paddy crop rotation is mainly adopted in this region. In contrast to this Region-II, the southwestern districts of the state consisting of Bhiwani, Mahendragarh, Rewari, Gurgaon and Faridebad which have relatively less irrigation facilities and sandy soils. It is a backward dry farming region. The main source of irrigation in this region is tubewells. The quality of most of the underground water is brackish and only in a few pockets; this water can be used for crop production. Wheat Bajra is the dominant crop rotation. Region-III, consisting of Sirsa, Fatehabad, Hissar, Jind, Rohtak, and Jhajjar districts is more advanced as compared to the southwestern region but it is less developed as compared to the advanced north-eastern region. Mainly because, ground water is not fruitful for health and agriculture. Government canals is the main source of irrigation in this region. Wheat-cotton rotation dominates in this region. So the researcher selected district Jhajjar for the research, because it is neither advanced nor backward and is also convenient for research purposes.

The present study is based on secondary data as well as primary data. Primary data has been collected from the fieldwork (survey).

#### **Secondary Data:**

Secondary data has been collected from various financial institutions and their publications as like Harco bank Chandigarh, regional main branch of PNB Chandigarh, lead bank Rohtak and Jhajjar, central co-operative bank Rohtak and Jhajjar, state level banking committee (SLBC) Haryana, district credit plan, banking statistical table relating to bank, RBI bulletin, various journals, printed matters, news papers etc.

**Primary Data and Sample Design:**

A multi-stage stratified random sampling technique has been adopted to determine the sample and composition of the sample households for the proposed study. We selected a representative sample covering the entire district. In the district Jhajjar, PNB has 13 bank branches in rural areas out of 16 total branches and Co-operative bank has 11 bank branches in rural areas out of 15 total branches in the district. In district Jhajjar there are 7 villages, which are having branches of the banks i.e., PNB as well as CCB, and all the seven villages namely Ausodha, Dulehra, Badli, Dadri-Toi, Machroli, Subana and Shalawas from the district have been the focus of present study.

The farm holdings of selected villages have been classified into 5 categories as landless, marginal (less than 2.5 acres), small (2.5 to 5 acres), medium (5 to 10 acres) and big farmers (above 10 acres), as per the government norm. Then a list of bank beneficiaries was obtained from the banks for each village who had borrowed during or before 2001-02. Out of the list of households, we selected 60 households from each village i.e., 30 households from each bank randomly, so as to give equal representation to all the villages. Thus a total 420 household, 210 from each type of bank beneficiaries was selected. Out of 210 households the number of big farmers, middle farmers, small farmers, marginal farmers and laborers was 26, 42, 49, 47 and 46 households respectively from each bank randomly.

**Data Collection:**

The personal interview method has been used for primary data collection. A questionnaire was prepared for the relevant data collection. Before going into field, it was pre-tested and attempts were made to minimise errors. At the time of collecting data, the purpose and the importance of the study was explained in simple words (in local dialect) to the respondents, to win their confidence.

**Data Analysis**

Initially, the collected data have been tabulated then analyzed. For the analysis of data simple statistical techniques like Annual Compound Growth Rate (ACGR), growth rate, percentage and proportion methods have been used. Inter bank, inter category and inter sector comparisons have also been made in order to obtain variations/disparities.

**Indicators**

In the present study, the asset generation, we included that asset which generated at the time when bank loan was given. In the income generation, we considered the income on current prices. In the employment generation, we included those households who generated the district employment from bank loan. These are the limitation of the present study. The main indicators of the study are Asset generation, Income generation, Employment generation, Proper utilization of bank loan, Borrowing cost, and repayment methods, which would highlight and enable us to examine the role of banks in rural development.

**Concepts and Definitions:****Household:**

A household is defined as a group of persons related by blood, marriage or adoption sharing a common residence and kitchen. A single member or person is considered as a household if he maintains a kitchen. Any member who is a normal resident of sample households is considered to be a member of households; it includes temporary stay away and excludes temporary visitors

**Head of the Household:**

The person recognized by all other member of the concerned household as responsible for taking final decisions has been considered as the head of the household.

**Farm Household:**

A household having its own agricultural land and more than its members from crop husbandry generate 50 percent of income has been regarded as farm households.

**Big Farmer:**

A household having cultivable land (irrigated & unirrigated) holding above 10 acres is called big farmer.

**Medium Farmer:**

A household having cultivable land (irrigated & unirrigated) holding more than 5 acres but not exceeding 10 acres is regarded as a medium farmer.

**Small Farmer:**

A household having cultivable land (irrigated & unirrigated) holding more than 2.5 acres but not exceeding 5 acres is called a small farmer.

**Marginal Farmer:**

A household having cultivable (irrigated & unirrigated) land not exceeding 2.5 acres is regarded as a marginal farmer.

**Landless Labourer:**

A households having no agriculture land and more than 50 percent of income is generated by its members as labourers is regarded as a landless labour.

**Weaker Section:**

The concept of weaker sections has been widened particularly to include, small and marginal farmers, having irrigated & unirrigated land holding's of 5 acres or less, land less labourers, tenant farmers and rural artisans etc.

**Credit:**

Credit is the name usually given to money borrowed for business purpose.

The word "credit" comes from the Latin word "credo" meaning, "I believe". Hence, credit is based upon confidence, when one borrows money; the loan is based upon confidence in the further solvency of the person and in his repaying the loan as per agreement. In this sense, credit means ability to command the capital of another in return for a promise to pay at some specified time in the future.

**Borrower:**

Borrower means an individual who had taken loan from one or more banks and private moneylender for any productive or consumption purpose.

**Income:**

Efforts have also been made to measure rural development directly by examining the impact on income. The income of a family has been defined as total earnings of all the members of the households taken together during the reference year.

**Defaulter Household:**

A defaulter household has been taken as that households having overdue of loan in other words they had not paid the loan for 2 years or more than two years old.

**Bank Deposit:**

A liability of a bank to a customer, a sum of money credited to a customer who may demand payment of any time. The money may have been deposited by the customer by way of an overdraft or loan or by way of payments from other sources.

**Bank loan:**

A loan is a fixed amount for a specific purpose, carrying a definite date for repayment. Such a loan is usually made on approved security, the interest charge tending to be lower or larger concerns.

**Kishan Credit Card:**

Kishan Credit Card issued by any bank, to meet the credit requirement of farmers to a limit on the basis of land holding.

**Profit:**

In accounting, any excess of revenues over the costs incurred in obtaining revenues. In economic theory, a surplus earned above the normal return on investment of capital in a business, created when the prices received for goods sold exceed the cost of producing them.

**Self-employment:**

Describing individuals who work more or less regularly but usually do so in their own homes or offices and are not normally listed on any one's payroll. They may employ assistant.

**Wages:**

The payment to a labour for his assistance for production. In economics, any regular payment to an employee of a business for his or her labour by the hour, week, month or some other period or by units of output. To the employee a wage is income, to the business, it is part of the cost of production, specifically labour cost.

**Bank Recovery:**

The amount of loan which has been repaid/recovered within due date. This phenomenon is called recovery of bank loans.

**C –D Ratio:**

The Credit–Deposit ratio is usually calculated as a proportion of the credit sanctioned by a bank in a geographic area plus investment to the deposits collected in that particular area.

$$\text{C-D ratio} = \text{Credit} + \text{Investment} / \text{Deposit}$$

**NPAs:**

A non-performing asset can be defined as a credit facility in respect of which the interest or installment of principal has remained past due for a specified period of time. The specified period of time was reduced in a phased manner over the years. An asset is classified as non-performing if the borrower does not pay dues in the form of principal and interest for a period of 180 days. However, with effect from March 2004, default-status will be given to a borrower account if dues are not paid for 90 days.

**Asset:**

Assets have been defined as resources, tangible as well as intangible, which are generated through loans and help in enhancing income directly or indirectly, like as agricultural land, buildings construction, vehicles, commercial as well as personal.

**Productive Asset:**

Productive asset is that asset which increases our income directly and unproductive asset is that which increases indirectly our income or does not increase our income.

$$\text{Per Rupee Borrowing Cost} = \text{Total Borrowing Cost} / \text{Total loan}$$

$$\text{Borrowing Cost} = \text{Cash Money} + \text{Expansion to Preparing Document with Fair} + \text{Cost of Living the Work (Opportunity Cost) (Rs. 100 per day)}$$

$$\text{Profit Per Employee} = \text{Total Profit} / \text{No of employee}$$

Business Per Employee = Advances + Deposits / No of employees

Growth Rate =  $P_o (1+r)^t$  or

$r = [(Antilog (\log / p_t / p_o) / t) - 1] 100$

r = Growth rate

$P_t$  = Current value

$P_o$  = Initial / Base value.

t = Time period.

#### **Agriculture:**

In the agriculture we included seed & fertilizer and agriculture equipment as Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.

#### **Allied Activities:**

In the Allied Activities we included all animal husbandry as Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.

#### **Rural Industry:**

In the Rural Industry we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.

#### **Small Business:**

In the Small Business we included all types of shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.

#### **Transport:**

In the Transport we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.

#### **Others:**

In the others we included non-productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

#### **New Income:**

In the new income we considered income generation from the bank loan.

#### **New Loan:**

In the new loan we considered that loan taken by households without repayment of previous loans and replace it, to previous loan.

#### **Limitations:**

In the present study every possible effort was made to get the accurate and reliable information from the respondents. Whenever an impression of reliance was not felt the households replaced by some type of another households. The main problem was that, households were not ready to give or to give correct information about bank loan, private loan, method of repayment of loan and asset generation. We have explained the purpose of survey only then they were ready to provide relevant information. But the information, which we asked from the households regarding amounts, were in round figures not absolute. So that, the obtained data can differs from actual situation to some extent.

Second problem, which was being faced by scholar, was that bank defaulters run away from the place when the scholar went to meet them. They think that he is bank employee. The scholar introduced himself as a student and told them the real purpose of the survey. Only then the scholar won their confidence. After that they agree to give information to him. Another, major

problem was associated, with the illiteracy, almost half of them illiterate. So they found hardship to understand queries properly.

Apart these bank employees also did not deal scholar properly. Lastly, and as usual the study had the limitations of time and funds available with the scholar.

**Plan of the Study:**

The whole study has been divided into five chapters. Chapter-I concerns with the Introduction on Rural Development. Chapter-II deals with the Review of Literature. Chapter-III shows the Functioning and Performance of the Banks (PNB & CCB) in Rural Haryana. Chapter-IV, Role of Banks (PNB & CCB) in Rural Developmental, deals with the field survey. And chapter-V explains the Summary and Conclusions, Results, Suggestions and Implications for Rural Development and Area for Further Research.



*Chapter - II*

# **Review of Literature**

In the research, the review of literature has an important place, because it justifies the topic and field for the investigations, objectives and problems to be taken by the researcher. Moreover, it is helpful in discussing the results of the present study. Therefore, this chapter is devoted to the study of literature relating to the field of the study. The researcher has made an attempt to do the exhaustive review of literature pertaining to the researches already made in the field of the role of Central Co-operative Banks (CCB) and Punjab National Bank (PNB) by the different renowned scholars and experts in India. Although sufficient literature directly related to Co-operative Banks is available yet there is lack of literature directly related to PNB. PNB is considered as a lead bank in Haryana and it has been assumed to follow the standard banking practices like other good Public Sector Banks (PSBs). The literature on PSBs, therefore, may act as a proxy to the literature on PNB. In other words this chapter deals with a detailed account of review of work done by researchers in the past in respect to the impact of bank credit taken from CCBs and PSBs on rural development as well as its impact on the income, investment, productivity, employment generation, agriculture and non-agriculture development, socio-economic development and living standard of the beneficiaries of different size and type of groups. The emphasis has been given in most of the studies mainly on the following head lines:

1. Impact of Bank Credit on Rural Development.
2. Problems in Recovery and Utilization of Bank Credit.
3. Future Credit Requirement for Rural Development.

Role of banking system in agriculture and non-agriculture finance as well as its impact on agricultural and socio-economic development and transformation of rural society has swelled the literatures since very beginning. As Assessment Survey and Evaluation Committee constituted by the government of India on I.A.D.P. (Indian Agriculture Development Programme) in 1965 reported that the farmers having the land holdings of above 2 hectares utilized 66 percent of total loan for agricultural purposes while in case of farmers with holding below one hectare and between 1 to 2 hectares it was 33 percent and 52 percent respectively. A study group appointed by the National Credit Council estimated in 1968 that during 1968-69 alone 30 percent of the total credit requirements for agriculture were met by institutional credit agencies. During 1971-72 co-operatives, which continued to be the main institutional source for rural credit, advanced loans to agriculture amounting Rs.779 crores to about 1.17 crore farmers. The All India Rural Credit Review Committee has estimated in 1971 that the total requirements of short terms credit as 2000 crores for 1973-74 of medium and long term credit as 2000 crores for entire fourth plan period. In 1971, central government setup small farmers development agencies and various projects for marginal farmers and agricultural labourers to lay stress on their development with provision of credit through co-operatives. At the outset we shall discuss the review of literature related to Co-operative Bank and Public Sector Banks. Some studies related to present studies are:

Antony, Valasamma (2004), revealed that the gross NPAs of nationalized commercial banks alone as reported in the Lok Shabha on 11-03-2003 were of Rs. 51470 crores while the gross NPAs for all the public sector financial institutions together stood as Rs. 71000 crores. The PNB appears with the second highest amount of NPAs of Rs. 4140 crores i.e., 14.77 percent of total advances. It is a matter of great distress that even co-operative banks are groaning under the weight of mounting bad debts. By January 2003, NPAs of urban co-operative banks have stood 22 percent of the total advances. It has to be stated that Rs. 11471 crores of investor's money has turned into NPAs in these banks.

The NPAs of commercial banks Rs. 54000 crores as on 31<sup>st</sup> March 2001, have been divided between the priority & non-priority sectors for Rs. 28525 crores (53.30%) and Rs. 25475 crores (46.70%) respectively. According to the report of the Parliamentary Standing Committee on

agriculture, recovery of direct agriculture advances constituted 69 percent up to June 2001. NPAs in this sector were only 13.84 percent as against 18.73 percent in SSI. NPAs in total priority sectors were reported 44.49 percent in comparison to 53.54 percent in non-priority sectors.

Erral (2002), conducted a study that was based on the secondary data for the period 1969-97. The study concluded that profitability of the public sector banks in the decade of the 1990s was much lower than that of private sector banks and foreign banks. Net profits, as a percentage of working funds were 0.21 percent for the decade of the nineties for the public sector banks as a whole. The figure of the public sector banks is much lower than the 0.89 percent for private sector banks and 0.94 percent for foreign banks. The net profits of the nationalised banks were negative in 1992-93 and 1993-94, as they had to adopt the new norms of asset classification and income recognition.

For the private and foreign banks jointly the growth rate of operating expenses was 18.82 percent in the latter half of the 1990s compared to 10.32 percent for all the public sector banks. Moreover, the growth rate of working funds (deposits) of the private and foreign banks jointly was 27.02 percent, which is higher than that of the public sector banks (14.58%).

During 1995-96, the share of public sector banks in total deposits was 85.43 percent, which has declined to 81.90 percent in 1999-2000. As far as the turnover per employee is concerned, it has increased 3.1 times for the nationalised banks, 9.3 times for the private banks and 4.4 times for the foreign banks during the decade (1990-2000). It has also pointed out that amongst commercial banks the employment growth rate for the period 1990-95 was recorded as 1.21 percent which was declined to -0.27 percent during 1995-2000 as they have sought to downsize.

The study also depicted that the efficiency of the public sector banks has declined during the 1990's. Though the turnover/employee ratio of the public sector banks improved, the ratio for the private and foreign banks doubled relative to that of public sector banks. The profitability of the public sector banks has improved in comparison to the private and foreign banks, however, they have lost ground in their ability to attract deposits at favorable interest rates, in technological up-gradation, and in staffing and employment practices, which have implications for their long-term profitability.

Satyasai and Patil (2002), revealed that the National Bank of Agriculture and Rural Development (NABARD) was established as an apex body for rural credit. The bank submitted his report in July 2001. Evidence shows that increased demand for credit has driven people to borrow more from private moneylenders at high rate of interest. We are thus caught in a situation where the institutional credit agencies (supply side) do not respond adequately to the demand for credit and the clientele (demand side) does not have the desired access to it.

Chowdhury and Prabuddha (2001), conducted a study that was based on both of primary and secondary data. According to the objectives, a questionnaire was evolved and tested to collect the primary data from the respondents. The study revealed that co-operative banks have sanctioned 61 percent and 39 percent cases for agriculture and non-agriculture sectors out of total sanctioned cases respectively.

This study also indicated that the agriculture sector got 68.97 percent amount of the total sanctioned loans. The co-operative banks have also inherited an age-old discriminatory gender bias against the women. So they have sanctioned only a tiny amount as low as 12.01 percent of the total amount of loans sanctioned.

As far as defaulter in repayment is concerned it has been noted that agriculture sector have 24.59 percent cases while in non-agriculture sector defaulted cases come out to be 51.28

percent. From the above comparison we can say that rate of defaulting is more than double in the non- agriculture sector than agriculture sector.

In the agriculture sector 54.10 percent respondents have repaid the total amount (lowest interest) of loan as against to 17.95 percents in non-agriculture sector. This breaks up the myth that loan recipients of agriculture sector are defaulters in repayment.

Kamesam (2001), revealed that as a significant part of the multi-agency approach to credit delivery in India, co-operative banks, both in the short-term and long-term structure held an important position especially in the rural credit scenario and have played a pivotal role in the development of rural credit over the years. The geographical spread of the entire co-operative credit system covers over 74 percent of rural credit outlets and it has a market share of about 46 percent of total rural credit in the country, while its gross NPAs are 19.19 percent.

Shaban (2001) conducted a study that was based on secondary data for the time period 1969-97. The study revealed that since the nationalisation of major banks in July 1969, there has been tremendous growth in regional spread of bank branches, mobilisation of deposits and disbursement of credit. In June 1969, there were 8187 bank offices of commercial banks; they increased to 63534 in March 1997.

Southern region had about 36 percent of the total bank offices in India in June 1969, it declined to about 27 percent in March 1997. The share of western region which was about 24 percent of the total bank offices in June 1969, declined to 15 percent in March 1997. The northern, north eastern and central regions had a share of about 15 percent in 1969, which declined to about 13 percent in 1997. Their respective shares of total bank offices in India increased to about 16 percent in June 1969 to 21 percent in March 1997. In northern region, 21.70 percent of its total bank offices were rural bank offices in June 1969, it increased to 55.70 percent in March 1991 but declined to 50.70 percent in March 1997. Similar is the trend of growth of rural offices in almost all the states and UTs.

The total commercial banks deposits in June 1969 were Rs.4665 crores, it increased to Rs.49227 crores in March 1997. The share of rural deposits to the total deposits was only 3.1 percent in June 1969 at the national level. It increased to 15.50 percent in March 1991, but declined to 14.70 percent in March 1997. Thus in comparison to their shares of bank offices, the shares of the total deposits of rural areas have been very small. This shows that the spread to bank offices has not been able to influence the deposit mobiliser to a greater extent in rural areas. Similar is the condition in almost all regions/states/UTs. The western region, the greatest mobiliser of total deposits, has only 7.3 percent of its deposits mobilized from rural areas in March 1997. The shares of rural deposits to the total deposits in northern, eastern, north eastern and central states/UTs have been generally higher than the shares of rural deposits in the western and southern states /UTs over the years.

The bank credit which was Rs.3609 crores at the national level in June 1969, increased 1.76 times by June 1973, 4.21 times between 1973 to 1991, 4.62 times between 1981 to 1991. But, in 1991 to 1997 it has increased only 2.72 times, showing a slow down in credit disbursement. The share of southern and western regions in March 1997 has reached to about 60 percent of the total credit advanced in the country. The share of northeastern region in the total credit advanced in the country has been below 0.01 percent over the years. It is just in contrast to the fact that Maharashtra alone has had a share of 25 percent on an average of the total credit advanced in the country by commercial banks over the years. In all the regions of the country, except north eastern and central regions, the shares of total credit disbursed in rural areas have been below 16 percent over the years. Of the total credit disbursed in western region, the share of rural areas has been well below 7.5 percent over the years and below 16 percent in southern and northern regions.

The study also depicted that credit-deposit ratio has in general declined over the years in India. In June 1969, the ratio was 0.77; it declined 0.57 in March 1997. The highest credit-deposit ratio in June 1969 was in southern region (0.95), it declined to 0.76 in March 1997. The lowest credit-deposit ratios have been in northeastern states, followed by the states of eastern and central regions over the years. The rural credit-deposit ratios have consistently improved till 1991, but have slackened in 1997. The credit-deposit ratio was 0.37 in 1969, increased to 0.60 in 1991, but declined to 0.45 in 1997. The rural credit-deposit ratios in the states/ UTs of western and southern regions have generally been higher than the states/UTs of the other regions. In all the regions, the credit deposit ratio in rural areas has improved over the years but in central region it has shown a declining trend. In almost all the states/ UTs, except southern region, the credit-deposit ratio in rural areas has been below 0.50 in March 1997.

Satpal (2001) conducted a study that was based on secondary data as well as primary data. The study revealed that most of the customers were dealing with the bank directly and most of them; both in urban and rural areas have opened their saving accounts. No facility of gift cheque and traveler's cheque had been availed to the customers. Locker facility was also available to only some respondents.

Only 45 percent respondents were availed the business and other loan services. As 60 percent of the respondents have faced difficulty in opening their accounts, 67 percent respondents in urban areas and 45 percent in rural areas were dissatisfied regarding passbook entries. In the urban area only 46 percent respondents reported that bank employees welcome them with a smile. For the staff of rural area branches deserves congratulations. Only 25 percent respondents in rural areas were satisfied with the availability of information counter in the bank. In the urban areas 67 percent respondents had a complaint regarding non-arrangement of immediate payment when they required it. Most of the respondents were not satisfied with the time, which bank employees take in withdrawing the money. 84 percent respondents reported that proper punctuality & availability of bank staffs was proper.

Baiju and Gabriel (2000), revealed that the most crucial factor that governs the performance of banks is spotting their non-performing assets close to 16 percent of loan made by Indian banks are NPAs which was around 23 percent in 1991. This is very high as compared to the corresponding 5 percent in the banking system of advanced countries. In India, external factors like raw material shortage, price escalation, power shortage, industrial recession, excess capacities and natural calamities like flood and accidents have also contributed to the mounting NPAs in the books of banks. Figures for the year 1998 revealed that public sector banks in India has 84 percent of their advances in the form of standard assets while the doubtful assets came to 9.10 percent, ultimately 16 percent of the advances were declared as NPAs. For the purpose of analysis, numbers of banks with gross NPAs percentage of 5 or below (International Standard) have been categorized as "very good". Banks with gross NPAs percentage of 16 (National Average) or less but above 5 have been categorized as "good". Banks with gross NPAs percentage above 16 percent but below 20 percent have been categorized as "bad". Banks with gross NPAs of 20 percent and above have been categorized as "worst". While PNB's net NPAs were 9.57 percent in 1998 and 8.56 percent in 1999. Among the 19 nationalized banks none of the banks were graded as "very good" and 10 and 6 banks was categorized as "worst" in the years 1996 and 1998 respectively. Among the nationalized banks 11 banks that met the Capital Adequacy Ratio (CAR) of 8 percent in the year 1996 and 18 banks met the CAR in year 1998.

The main reason of high NPAs in India, has been that the borrowers borrow for one purpose and utilise for another, so that repayment is bound to be affected, a strong banking culture where diversion of funds and default in repayment will never be tolerated even to the smallest possible extend, ought to be developed. Secruiting of proposals and monitoring of usage should be more stringent for huge loans as they contribute to a major chunk of our NPAs.

Shivamaggi (2000), revealed that on the whole, it has to be admitted that the Indian policy-makers have not been able to arrive at a banking structure and operational system which suit the credit and saving needs of agriculturist and at the same time promote modern agriculture. But the overall annual agricultural growth rate, which was 5.2 percent in the eighties, fell to 2.6 percent in the nineties. In the case of food grain the annual growth rate has fallen from 3.4 percent to 1.7 percent during the same period. It is pertinent to note that between 1992-97 only 8 percent of the total public investment devoted to agriculture and the actual investment in this sector fell about 40 percent short of the planned level.

The development strategy adopted and the increasing diversification and commercialization of agriculture and allied activities underline the need for the rapid development of rural infrastructure and a large flow of credit. Though there is a multi-agency set up for rural banking, nearly 45 percent of rural credit comes from co-operatives. But the commercial banks are an important source of credits; nearly they meet 49.20 percent of rural credit and the primary credit societies hold the key to success.

The policy makers are now focusing on technology led banking system in the rural sector. This requires a restructuring of cooperatives to enable them to meet the challenges of the competition. It also requires a change in mindset. While; progressive farmers have no difficulty in obtaining credit from the commercial banks. Credit for the poorer households is the real problem. One recent development under the leadership of NABARD and Non-Government Organisations (NGOs) is the formation of informal, Self-Help Groups (SHGs) broadly on the model of the 'grameen banks' of Bangladesh. The mutual trust reflected in the SHGs working is in tune with the true spirit of cooperation.

Tara Nair (2000), conducted a study that was based on secondary data. The study revealed that one of the major objectives of the nationalization of Indian Commercial Banks (in two spurts in 1969&1980) was to improve the flow of formal institutional credit into rural households, especially to the poor, thus relieving them from the burden of usurious debt. The RBI stipulation subsequent to nationalization that Commercial Banks (CBs) should earmark at least 40 percent at their advances for the priority sectors (of which 18 percent for agriculture and 10 percent for weaker sections) was an important step in the direction of asserting the developmental role of banks. In addition, they launched the largest ever anti-poverty programme.

Bank credit in the rural sector is increasing from 156 crores in 1969 to 33031 crores in 1998. The targets for anti-poverty are achieved to a extent mainly because the banks have been compelled to do so. The formal sector's thrust even within the priority sector lending framework has been on productive activities, where as the poor (large majority of whom are landless and non-cultivators) need credit mainly for financing income-consumption gap or tiding over occasional crises and emergencies. Obviously, the need, terms and modes of delivery do not match. This could well be the reason for the increased dependence of rural people, more markedly of the non-cultivators, on informal credit sources like traders, contractors and moneylenders.

Satyasai and Badatya (2000), conducted a study that was based on secondary data. The study revealed that Rural Credit Co-operative Institutions (RCCIs) have emerged as one of the key players in the field of rural credit. In the long term structure accounting for more than two-thirds of the rural credit outlets through out the country. Out of the total credit disbursed during the year 1996-97, the share of co-operatives was 49 percent, i.e., about half of the total credit disbursed. The share of commercial banks and regional rural banks jointly was 51percent. In other words, co-operatives still constitute a dominant segment of the rural credit market

Out of the total working funds of PACS, owned funds that accounted for about 42.10 percent in 1950-51 declined to 20.50 percent in 1994-95. During the period the owned funds for DCCBs

and SCBs also decreased, but marginally from 14.10 percent to 10.10 percent and 11 percent to 9.6 percent respectively. This continuous decline in the share of owned funds in the total resources of the institutions has become a cause for concern. It obstructs their attempt to become self-reliant. In view of the ever-increasing demand for rural credit, augmenting the share capital and thus strengthening the owned funds is strongly warranted.

The share of borrowing in the working funds of PACS has gone up from 46.90 percent in 1950-51 to 58.10 percent in 1994-95. During the period, the shares of borrowings in the total resources of DCCBs and SCBs have also gone up from 17.60 percent to 26.30 percent and 24.80 percent to 32.50 percent respectively. Cost of the co-operative structure per Rs.100 of loans at PACS level was lowest for Haryana as Rs.4.90 and highest for Bihar as Rs.79.90. The estimates of cost inefficiency indicated that Andhra Pradesh is operating at highest level of inefficiency incurring costs 2.34 times followed by Madhya Pradesh incurring cost 2.21 times. Haryana, west Bengal and Uttar Pradesh are in the higher runs of the costs efficiency.

In some cases the co-operatives are totally under the control of the registrar of co-operative's societies of the state. Such regulations created obstacles in the proper management of the institutions, thus stifling initiative different levels. Added to this, the increasing political interference also has adverse implications for loan discipline. The recovery performance as percent to demand for DCCBs at all India level was 70 percent. Bihar and Punjab are at the two extremes with recovery 11 percent and 89 percent respectively.

The aggregate NPAs of CCBs estimated 17.80 percent of their outstanding loans and advances as at the end March 1998. Out of 254 reporting CCBs, 132 have NPAs between 5-20 percent and 91 above 20 percent of the outstanding loans and advances. Study also shows that there has been continuous decline in the share of owned funds in the total resources of the institutions. The deposit mobilised by higher tiers in the short-term structure are mobilised by way of statutory deposits from lower tiers rather than deposits mobilised through their own efforts. There is a serious imbalance in the growth of resources vis-à-vis lending among different tiers. The growth at the level of PACS has decelerated faster compared to that of the other two tiers. The co-operative system in general failed to perform its functions; a few success stories here and there notwithstanding.

Bhagawati (2000) revealed that the proportion of deposits from the rural areas has been shrinking, while metropolitan centers have been increasing. The priority lending proportion has gone down slightly. The proportion of current deposits in banks has gone down, while savings deposits have gone up. The non-performing assets ratio is coming down primarily because assets are increasing at a high rate due to high rate of growth of deposit liabilities. A good portion of NPAs is connected with industry and with priority lending. Since the prime lending is falling sharply.

There were discussions on the profitability and productivity of banks. The entry of new banks like the UTI bank, the closing down of certain existing branches of old banks and poor consumer services, the functioning of new types of rural financial institutions to cope with the problem of interlinked credit and exploitation of agricultural labours requires the setting up of a general equilibrium model involving labourers, landlords and rural financial institutions. Though the promotion of small savings and share holdings by landlords, these institutions it was suggested, could make themselves self-sufficient and lead to payment of efficiency wages to workers.

Puhazhendhi and Jayaraman (1999), conducted a study that was based on secondary data. The study revealed that credit will continue to play a crucial role in securing the objectives of high growth rate, doubling of food grain production in the next decade, eradication of poverty and unemployment, especially of women, development of rain fed areas on a watershed basis, etc.

There is found a declining trend in the priority sector lending, whose share had declined from a peak of 49 percent to 41.70 percent in March 1997. Credit acts as a facilitator and it performs the important function of providing the farmers with the requisite control over resources affecting production. The annual growth rate of food grains during the last three decades worked out to 2.67 percent. Optimum use of material inputs, especially irrigation and fertilizers is a necessary condition for improving the production and productivity of crops. The share of area irrigated by wells (tubewells and other wells) in the net irrigated area increased from 38.10 percent in 1970-71 to 52.90 percent in 1992-93, mainly due to bank credit. It is difficult to establish a direct relationship between credit and output as the former facilitates the adoption of technology and the level of inputs usage that in turn directly influence the production performance. The promotion of the rural non-farm sector through credit has come to be increasingly recognised as an alternative to providing employment and income generation, due to the failure of agriculture sector to absorb the rapidly increasing labour-force in the rural areas. The growth rates computed for the two periods indicated that like in the case of agricultural loans, there was a deceleration from 14.30 percent (1973 to 1982) to 12.60 percent (1983 to 1995). Accordingly, the estimated credit demand for agricultural development can be placed at Rs.46000 crores in 1997-98 and Rs. 54300 crores in 2002-03. The estimated credit flow in the terminal year of Eighth plan (1996-97) was of the order of Rs.26000 crores. Hence, the additional resources gap will be Rs.20000 crores in 1997-98 and Rs.28300 crores in 2002-03.

Rajeev and Sharmistha (1998), conducted a study that was mainly based on primary data. The results were based on a pilot survey. It is noteworthy that in 1977-78, West Bengal was among the six-states where credit per hectare ranged between Rs.110 and Rs.178, where as the same for other states like Kerala was (Rs.343) followed by Tamil Nadu (Rs.341) Punjab (Rs.273) and Haryana (Rs.234). The study revealed that land reform induced a redistribution of land holdings in favour of small and marginal farmers; an efficient credit system benefiting the small and marginal farmers is an important prerequisite for growth in agricultural production. Even though all the rural credit survey committees have repeatedly argued for a strong institutional credit base, especially for the weaker sections.

The study also depicted that it is a fact that the private moneylenders have mostly met the bulk of the rural credit. However, that accounted only for 7.30 percent of the total estimated credit requirement of the agriculture sector, the rest of which was met by the village moneylenders. A decade later, a survey taken up by the Reserve Bank of India (RBI) clearly pointed out that credit from co-operative societies had increased from 3.10 percent to 15.50 percent but the private moneylenders still remained a principal source of credit. In the study, 27 percent of the households took loans from the commercial banks; 85 percent took loans from co-operative banks; 85 percent of the households depend on non-institutional sources; 82 percent took both institutional as well as non-institutional credit.

Village moneylenders and landlords (who are non-traders) also remained a source of credit. However, the study further depicted that 90 percent of these credits are non-agricultural, mainly consumption loans for marriage etc. The dominant position of the moneylenders after independence was due to two basic facts: the weak financial position of most of the borrowers and requirements of credit in small amount for urgent but unpredictable needs, to which the moneylenders had completely adapted. The co-operatives and the government supplied credit for specific purposes, whereas the requirements of the borrowers were largely for family purpose. Also, it is important to note that the top 15 percent of the households mop up 50 percent of the total credit. However, in this area, loans from the co-operative banks seem to be much more widespread only 15 percent of the households are not covered by these credit facilities. In addition, the positive aspects of the co-operative banks revealed a need to take a



fresh look at the co-operative movement in order to bring about essential changes and strengthen this type of financial institutions.

Satyasai and Viswanathan (1998), conducted a study that was based on secondary data. The study revealed that the co-operative system in the country needs restructuring in view of the changing demand pattern for rural credit, higher expectations from the co-operatives which are expected to provide quick and quality service and to enable them to be viable and vibrant. A review of the experience of Andhra Pradesh (1986-87), found that the flow of short-term and long-term loans is higher during the post-integration period than what would have been possible had there been no integration. The ratio between short-term and long-term loan, which averaged at 1.3 during the post-integration period.

During the 15-years period, the co-operative system in the state incurred losses in the aggregate and the losses mounted overtime. The study showed that the recovery levels did not grow at the same pace as the demand. As a result, the overdues as a proportion of demand increased from an average level of 43 percent in the pre-integration period to about 50 percent in the post-integration period. This trend may have to be ascribed largely to the agricultural and rural debt relief (ARDR) scheme, which shows its impact on recovery. But, bad debts of the co-operatives in absolute terms as well as relative to working capital and loans outstanding showed declining trend.

Agrawal, Puhazhendhi and Satyasai (1997), conducted a study that was based on secondary data. The study revealed that marginal and small farmers are still dependent on non-institutional sources for as much as half of their credit needs. Out of the total short-term credit disbursed, share of co-operative decline from 87 percent in 1973-74 to 60 percent in 1994-95. During this period the share of commercial banks increased from 13 percent to 34 percent. In terms of outstanding credit the share of commercial banks increased from about 18 percent to about 60 percent during 1973-74. During the same period, share of co-operatives declined from about 82 percent to about 33 percent.

The formal credit institutions in 1994-95 have covered about 36 percent of the cost of inputs. However, farmers have to depend on other sources of credit including own savings to meet two-thirds of the cost of material inputs. So that in the 21<sup>st</sup> century, market driven economy with capital-intensive technology may prepare increased demand for credit in agriculture and rural development. While on the other hand, rural financial institutions (RFIs) may assign lower priority to rural credit that is believed to endanger their viability. This situation may lead to restricting the reach of credit to the poor. Further, re-emphasising the priority sector lending will provide for higher share of credit to rural poor. A fundamental rethinking about the rural credit organisation may have to be done.

Mujumdar (1997), conducted a that was based on secondary data. The study revealed that Public Sector Banks (PSB) defaulted on the priority sector target of 40 percent of net bank credit and also on the sub- target of credit to agriculture of 18 percent. The share of priority sectors advances declined from nearly 41 percent in the pre-reform period to some 37 percent in 1995-96. The credit-deposit ratio of rural branches, which had risen above the targeted level of 60, declined to lower than 48 in 1996. Commercial banks have account for about 40 percent of the total institutional credit to the rural sector. Co-operative financial institutions and Regional Rural Banks (RRBs) contribute about 55 percent and 15 percent of total institutional credit to the rural sector.

The incremental deposits of non-banking companies between March 1994 and March 1995 were around Rs.50,000 crores, as compared to some Rs.47,000 crores of incremental deposits of scheduled commercial banks during the same period. In 1995-96 of the incremental deposits of scheduled commercial banks of some Rs.70000 crores, nearly 40 percent was deployed in

government securities. That is how, the investment deposit ratio for scheduled commercial banks soared to nearly 41 percent at end July 1997, while the prescribed incremental SLR was only 25 percent. This means commercial banks resources are being siphoned off from productive sectors to promote government consumption. This is indeed a travesty of commercial banking. Investment in government securities offers a 'soft option' to public sector banks because the yield of 14 percent on a zero risk and zero transition cost investment saves them the botheration of processing a large number of loan applications for small loans, monitoring repayments and taking the risks involved. Similarly, lending to NBFCs is another 'soft option' open to banks. Banks lend to NBFCs in bulk at relatively high rates of interest.

In June 1997 there RBI was constrained to tighten the prudential reserve norms of NBFCs. NBFCs that were maintaining 5 percent of their deposits in government securities were required to maintain 7.5 percent and 10 percent of the deposits in these securities with effect from January and April 1998 respectively.

Satish and Gopalakrishna (1997), studied a sample of commercial of bank branches in four districts of Maharashtra to analyse the profitability of rural commercial bank branches. In the branches, in the study area, the composition of savings, current and fixed deposits accounts on an average, was in the proportion of 40 percent, 8 percent and 52 percent respectively. The cost of deposits in a typical rural branch in the area works out to 7.2 percent

The rate of interest charged by rural branches on various types of advances varies from 11.5 percent to 18 percent (excluding DRI/staff advances). However, the average yield on advances worked out to only 8.3 percent in respect of a typical rural branch on account of responsiveness of low yielding advances and presence of high proportion on non-performing assets. Further analysis revealed that this is due to loss of income on account of high proportion of non-performing assets; poor yield on advances from a large share of low yielding advances and low volume of business. The study also shows that the rural financial markets, which can have a series of unfavorable consequences, like poor distribution of loan, low repayment discipline and political interference.

Roop Chand (1996), conducted a study that was based on primary data. The primary data were collected with the help of structured three types of questionnaires from beneficiaries/loanee, employees and officers. The study revealed that maximum number of beneficiaries was satisfied with the 'procedure of making the member of co-operative societies' In case of DCCB Faridabad and minimum was in case of DCCB Gorgoan. In total 87.5 percent respondents were found happy with this procedure. While only 9 percent beneficiaries got the annual reports of the co-operative societies of which they were the members. In case of DCCB Faridabad only one beneficiary got it, whereas in case of DCCB Mohindergarh 8 members got the annual report. This was not a good thing on the part of co-operative societies and banks.

Regarding the cheques and passbook maintenance, the position was very much satisfactory in case of DCCB Faridabad, Gorgoan and Rewari. The position was bad in case of the area of DCCB Mohindergarh where 70 percent beneficiaries showed their dissatisfaction over it. Out of present members 72.5 percent members were found interested to stay as member of the co-operative societies and branches.

Surender (1995), conducted a study that was based on an intensive field-study of three villages and three PACS selected from an agriculturally developed district of Haryana. The study revealed that co-operative credit is a monopoly of the rich and the dominant persons of a village had hardly any validity in the villages studied. As per the official information, a majority of the active members in the three PACS were the non-agriculturists (57.21%) and the small farmers (26.47%). The big farmers, owning more than seven acres of land, constituted 16.31 percent. Significantly many members of the PACS (42.30%) had dead accounts.

Devi Lal, the leader of Lok Dal during his election campaign in 1986 promised waiving of all institutional loans on getting elected to power. So Mr. Sobha Ram borrowed hoping that there would be no need to return the amount. Incidentally, his loan was not waived and he had to repay it. Moreover, for the big farmers borrowing from PACS was 'status-degrading'. The secretary of PACS had this to say on the issue: For a Chaudhury to be indebted to PACS is an insult. They would not mind borrowing from a bank or from an Arhtia but being indebted to PACS is as bad as mortgaging one's land to a moneylender. These values are particularly strong among the big landowning farmers. The big farmers who borrowed from PACS, instead of using the credit, lent the amount to labourers at a monthly interest rate of two or three percent. Besides generating additional returns, this assured them of the labour supply during the peak seasons.

An important observation of the study was that many respondents were no longer members of PACS nor did they borrow from them. Though farmers owning up to 25 acres were members of PACS a large extent, around half of them were inactive. The most significant factor behind this development was the bureaucratisation of the PACS and the prevailing corruption in them. Respondents reported charges of corruption more frequently. Thus, it can be concluded that there is an inverse relationship between corruption and participation.

All complaints of corruption in PACS were against the secretaries and none against the managing committee or the president. Whenever the members borrow from the PACS they have to pay a bribe of Rs. 10 to Rs. 50 to the secretary. If the borrower refuses the bribe, the secretary delays the loans and creates other bureaucratic hurdles. The secretaries take advantage of the creditors' inability to repay the loan in time. Over period of time paying bribe becomes a routine. Some respondents had to waste four to five days in getting a loan from the PACS. There were many formalities and if one has to bribe the secretary, the whole process becomes very cheap.

Many respondents did not borrow from PACS because they did not want to get involved with 'official agency'. Small and marginal farmers expressed apprehensions that if they were unable to repay the loan in time, the police would arrest them or their land would be confiscated. Some feared losing their credit worthiness on joining the PACS. The villagers prefer their indebtedness to remain a secret. However, this is not possible. Some find it insulting that the secretary, in presence of other villagers, should ask them to return the loan. This damaged their prestige and discouraged them from borrowing again.

A majority of small/ marginal and medium farmers, who need credit for investment in crops, did not see the PACS as a viable alternative to informal sources such as Arhtias. The obvious reason for this is an absence of any kind of co-operative movement from below. PACS do not function as participatory co-operative institutions. Their image is more of a small-scale commercial bank. The new system did weaken the control the rich and powerful in the village had on the institution but it also alienated the rest. Bureaucratisation not only led to depoliticisation and corruption but also discouraged participation of those it was supposed to serve.

Hari Babu (1994), conducted a study that was based on primary data as well as secondary data. The study revealed that in the field of dairy loan, bank has made a drastic change and loan facilities were provided to small and marginal farmers and weaker sections of rural society, which increased income and employment. If these section of society having so many constraints pertaining to agricultural lending, corrupt practices at branch level leads to mis-utilisation by the borrowers. Recovery position of bank was poor during 1991-92, it was to the tune of 47.50 percent. The cause for poor recovery performance were folds the borrower and bank branch level. Percentage irrigated area was also higher during borrowing situation. It was 68.99 percent

while during non-borrowing, it was 64.53 percent. It was due to bankers loaning facilities provided for private source of irrigation i.e. installations of pump sets and private tubewells.

Distribution of total loans for different purposes on the sample households showed maximum in the case of milch animals being 43.06 percent and for crop loan it stood at 36.52 percent. The study also clearly indicated that there was higher investment on total inputs during borrowing situation in comparison to non-borrowing. Therefore input-output ratio recorded as 1:1.45 during non-borrowing situation from crop production as a whole while during borrowing situation it stood as 1:1.55.

The level of employment, income and standard of living of the households during borrowing situation was higher. There was 105.66 percent increase in employment during borrowing over non-borrowing on marginal households, for small and large households it stood at 19.71 percent and 27.31 percent respectively. In this way, Lead Bank lending positively affected level of employment during borrowing situation.

There had been an increase of 36.23 percent during borrowing situation over non-borrowing in total farm business income. This was the highest being 45.36 percent on marginal households due to the fact that this group of the households had very low number of milch animals during non-borrowing situation. Thus the standard of living of the sample households was better during borrowing situation as compared to non-borrowing situation due to the generation of more family employment and income after availing credit facilities from Lead Bank.

It has been observed that there is unnecessary delay in delivery of loan, insufficient recovery, inadequate credit supply, no provision of consumption loan, unauthorised charges at different level and unsympathetic attitude of branch level official with the poor rural people. The credit advanced for irrigation structure was helped in increasing the area under irrigation, which in turn resulted in increasing the intensity of cropping and adoption of high yielding varieties. The level of investment and resources use have also been higher on the borrower farms as compared to non-borrower farms which resulted in higher production, productivity and income on the borrower farms.

Chinnappa (1992), revealed that the co-operative bank do not put up the appearance of banks and they are conducting their business the same old outmoded way without attractive counters, name boards and charts exhibiting the rates and better margin of interest available on deposits than the commercial banks still people think that there is no safety in depositing the money with the co-operative, though there is insurance cover for the deposits like the other commercial banks. Therefore, the co-operative banks should realise that the creditability of the commercial banks lies in their decent appearance of which they are lacking. Moreover, proper service to the customers is wanting in the co-operative banks and there appears to be "don't bother me" attitude with the bank staff. The customer loses his confidence in approaching the bank to avail of its services and help his funds. It may not be a surprise to say that majority of the public is not aware of the banking business undertaken by the co-operative banks like the issue of drafts, bills, business, overdrafts facilities, acceptance of all kinds of deposits with cheques facilities, and the higher rate of interest on deposits and lesser rate of commission charged for the issue of drafts than the commercial banks. With all these constraints the co-operative banks are not in a position to mobilise deposits and build up their own funds.

In the central co-operative bank, a large number of members in the managing committee had themselves defaulted in the repayment of dues. So that bank could not take any action against them. These banks are supposed to be autonomous in character but it is more so on paper than in practice.

Singh (1990) conducted a study that was based on primary and secondary data. The study revealed that as far as the crop loan scheme is concerned, it was found that the bank could not achieve its own targets. It achieved only 44.06 percent of its own target during the said period of five years. Year wise analysis in respect of minor irrigation scheme showed a declining trend of achievement from year to year. When we saw the overall performance of the bank in respect of farm equipment, in aggregate, the bank achieved 128.50 percent of own targets during the said period.

In the financial assistance to the farmers regarding plough animals is concerned, it was found that the aggregate performance of the bank in this field is not so good, bank could achieve only 34.6 percent of its targets in all the five years. In case of land reclamation and vehicles for transportation of agriculture inputs and outputs, dairy farming and sheep/goat breeding bank achievements are good as 79.6 percent, 87.17 percent and 101.06 percent respectively. The bank could not achieve its target in respect of loan for installation of biogas plants. Its overall achievements were only 4 percent, which shows a complete failure of the scheme.

Upadhyay (1989), revealed that having a multi agency approach to rural credit, the credit needs of the rural households are to be met by the banking system. In spite of the fact that they have wide spread banking operations, the strong hold of moneylenders in the rural areas still exists. Though amount of credit to rural areas has increased by nearly 80 times, however only 14 percent of rural households were, so far, covered.

Malhotra (1989) said in RBI Newsletter that rural development is prime national objective and credit is one of the important inputs for achieving the goal. Institutional credit, which formed only 4 percent of the total credit in the rural sector, has now increased to over 62 percent.

A.S. Rana (1988) conducted a study that was based on secondary and primary data. The study revealed that the modern commercial bank, on their part, which were expected to undo the evils of indigenous bankers and moneylenders under the control and supervision of central banking had developed monopolistic and oligopolistic tendencies and more often ignored rural areas. It shows that the share of deposits and advances of rural sector was not only quite low but their deposits had been used as advances to urban sector at the cost of advances to agricultural sector and weaker sections of rural areas.

The study further exhibited that 40 percent of the sample population could not get access to institutional finance at all and is totally dependent upon conventional village moneylenders. There was only 10 percent of the member of weaker section who did not depend on moneylenders for their credit needs. Only 43.92 percent of the sample population could secure loan from nationalized banks, which by any standard is not adequate though it is not a bad start. On an average borrow more than 55 percent of their total debt from private moneylenders.

The role of nationalized banks in respect of the dilemma of poverty has broadly been observed to be positive. But in case of the dilemma of poverty it has been found to be positive only for the cultivators and negative for agriculture labourers. The analysis further revealed that wrong practice of nationalized banks is also responsible, to a certain extent, for their failure to become an efficient alternative source to moneylenders. Moreover, there are personal factors also, which encourage the (weaker sections) households to borrow from moneylenders instead of borrowing from nationalized banks.

Tripathi (1988) revealed that credit is a basic input for any development programme. This is particularly true for rural development, which aims to improve the standard of living of rural people as well as increase agricultural productivity.

Maheshwari (1987) conducted a study that was based on secondary and primary data. The study revealed that overall direct finance to agriculture of (20) nationalized banks were 12.9 percent at

the end of March 1985 i.e. much behind the target (40 %). Moreover, individually only 3 banks could technically achieve the target by the said date. The overall percentage of weaker section credit to priority sector for all the (20) nationalized banks taken together was only 21 percent at the end of March 1985. The overall percentage of credit to weaker sections to net credit was only 8.5 percent. Thus, on this count, out of the nationalized banks only five banks could achieve the target. The overall rural Credit Deposit ratio for these banks was 58.90 as on that date. Only 8 of the 20 banks could achieve this target.

Regional disparities as regards distribution of priority sector credit are continuing. Of course, they have narrowed down over a period of time. The states in North-Eastern and Eastern regions though have about 26 percent of the country's population got only 13 percent share in the priority sector credit at the end of Dec.1984. While the states in the Southern region that comprises of about 24 percent of the country's population got more than 37 percent share of the priority sector credit as on that date. The same sort of disparities exists in respect of each segment of priority sector credit.

Manju (1985) conducted a study that was based on primary data for the period of 1981-84. The study revealed that PNB has failed in accomplishing the primary objectives for which the credit was actually meant. The reasons responsible for the situation were several. The management of the bank seems to be worried only about the achievement of quantitative targets. The follow up machinery as devised by the bank for supervising the actual use of loans is weak.

Royal Commission on Agriculture (1926) remarked, "The Indian peasants are born in debt, live in debts, dies in debts and bequeath the debt."

There is lack of sufficient literature related to the area of present study. Though a number of studies have been carried out so far relating to recovery of loans, credit delivery, impact of loans on incomes and employment of rural areas, operational problems etc. in respect of Public Sector Banks and Co-operative banks. Yet the literature lacks a comparative study of the performance of PNB and CCB in the context of aforesaid variables. The present study intends to fill up this gap with the purpose of comparing the performance of CCB with the PNB, a leading Public Sector Bank, which is also a lead bank in Haryana so as to suggest improvements in their practices of CCB.

*Chapter - III*

**Functioning and Performance of the  
PNB and CCB in Rural Haryana**

There is a basic difference in the structure of both the banks PNB as well as CCB. PNB is a nationalized bank and working as a Lead Bank in Haryana, while the CCB was established under the co-operative Act. Both banks are bound by the rules of RBI, which are expected to provide finance to the primary and weaker section in a fixed proportion. In case of CCB it was bound to provide 60 percent finance to primary sector and 25 percent finance to weaker section. While in case of PNB this proportion was fixed at 40 percent and 10 percent respectively.

Non-institutional sources like moneylenders, landlords, trader's etc. accounted for 93 percent of the total credit requirement in 1951-52, which was being provided at high rate of interest (from 24% to 60%) Institutional sources i.e. banks including the Govt. accounted for only 7 percent of the total credit needed in that year. The All India Debt and Investment Survey (1981), estimated that the share of non-institutional sources had slumped to 37 percent in 1981 and moneylenders were accounting barely 16 percent. The share of institutional credit had jumped to 63 percent and co-operatives were contributing 30 percent and commercial banks about 29 percent. The Government and the RBI had shown keen interest in strengthening and expanding co-operative and commercial banks to meet the growing demand for agricultural credit.

#### **PNB as a Lead Bank:**

The committee of bankers (known as the Nariman committee) appointed by the RBI in 1969 accepted the "area approach" and gave a practical shape to it under the title "Lead Bank Scheme". Towards the end of 1969, the RBI accepted the scheme and finalised a Lead Bank Scheme for 380 districts in the country. As on march 2000, the Lead Bank Scheme covered 575 districts of the country. Under this scheme all the nationalized banks and a few private sector banks were allotted specific districts and were asked to play the "Lead Role".

The allocation of district between the banks was made on the basis of a certain criteria, the most important among which were the size of the bank, its resources, its regional orientation and geographic contiguity. The number of districts, which were allotted to different banks, is as follows:

<b>S.No</b>	<b>Name of Banks</b>	<b>No of Districts Allotted.<sup>1</sup></b>
1.	State Bank of India	64
2.	State Bank of Hyderabad	07
3.	State Bank of Mysore	03
4.	State Bank of Travancore	02
5.	State Bank of Saurashtra	06
6.	State Bank of Patiala	03
7.	State Bank of Bikaner and Jaipur	08
8.	State Bank of Indore	03
9.	Central Bank of India	46
10.	Bank of India	31
11.	Bank of Baroda	30
12.	Punjab National Bank	41
13.	United Commercial Bank	24
14.	Canara Bank	17
15.	United Bank of India	17



16.	Dena Bank	10
17.	Syndicate Bank	17
18.	Union Bank of India	08
19.	Allahabad Bank	09
20.	Indian Overseas Bank	07
21.	Indian Bank	09
22.	Bank of Maharashtra	05
23.	Andhra Bank	05
24.	Bank of Rajasthan	01

(Sharing Udaipur district of Rajasthan with

The State Bank of Bikaner and Jaipur)

25.	Punjab and Sind Bank	01
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### **Objective and Functions:**

Under the lead bank scheme, the lead banks act as leaders to bring about a co-ordination of co-operative banks, commercial banks and other financial institutions in their respective districts to accelerate economic development with country. The basic aim of the lead bank scheme is that individual banks should adopt particular districts for the mobilization of deposits in the rural areas and the planned development of bank credit for the intensive and rapid economic growth of the country. So as to reduce the regional imbalance and make possible a more equalitarian distribution of the fruits of economic growth. The main objectives of the scheme imply:

- (i) To serve the whole economy by a well co-ordination system of commercial and co-operative banking.
- (ii) To make the branch expansion, supervision and guidance more effective.
- (iii) To establish a dynamic relationship between commercial banks, co-operative credit institutions and government agencies and departments for evolving plan of economic development of the district.
- (iv) To effect a close integration of credit and banking business with other activities.
- (v) To identify the major bottlenecks in the development of the district and to induce the appropriate agencies to take remedial measures.

The lead Bank is expected to assume major role in the development of banking and credit system in the specific districts. The bank assigning the lead role is expected to act as the consortium leader, after identifying, through survey areas requiring branch expansion, and area suppressing from credit gaps. It should invoke the co-operation of all banks and other financial institutions operating in the district for opening branches as well as meeting credit needs. To be more specific, the main functions of a lead bank in a district are: -

- (i) To identify growth centers for branch expansion.
- (ii) To prepare and execute phased programme for branch expansion so as to make banking services available in the entire area.
- (iii) To estimate the credit gaps or credit needs and to meet it by all banks and other financial institutions.

- (iv) To identify the potential and bankable schemes of agriculture and small Industries.
- (v) To devise such schemes of deposits and financial investments as would prove attractive and effective to local people for mobilizing deposits as well as raising the rates of saving with in the district.

#### **Recruitment and Selection Procedure in PNB & CCB:**

In case of PNB there is only one selection board for the recruitment at all levels of employees. But in case of CCB Ltd. there are two boards for the recruitment of personnel's at various levels.

The procedure adopted by both the banks in the recruitment of personnel's at various levels in both the banks is also different.

In the PNB, only those candidates are called for interview who have passed written test held by the selection and recruitment board. But in case of CCB the eligible candidates are directly called for interview till 2002, but in 2003 CCB has been considering it to modify the prevailing system through introducing written test in the appointment, particularly for the post of accountant/clerk/cashier.

The provision of medical for the joining is also different in both the banks. In case of CCB Ltd. medical certificate issued by the C.M.O. is compulsory for all employees. But in the case of PNB it is compulsory only for officers and clerks. While for lower cadre staff, certificate issued by MBBS is also valid.

#### **Promotion Policy in Banks:**

The promotion policy is also not similar in PNB as well as CCB. In case of PNB the seniority-cum-merit method is used. But in case of CCB consideration of merit is just a name. It is the seniority that determines the promotion mostly.

#### **Difference between Training Programmes:**

In case of PNB there are various types of training programme for employees at various levels. But in case of CCB Ltd. there is mainly one training programme i.e. higher diploma in courses, which is imparted to various categories of employees.

In case of PNB various Training Programme are frequently arranged. But in case of CCB there is no specific time limit for arranging training programme.

In case of PNB to evaluate the performance of Training Programme. While written examination method is used in case of CCB Ltd.

#### **Difference between Pay Scales: <sup>2</sup>**

Pay scales are different in both the banks. Pay scales are given according to central govt. rules in the PNB. While in the CCB it is given according to (various) State govt. policies/rules. Apart from pension, facility is provided as per central government rule in PNB. While in CCB Ltd. pension facility is basically based on P.F. Separate pension facility is not given in CCB.

#### **Pay Scales in PNB**

<b>Scale</b>	<b>Basic Pay.</b>
I	7100-14240
II	9820-15380
III	8050-10200
IV	12540-15760
Clerical	3420-10880

Subordinate 1600-3420

### Pay Scales in CCB

Scales	Basic Pay
(i) General Manager	8000-12000
(ii) Assistant Manager/Developing Officer	7450-11500
(iii) Assistant Officers	7450-11500
(iv) Senior Accountant	6500-9900
(v) Junior Accountant	5450-9000
(vi) Clerk/Secretary	5000-8000
(vii) Record Keeper	4000-6000
(viii) Peon/Guard	3050-3900

(ii) In case of CCB Ltd. the dearness allowance is given as fixed percentage of basic pay to all categories of employees. From the 01-01-03, D.A is given 55 percent of basic to the employees of CCB. They get two increments in a year.

In case of PNB excluding the HRA, D.A will be given as one salary of the average of 12 months salary or maximum rupees 3500, which is low.

(iii) In case of PNB a fixed percentage of HRA, is given area wise as well as population-wise to different categories of employees. If population area is less than two lakh, HRA is 7 percent for the officers and 7.5 percent for rest other employees of their basic pay. While in case of population above 2 lakh HRA for every one is fixed at 9 percent of their basic pay. As we see provisions for HRA in CCB Ltd. we found that it is given on the basis of salaries. HRA<sup>3</sup> in CCB according to population and classification of areas along with pay scale

Pay scale      one to 4 lakh      25,000-1,00,000      below 25,000

Class (A) cities	Class (B) cities	Town/ villages
(i) 2250-2935	160	135
(ii) 2935-4570	190	160
(iii) 4571-4870	220	160
(iv) 4871-6060	285	190
(v) 6061-8145	345	250
(vi) 8146-9785	470	345
(vii) 9786-10680	535	410
(viii) 10681-12030	595	410
(ix) 12031-above	660	470

(iv) In case of PNB 4 percent city compensatory allowance (C.C.A) is given to those employees who are employed in the city, which have the population above two lakh. In case of CCB a fixed percentage of C.C.A is given, it is 1.5 percent of their basic pay or maximum 100 Rs. In case of CCB, in the Chandigarh, & Delhi there is provision for C.C.A., which is 3 percent or max. Rs.200 in these cities while in Faridbad, Gurgaon, Punchkula C.C.A is 2.5 percent of basic pay.

(v) In case of PNB different amount of medical allowance is given to various categories of employees, for the officers Rs. 2250-3000 and for clerks /subordinate Rs. 1200 Pre annum. But in case of the CCB Ltd. the amount of medical allowance is fixed, it is Rs. 125 for each employee.

(vi) In case of PNB there are provisions for granting leave fair concession (L.F.C.) to various categories of employees but in case of CCB no L.F.C. is permissible.

(vii) In case of PNB there is a provision for granting interest free festival loan to all type of employees. Festivals loan in the PNB for officers, workmen and subordinate is Rs.5500, Rs.4500 and Rs.3500 per annum respectively. While in case of CCB no festival loan is allowed.

(viii) In case of PNB the amount of house loan is different for different categories of employees. House loan is provided Rs. 2 lakh at 4 percent rate of interest and loan above Rs. 2 lakh provided at 11 to 12 percent rate of interest. In case of CCB Ltd. a fixed amount of House loan is given. It is 30 times of the basic pay at 10 percent rate of interest w.e.f. April 2003.

(ix) In case of PNB as well as CCB the provision for granting the vehicle loans and consumer durable loans are also different. In the PNB, in case of an officer, he enjoys car loan at 12 percent rate of interest per annum. He is required to deposit 10 percent of the cost of vehicle purchased and rest 90 percent will be given by bank (employer). While a clerk can raise a vehicle loan for a scooter. He is required to deposit 25 percent of the vehicle cost and the employer will pay the rest (75 percent) amount. It is an interest free loan but this facility can be availed only once in five years. The lower cadre staff is allowed to utilise this facility only for a 'cycle' and it is also interest free.

In case of CCB, the person who receives basic pay below or up to Rs 5000 (basic), he can raise a loan for a moped, on the simple interest rate of 10 percent per annum (p.a.). But if a person draws salary above Rs 5000 (basic), he can get a loan for scooter or motorcycle at the simple interest rate of 10 percent p.a.

(x) Subsidised canteen facility is also available in the PNB i.e. Rs 50 per employee but such type of facility is not available in the CCB.

(xi) In case of the CCB, wheat loan is permissible free of interest. But this facility is closed for IVth class employees. In case of PNB there is no provision for wheat loan.

#### **Allowance for Handicapped Employees:**

In case of PNB handicap allowance is given @ 10 percent of the basic pay, with a maximum amount of Rs.200/- per month (p.m.) which is lowest given to all the employees. While in case of CCB, this allowance is given @ 150/- p.m. to all categories of an employees irrespective of their pay scales.

#### **Provision of Provident Fund:**

In both the banks, provision for the contribution in CPF is the same i.e. the contribution is made at the rate of 12 percent of the salary. At present the rate of interest on CPF is 9 percent. An employee receives the full amount standing to his credit at the time of retirement from service or on attaining the age of 60 year or on termination, retrenchment and dismissal. In case of death the nominees of the employee will be entitled to it.

#### **Gratuity:**

In both banks gratuity is payable to every employee on his retirement or resignation or on death.

**Pension:**

In the CCB, pension facility is not available but the provision of P.F. pension is available. While in case of PNB the options, P.F. and pensions both are available, the employee chooses according to his/her preference one of them.

**Other Facilities:**

In case of CCB cycle allowance is given at Rs.20 to 30 p.m. for the group D employees. But in PNB there is not such facility. But, PNB gives computer increment and water scarcity allowance at the rate of Rs.10 per day from April to July for each employee posted in the cities.

**Facilities to Officers by PNB:**

Payment of the bills of Phone, Newspapers, and Fuel of vehicle, House furniture is given and the bank also pays rent of their houses. In case of own house bank gives 150 percent of capital cost.

**(i) Pay Leave:**

In case of CCB each employee can get 300 pay leave and in case of PNB every employee can get 240 pay leave during the entire service career.

**(ii) Casual Leave:**

In case of PNB every employee is entitled to get 12 casual leave in a calendar year. Un-availed casual leaves will be treated as sick leave. In case of officers such leave will be automatically lapse if not availed in the next year but in the case of clerical cadre casual leave will become integral part of the sick leave.

In case of CCB, every employee is entitled to get 10 days casual leave up to 10 years of service rendered, 15 days casual leave up to 10-20 years of service and 20 days casual leave above 20 years of service. The provision of such type is not available in case of PNB.

**(iii) Sick Leave:**

In case of PNB, every employee is entitled to get 30 sick leaves in one year at half pay. If full pay is given to them for those sick leaves then two times of sick leave availed will be deducted. For availing sick leave a medical certificate from any MBBS doctor must be provided. For the entire service career an employee can get 9 months sick leave on full pay and 18 months sick leave on half pay.

In case of CCB every employee is entitled to get 20 days sick leave in a year or 300 days leave for the entire service career.

**(iv) Earned Leave:**

In case of PNB every employee is entitled to get one earned leave for every 11 active working days. Only 240 (it may be 300 after the Nov.2003) earned leaves are allowed to an employee for the total span of his service career. For the earned leave an application should be given in written at least one month before. If the employee has not availed all the earned leaves then his remaining earned leaves will be accumulated and on retirement or before an employee can encash his earned leave. And for calculating earned leave for every particular year except casual leave all the other leaves availed will be deducted from 365 days.

In case of CCB, number of earned leave depends upon the number of years of service rendered. For those having completed 10 years of service one earned leave for every 24 days of service is all owed. For service 10 years and up to 20 years one earned leave for every 18 days and for service above 20 years one earned leave for every 12 days of service is permitted. Only 300 earned leaves are allowed to an employee for the total span of his service-career.

**(iv) Special Leave:**

In case of PNB special leaves are also provided to the national level majority union office bearer or to workmen staff.

In case of CCB only 7 days special leaves are given during the entire service career. Specimen copy of all types of leaves is given.

**(v) Maternity Leave:**

In case of PNB, an employee is entitled to get one-year maternity leave in the entire service career. It is given only for 3 delivery cases and at one time not more than 3 months. In case of miscarriage 6 weeks leaves are given on full pay.

While, In case of CCB there is no provision for such type of leave.

**(vi) Extra Ordinary Leave:**

In case of PNB, such leaves should not exceed 3 months at one time. In ordinary circumstances it is one year for the entire service career. While such type of leaves are not existed with CCB.

**(vii) Sports and Cultural Leave:**

In case of PNB an employee is entitled to get a maximum of 30 days leave. For family planing a special leave is permitted as follows: -

For spouse - One week leave and

For self - 15 days leave

But there is no provision of such type of leave in CCB.

**Difference between Method Used for Motivation:**

In case of PNB, the main methods that are used for motivating the employees are given below: -

- (i) Appreciation letters are issued to employees for their psychological motivation.
- (ii) Conveyance allowance of Rs 150 to Rs 350 is given to officers for using their own vehicles for doing office work.
- (iii) Better working conditions are provided to the workers.
- (iv) Some specified amount is used for entertaining the staff to keep them functionally fit.

For motivation purpose in CCB offers, one special increment to the employees for their best performance and some time one additional increment and gifts are also given to them.

**Difference between Performance and Appraisal:**

In PNB for evaluating the performance at various levels of employees a half yearly report in case of workmen and an annual report in case of officers is prepared by the immediate supervisors, but in case of CCB immediate supervisors for all categories of employees prepare only an annual report.

**Computerisation:**

In case of PNB all bank branches in rural areas are partially computerised. But in case of CCB any one branch is not computerised.

**Number of Employees:**

In case of Haryana, as on Dec. 31, 2003, CCB have 7161 employees as well as PNB have 4532. While in case of District Jhajjar, CCB have 211 employees while PNB has 180 employees.

**Structure of Rate of Interest:****Housing Finance:**

In case of PNB, interest rates of housing finance under various options are following (w.e.f.10-02-03)

Particulars	Rate of Interest (% age)
(i) Up to 5 years	8.00 p.a.
(ii) Above 5 years up to 10 years	8.75 p.a.
(iii) Above 10 years up to 20 years	9.25 p.a.
(iv) Above 20 years up to 25 years	9.75 p.a.

In case of CCB, under *rural housing finance* scheme loan up to Rs 5.00 lakh is provided for construction of house in rural areas at 14 percent rate of interest for the period up to 15 years.

**Consumer Loan:**

In CCB Ltd. the consumer durable loan is given up to 75 percent of the cost of article with a maximum of Rs.50,000 at simple interest rate of 12 percent p.a. to staff and @ 15 percent p.a. to public. The payment is not made directly to the loanee. It is made to the third party or the shop from where the article is purchased.

In case of PNB consumer durable loan is given at the simple interest rate up to Rs.3 lakh to officers, Rs.2 lakh to clerks and one Lakh to subordinate.

**Consumer Finance:**

In case of PNB consumer finance scheme are as (w.e.f.01-06-03)

For loan up to Rs 2 lakh rate of interest is 12 percent p.a.

For loan above Rs 2 lakh rate of interest is 13 percent p.a.

In case of CCB, scheme for purchase of consumer durable goods up to Rs 50,000, on the 14 percent rate of interest is existing at present (w.e.f.21-11-03)

**Finance for Businessmen/ Traders:**

In case of PNB various slabs of finance and rate of interest is existed (w.e.f. 1-06-03).

For advances up to Rs.2 lakh on working capital<sup>4</sup> rate of interest is found 11 percent p.a. and for the term loan it is charged 11.50 percent p.a.

For advances above Rs.2 lakh on working capital, 13.50 percent p.a. rate of interest is charged and for the term loan, it is charged 14 percent p.a.

**Professional Loan Scheme as below:**

Loans up to Rs.2 lakh, 11.25 percent p.a. rate of interest is charged.

Loans above Rs.2 lakh, on working/Term loans 13.25 percent p.a. rate of interest is charged.

In case of CCB cash credit facility to businessmen/ traders up to Rs.5.00 lakh is given on 14% p.a. rate of interest.

**Education Loan Scheme:**

In case of PNB loans to parents of students pursuing professional degree courses of education like engineering, medicine etc. on the basis of the repaying capacity of parents (w.e.f. 01-06-03)

(i) For loan up to Rs.4 lakh on the rate of interest 11.25 percent p.a.

(ii) For loan over Rs.4 lakh up to Rs.15 lakh 12.25 percent p.a. rate of interest is charged.

(iii) For loan over Rs.15 lakh 14.25 percent p.a. rate of interest is charged.

In case of CCB this amount stands up to Rs. one lakh on the 12 percent rate of interest and in case of female 11 percent rate of interest is charged.

#### **Krishi Credit:**

In case of PNB, loan for krishi credit is given as:

Advances up to Rs.2 lakh is given on the 11.00 percent rate of interest.

(ii) Advances over Rs.2 lakh but up to Rs.25 lakh is given on the 11.25 percent p.a. rate of interest (w.e.f. 01-01-04)

Classification of krishi cards by PNB

<b>Type of card</b>	<b>Size of land</b>	<b>Maximum limit of Amount</b>
Blue card	Till 2.5 acre	Rs 30,000 /-
Red card	2.5 to 6 acre	Rs.30000 to 2 lakh
Green card	6 to 8 acre	Rs.2 to 3 lakh
Brown card	more than 8-acre	Rs.3 to 5 lakh

Amount of loans more than Rs.25000 will be given on the guarantee of third party or liquid assets etc. Loan against mortgage of immovable property is provided from Rs.2 to Rs.15 lakh at 14 percent p.a. rate of interest. (This is subject to change from time to time.). Loan against future lease rentals is given on 12.25 percent p.a. rate of interest. Finance for women (including housewives) loan is given on the 11.25 percent p.a. rate of interest.

In case of CCB on kishan credit cards loan is given to farmers and tenants for rising of crops. Scales of finance are fixed for each crop annually. The minimum credit limit is Rs.60000/- (Rs.45000/- cash component + Rs.15000/- kind component), for the loan Rs.70000/- (Rs. 52,500/- cash component + Rs.17500/- kind component) and maximum credit limit is Rs.85000/- (Rs.63750/- cash component + Rs.21250/- kind component w.e.f. 14-12-03) on the rate of interest 10.75 percent p.a. and above from this, 12.5 percent rate of interest p.a. is charged. This loan is given in cash and kind for Kharif and Rabi crops. For Kharif Crop loan is given from March to August and for Rabi crop loan is given from September to February. The loan is repayable at the time of harvest of each crop.

#### **Other Loan Facilities (Schemes) are Provided by CCB as: <sup>5</sup>**

For loan against gold ornaments/jewelry is given up to Rs. 40,000 on the 14 percent rate of interest (w.e.f. 21-11-03).

Temporary overdraft facility is given to individuals on the basis of credit report/collateral etc. up to Rs one lakh on the 14 percent rate of interest.

Advances against national saving certificates are given up to Rs one lakh on the 12 percent rate of interest for the staff and 14 percent for the public.

Finance to farmers for two wheelers raise a loan equal to (max. Rs.30000) 75 percent of the cost of vehicle on the 12 percent rate of interest for five years.

Loan is given to rural artisans up to Rs.10000 on 13 percent rate of interest.

Loan is given on repayment of deposits up to Rs.2 lakh on the 14 percent rate of interest.



The petty shopkeeper's working capital requirements are also met by CCB. The period of the loan is one year and the maximum credit limit (MCL) is Rs.10000 on the 13 percent rate of interest.

(viii) Loans to individuals for purchase of Auto-Rickshaw, Taxi, Tempo, TATA, Cars, Buses, Light Commercial Vehicles, Lorries (within the meaning of small Transport Operations) up to Rs.7.50 lakh for 5 year on the 14 percent rate of interest.

(ix) Rate of interest under Non-finance (NFF) scheme:

Particulars	Rate of interest (in % age)
(i) Loan up to Rs.25000/-	12 p.a.
(ii) Loan over Rs.25000 and up to Inclusive of Rs.2 lakh	13 p.a.
(iii) For loan over Rs.2 lakh	14 p.a.

(x) Rate of interest on S.T. agriculture is charged 12.5 percent while it is charged 11.5 percent in case of women. And of interest on M.T. agriculture is charged 12 percent.

The above analysis shows that there is a lot of difference in the management as well as in the functioning of both the banks. Now it is pertinent to examine their respective roles in the rural development. Basically, the information required for analysis of the developmental roles is obtained from conducting secondary data. So this part of the study shows the performance of banks that, is based on secondary data.

The table 3.1 shows that as on March 2002, the absolute number of bank branches of all banks in Haryana has increased from 3188 in 1998 to 4603. While in case of PNB and CCB, branches increased from 310 to 323 and from 306 to 351 during the same time period respectively. Sector wise bank branches of all banks in Haryana has increased from 1603 to 2090, from 714 to 1149 and from 871 to 1364 for rural, semi-urban and urban areas respectively during the period from 1998 to 2002. In case of PNB in Haryana bank branches has increased from 181 to 182, from 62 to 80 and decreased from 67 to 61 in rural, semi-urban and urban areas respectively during the above said same time period. In case of CCB bank branches in Haryana increased from 193 to 226; from 50 to 58; and from 63 to 67 for rural, semi-urban and urban areas respectively during the above said same time period.

**Table- 3.1:** Bank-wise/Area-wise Bank Branches in Haryana as on 31<sup>st</sup> March (1998-02)  
(In absolute no.)

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	181 (58.39)	62 (20.00)	67 (21.61)	310 (100)	193 (63.07)	50 (16.34)	63 (20.59)	306 (100)	1603 (50.28)	714 (22.40)	871 (27.32)	3188 (100)
1999	178 (56.33)	72 (22.78)	66 (20.89)	316 (100)	194 (61.78)	52 (16.56)	68 (21.66)	314 (100)	1592 (48.95)	770 (23.68)	890 (27.37)	3252 (100)
2000	180 (56.25)	73 (22.81)	67 (20.94)	320 (100)	208 (63.8)	59 (18.10)	59 (18.10)	326 (100)	1603 (48.37)	799 (24.11)	912 (27.52)	3314 (100)
2001	182 (56.52)	73 (22.67)	67 (20.81)	322 (100)	225 (65.6)	58 (16.91)	60 (17.49)	343 (100)	1633 (48.79)	798 (23.84)	916 (27.37)	3347 (100)
2002	182 (56.35)	80 (24.76)	61 (18.89)	323 (100)	226 (64.31)	58 (16.52)	67 (19.09)	351 (100)	2090 (45.41)	1149 (24.96)	1364 (29.63)	4603 (100)

**Source:** State Level Bankers Committee (SLBC) Haryana (1998-2002).

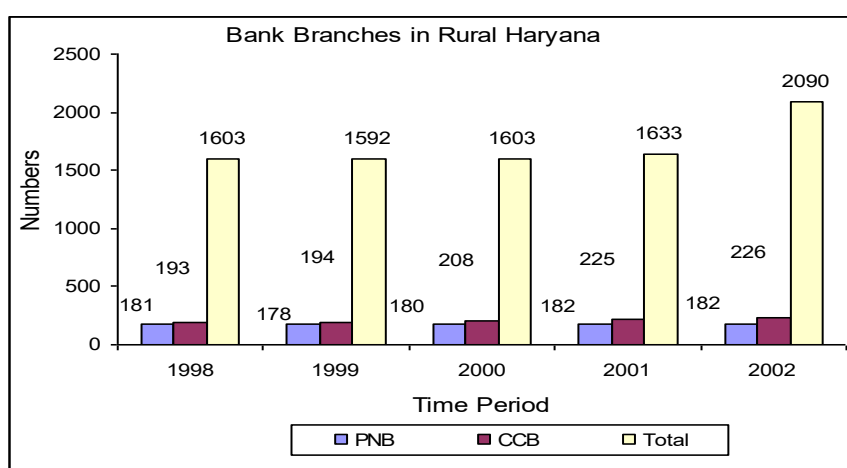
Note-Figures in the bracket represent percentage to total.

**Table-3.1A: Bank-wise/Area-wise Growth Rate of Bank Branches in Haryana**

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	-1.66	16.13	-1.49	1.94	0.52	4.00	7.94	2.61	-0.68	7.84	2.18	2.00
2000	1.12	1.39	1.52	1.27	7.22	13.46	-13.23	3.82	0.69	3.77	2.47	1.91
2001	1.11	00	00	0.63	8.17	-1.69	1.69	5.21	1.87	-0.13	0.44	1.00
2002	00	9.59	-8.96	0.31	0.44	00	11.67	2.33	27.98	43.98	48.9	37.53
ACGR	0.14	6.58	-2.32	1.03	4.03	3.78	1.55	3.49	6.86	12.63	11.87	9.62

**Source:** SLBC Haryana (1998-2002).

Note- ACGR: Annual Compound Growth Rate.



The table 3.1A shows that the annual compound growth rate (ACGR) of bank branches for all banks in Haryana, it is found 9.62 percent. In case of PNB and CCB the ACGR of bank branches comes to 1.03 and 3.49 percent respectively. Sector wise the ACGR of bank branches of all banks in Haryana stands for 6.86, 12.63 and 11.87 percent in the rural, semi urban and urban areas respectively. While in case of PNB, the ACGR of bank branches in rural, semi-urban and urban Haryana comes to 0.14, 6.58 and -2.32 percent respectively. In case of CCB, the ACGR of bank branches in rural, semi-urban and urban Haryana stands for 4.03, 3.78 and 1.55 percent respectively.

The table further shows that growth rate of bank branches for all banks in Haryana turns out to be 2.00, 1.91, 1.00 and 37.53 percent during the period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate stands for -0.68, 0.69, 1.87 and 27.98 percent; 7.84, 3.77, -0.13 and 43.98 percent; and 2.18, 2.47, 0.44 and 48.9 percent for rural, semi-urban and urban areas respectively during the above said time period. As far as PNB is concerned it is noted from the table that the growth rate of bank branches in total Haryana has been 1.94, 1.27, 0.63 and 0.31 percent during the time period of the 1999, 2000, 2001 and 2002 respectively. While sector wise growth rate of bank branches has been -1.66, 1.12, 1.11 and zero percent; 16.13, 1.39, zero and 9.59 percent; and -1.49, 1.52, zero and -8.96 percent in rural, semi-urban and urban areas in Haryana respectively in the same time period. In case of CCB, growth rate of bank branches in total Haryana stands for 2.61, 3.82, 5.21 and 2.33 percent during the time period of 1999, 2000, 2001 and 2002 respectively. While sector wise this growth rate comes to 0.52, 7.22, 8.17 and 0.44 percent; 4.00, 13.46, -1.69, and zero percent; and

7.94, -13.23, 1.69 and 11.67 percent in the rural, semi urban and urban areas in Haryana respectively for same time period.

**Table–3.2:**Bank-wise /Area-wise Bank Deposits in Haryana as on 31<sup>st</sup> March (1998-02) (Rs. in Crore)

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	745.87 (27.38)	792.35 (29.09)	1185.58 (43.53)	2723.80 (100)	270.25 (30.95)	158.62 (18.17)	444.29 (50.88)	873.16 (100)	5827.59 (22.85)	7469.36 (29.28)	12212.07 (47.87)	25509.02 (100)
1999	822.05 (26.68)	994.48 (32.28)	1264.14 (41.04)	3080.67 (100)	342.19 (31.57)	211.02 (19.47)	530.69 (48.96)	1083.90 (100)	6377.25 (21.5)	8960.42 (30.22)	14319.39 (48.28)	29657.06 (100)
2000	1125.24 (31.09)	1187.54 (32.81)	1306.97 (36.10)	3619.75 (100)	369.83 (30.34)	239.32 (19.63)	609.81 (50.03)	1218.96 (100)	7517.45 (25.01)	10619.14 (35.33)	11918.05 (39.66)	30054.64 (100)
2001	1139.06 (28.06)	1292.32 (31.84)	1627.98 (40.10)	4059.36 (100)	467.71 (32.00)	265.60 (18.17)	728.23 (49.83)	1461.54 (100)	8312.07 (27.67)	12190.22 (40.58)	9538.27 (31.75)	30040.56 (100)
2002	1230.99 (26.70)	1648.99 (35.77)	1730.56 (37.53)	4610.54 (100)	538.38 (31.18)	291.52 (16.89)	896.54 (51.93)	1726.44 (100)	8956.06 (19.44)	14305.23 (31.05)	22815.49 (49.51)	46076.29 (100)

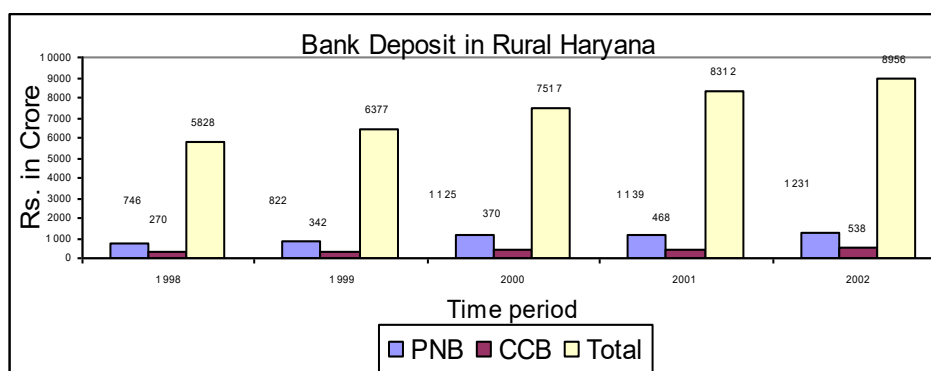
**Source:** SLBC Haryana (1998-2002)

Note- Figures in the bracket represent percentage to total.

**Table –3.2A:** Bank-wise/Area-wise Growth Rate of Bank Deposits in Haryana

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	10.21	25.50	6.63	13.10	26.62	33.03	19.45	24.14	9.43	20.00	17.25	16.26
2000	36.88	19.41	3.39	17.50	8.07	13.41	14.91	12.46	17.88	18.51	-16.77	1.34
2001	1.23	8.82	24.56	12.14	26.47	11.00	19.42	19.90	10.57	14.80	-19.97	-0.05
2002	8.07	27.60	6.30	13.58	15.11	9.76	23.11	18.12	7.75	17.35	139.19	53.38
ACGR	13.34	20.11	9.92	14.06	18.80	16.43	19.19	18.58	11.34	17.64	16.91	15.93

**Source:** SLBC Haryana (1998-2002).



**ACGR:** Annual Compound Growth Rate.

The present table shows that, CCB has relatively higher ACGR (4.03 %) of bank branches in comparison to PNB (0.14 %) but it is less than all banks (6.86%) in the rural Haryana during the period of 1998-2002. While in this period absolute number of bank branches for PNB, CCB and all banks is increasing but in the same period annually growth rate of bank branches is fluctuating. The table 3.2 depicts that as on March 2002, the absolute amount of bank deposits of all banks in Haryana has increased from Rs.25509.02 crore in 1998 to Rs.46076.20 crore. While sector wise this amount has increased in rural, semi-urban and urban areas from Rs.5827.59 to Rs.8956.06 crore; from Rs.7469.36 to Rs.14305.23 crore; and from Rs.12212.07 to Rs.22815 crore respectively during the period from 1998-2002. In case of PNB the absolute amount of bank deposits in Haryana has increased from Rs.2723.80 crore in 1998 to Rs.4610.54 crore in 2002. While, sector wise this amount has increased in rural, semi-urban and urban areas from Rs.745.87 to Rs.1230.99 crore; from Rs.792.35 to Rs.1648.99 crore; and from Rs.1185.58 to Rs.1730.56 crore respectively during the period from 1998 to 2002. While in case of CCB, the absolute amount of bank deposits in Haryana has increased from Rs.873.16 crore in 1998 to Rs.1726.44 crore in 2002. But, sector wise this amount in rural, semi-urban and urban areas has increased from Rs.270.25 to Rs.538.38 crore; from Rs.158.62 to Rs.291.52 crore; and from Rs.444.29 to Rs.896.54 crore respectively during the same time period in Haryana.

The table further shows that as on march 2002, the share of all banks in rural deposits in Haryana has decreased from 22.85 percent in 1998 to 19.44 percent; the share of semi-urban has increased from 29.28 percent to 31.05 percent, and the share of urban areas also has increased from 47.87 percent to 49.51 percent in the same time period respectively. The table also shows that as on march 2002, in case of PNB, sector wise the share of rural sector in the bank deposits has decreased 27.38 percent in 1998 to 26.70 percent; the share of semi-urban has increased 29.09 percent to 35.77 percent and the share of urban areas has decreased 43.53 to 37.53 percent, in the same time period. While in case of CCB, share of rural sector in the bank deposits has increased 30.95 percent in 1998 to 31.18 percent in 2002; the share of semi-urban has decreased from 18.17 to 16.89 percent, and the share of urban sector, it has increased from 50.88 to 51.93 percent in the above said time period.

The table 3.2A shows that the ACGR of bank deposits for all the banks in Haryana, it is found 15.93 percent. While sector wise ACGR of bank deposits for all banks comes to be 11.34, 17.64 and 16.91 percent for the rural, semi-urban and urban areas respectively. In case of PNB the ACGR of bank deposits in Haryana is found 14.06 percent. Sector-wise this growth rate comes to 13.34, 20.21 and 9.92 percent for rural, semi-urban and urban areas respectively. While in case of CCB, the ACGR of bank deposits in Haryana is found 18.58 percent. Sector wise this growth rate stands for 18.80, 16.43, and 19.19 percent in the rural, semi-urban and urban areas respectively.

The table further shows that the growth rate of bank deposits for all the banks in Haryana turns out to be 16.26, 1.34, -0.05 and 53.38 percent during the periods of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of same banks comes to 9.43, 17.88, 10.57 and 7.75 percent; 20.00, 18.51, 14.80 and 17.35 percent; and 17.25, -16.77, -19.97 and 139.19 percent for rural, semi-urban and urban areas respectively during the same time period. As far as PNB is concerned to the table that growth rate of bank deposits in Haryana has been 13.10, 17.50, 12.14 and 13.58 percent during the time period of 1999, 2000, 2001 and 2002 respectively. While sector wise this growth rate of PNB stands for 10.21, 36.88, 1.23 and 8.07 percent; 25.50, 19.41, 8.82 and 27.60 percent; and 6.63, 3.39, 24.56 and 6.30 percent for the rural, semi-urban and urban areas in Haryana respectively for the above said time period. But, in case of CCB, growth rate of bank deposits in Haryana has been 24.14, 12.46, 19.90 and 18.12 percent during the time period of 1999, 2000, 2001 and 2002 respectively. While sector wise this growth rate of CCB

comes to 26.62, 8.07, 26.47 and 15.11 percent; 33.03, 13.41, 11.00 and 9.76 percent; and 19.45, 14.91, 19.42 and 23.11 percent for rural, semi-urban and urban areas respectively in the same time period in Haryana.

The present table shows that, CCB has relatively higher ACGR (18.80%) of bank deposit in comparison to PNB (13.34%) and all banks (11.34%) in rural Haryana in the period of 1998-2002. In the same period annually growth rate of deposits is fluctuating. While, absolute amount is increasing in this period.

The table 3.3 exhibits that as on March 2002, the absolute amount of bank advances of all banks in Haryana has increased from Rs.12307.52 crore in 1998 to Rs.23046.46 crore. Sector wise this amount of all banks in rural, semi-urban and urban areas has been increased from Rs.3153.51 to Rs.5549.86crore; from Rs.2908.42 to Rs.6536.65 crore; and from Rs.6245.59 to Rs.10959.95 crore respectively during the period from 1998-2002. In case of PNB the absolute amount of bank advances in Haryana, has increased from Rs. 1119.02 crore in 1998 to Rs.2143.36 crore in 2002. Sector wise this amount of PNB in rural, semi-urban and urban areas has been increased from Rs.293.86 to Rs.576.85 crore; from Rs.285.93 to Rs.872.29 crore; and from Rs.539.23 to Rs.694.24 crore respectively during the same time period. While in case of CCB, the absolute amount of bank advances in Haryana has increased from Rs.1558.72 crore in 1998 to Rs.3053.30 crore in 2002. Sector wise this amount of CCB in rural, semi-urban and urban areas has increased from Rs.849.23 to Rs.1649.22 crore; from Rs.348.58 to Rs.715.75 crore; and from Rs.360.91 to Rs.688.33 crore respectively during the above said time period.

The table further shows that as on march 2002 in case of all banks the share of rural advances in Haryana has decreased from 25.62 percent in 1998 to 24.08 percent; the share of semi- urban has increased from 23.63 percent to 28.36 percent; and the share of urban areas also has decreased from 50.75 to 47.56 percent in the same time period respectively. The table also shows that as on march 2002, in case

of PNB, sector wise the share of rural sector in the bank advances has minor increased from 26.26 percent in 1998 to 26.91 percent; the share of semi-urban has increased 25.55 percent to 40.70 percent and the share of urban areas has decreased

**Table-3.3:** Bank-wise/Area-wise Bank Advances in Haryana as on 31<sup>st</sup> March (1998-02) (Rs in Crore)

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	293.86 (26.26)	285.93 (25.55)	539.23 (48.19)	1119.02 (100)	849.23 (54.48)	348.58 (22.37)	360.91 (23.15)	1558.72 (100)	3153.51 (25.62)	2908.42 (23.63)	6245.59 (50.75)	12307.52 (100)
1999	343.83 (24.94)	421.83 (30.60)	613.0 (44.46)	1378.66 (100)	1093.11 (51.44)	448.08 (21.08)	583.95 (27.48)	2125.14 (100)	3710.17 (25.77)	3532.56 (24.54)	7154.19 (49.69)	14396.92 (100)
2000	523.45 (34.11)	460.16 (29.99)	550.87 (35.90)	1534.48 (100)	1380.94 (58.23)	572.68 (24.15)	418.02 (17.62)	2371.64 (100)	4539.18 (27.53)	4296.90 (26.07)	7649.21 (46.40)	16485.29 (100)
2001	468.89 (25.65)	580.9 (31.77)	778.52 (42.58)	1828.31 (100)	1509.41 (54.97)	661.93 (24.11)	574.39 (20.92)	2745.73 (100)	4870.73 (25.11)	5255.17 (27.10)	9267.57 (47.79)	19393.47 (100)
2002	576.83 (26.91)	872.29 (40.70)	694.24 (32.39)	2143.36 (100)	1649.22 (54.01)	715.75 (23.44)	688.33 (22.55)	3053.30 (100)	5549.86 (24.08)	6536.65 (28.36)	10959.95 (47.56)	23046.46 (100)

**Source:** SLBC Haryana (1998-2002).

Note-Figures in the bracket represents percentage to total.

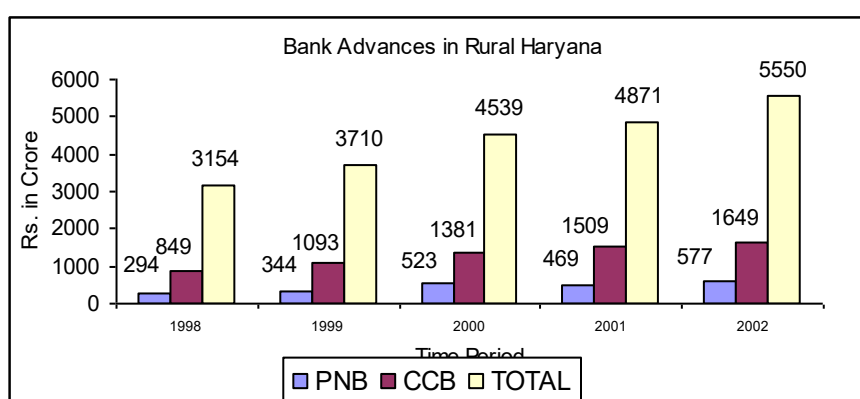
**Table-3.3A: Bank-wise/Area-wise Growth Rate of Bank Advances in Haryana**

Year	PNB				CCB				All Banks			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	17.00	47.53	13.69	23.19	28.72	28.54	61.80	36.34	17.65	21.46	14.55	16.98
2000	52.24	9.09	-10.14	11.32	26.33	27.81	-28.41	11.60	22.34	21.64	6.92	14.51
2001	-10.42	26.25	41.33	19.15	9.30	15.58	37.41	15.77	7.30	22.30	21.16	17.64
2002	23.02	50.14	-10.83	17.23	9.26	8.13	19.83	11.20	13.94	24.39	18.26	18.84
ACGR	18.37	32.16	6.52	17.64	18.05	19.71	17.52	18.30	15.18	22.44	15.10	16.98

*Source:* SLBC Haryana (1998-2002)

Note-ACGR: Annual Compound Growth Rate.

From 48.01 percent to 32.39 percent respectively. While in case of CCB, the share of rural areas in the bank advances has decreased from 54.48 percent in 1998 to 54.01 percent in 2002; the share of semi-urban areas has increased from 22.37 percent to 23.44 percent; and the share of urban areas in the bank advances has decreased from 23.15 percent to 22.55 percent in the above said same time period.



The table 3.3A shows that the ACGR of bank advances for all the banks in Haryana is found 16.98 percent. Sector wise the ACGR of bank advances for all the banks in rural, semi-urban and urban areas comes to 15.18, 22.44, and 15.10 percent respectively in the period 1998-2002. In case of PNB, the ACGR of bank advances in Haryana is found 17.64 percent. While sector wise this growth rate of PNB stands for 18.37, 32.16, and 6.52 percent for rural, semi-urban and urban areas respectively in the same time period. While in case of CCB the ACGR of bank advances in Haryana is found 18.30 percent. Sector-wise this growth rate of CCB in rural, semi-urban and urban areas comes to 18.05, 19.71 and 17.52 percent respectively in the same time period.

The table further shows that growth rate of bank advances for all the banks in Haryana turns out to be 16.98, 14.51, 17.64, and 18.84 percent during the period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of all banks in rural, semi-urban and urban areas comes to 17.65, 22.34, 7.30 and 13.94 percent; 21.46, 21.64, 22.30, and 24.39 percent; and 14.55, 6.92, 21.16 and 18.26 percent respectively during the same time period. In case of PNB, growth rate of bank advances in Haryana turns out to be 23.19, 11.32, 19.15 and 17.23 percent during the period of 1999, 2000, 2001 and 2002 respectively. While sector wise this growth rate

in rural, semi-urban and urban areas stands for 17.00, 52.24, -10.42 and 23.02 percent; 47.53, 9.09, 26.25 and 50.14 percent; and 13.69, -10.14, 41.33 and -10.83 percent respectively during the above said time period. While in case of CCB growth rate of bank advances in Haryana turns out to be 36.34, 11.60, 15.77 and 11.20 percent during the period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate in rural, semi-urban and urban areas comes to 28.72, 26.33, 9.30 and 9.26 percent; 28.54, 27.81, 15.58 and 8.13 percent; and 61.80, -28.41, 37.41 and 19.83 percent respectively during the same period.

The present table shows that, CCB has relatively lower ACGR (18.05%) of bank advances in comparison to PNB (18.37%) but greater than all banks (15.18%) in rural Haryana in the period of 1998-2002. In the same period annually growth rate of advances for PNB and all banks is fluctuating but it is decreasing for CCB. While, absolute amount is increasing in this period.

The table 3.4 exhibits that as on March 2002, in case of PNB the absolute amount of bank transaction (deposit + Advances) in Haryana has increased from Rs.3842.82 crore in 1998 to Rs.6753.90 crore. While in case of CCB this amount has increased from Rs.2431.88 crore in 1998 to Rs.4779.74 crore in 2002. The number of bank employees of PNB and CCB has decreased from 4547 and 7184 to 4532 and 7161 respectively in the same time period. If we see the transaction per employee PNB has increased from Rs.84.50 lakh in 1998 to Rs.149 lakh in 2002. Which is greater than CCB, which has increased from Rs.33.90 lakh to Rs.66.70 lakh in the same time period in Haryana.

**Table –3.4:** Bank-wise Bank Transaction Per Employee as on 31<sup>st</sup> March in Haryana (1998-02)  
(Rs. in Crore)

Year	PNB			CCB		
	Advances +Deposits	**No of Employees	*Transaction Per-Employees	Advances +Deposits	**No of Employees	*Transaction Per-Employees
1998	3842.82	4547	84.50	2431.88	7184	33.90
1999	4459.14	4547	98.10	3209.04	7184	44.70
2000	5154.23	4538	113.60	3590.60	7173	50.10
2001	5887.74	4532	129.90	4207.27	7161	58.80
2002	6753.90	4532	149.00	4779.74	7161	66.70

**Source:** General Branch of PNB & Co-operative Bank Chandigarh & SLBC Haryana (1998-2002).

Note - \* Amount in Rs Lakhs.

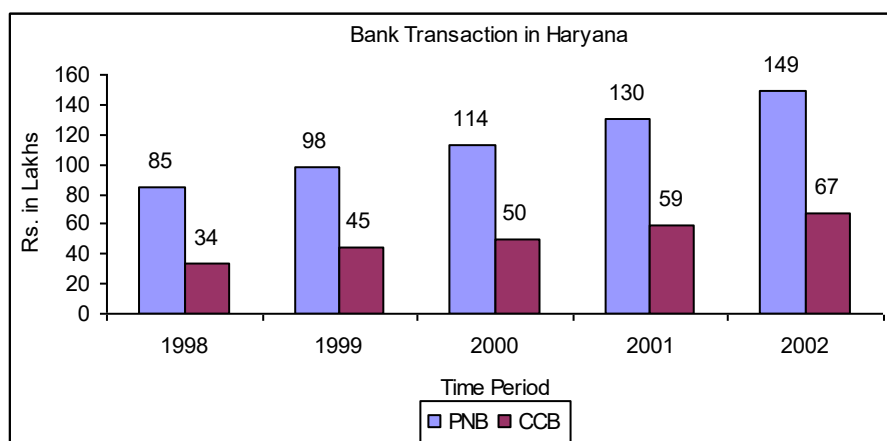
\*\* In absolute number.

**Table-3.4A:** Bank-wise Growth Rate of Bank Transaction Per Employee in Haryana

Year	PNB			CCB		
	Advances +Deposits	No of Employees	Transaction Per-Employees	Advances +Deposits	No of Employees	Transaction Per-Employees
1998	0	0	0	0	0	0
1999	16.04	0	16.10	31.96	0	31.86
2000	15.59	-0.20	15.80	11.89	-0.15	12.08
2001	14.23	-0.13	14.35	17.17	0.17	17.37
2002	14.71	0	14.70	13.61	0	13.44
ACGR	15.14	-0.083	15.23	18.40	-0.08	18.44

**Source:** General Branch of PNB & Co-operative Bank Chandigarh, & SLBC Haryana (1998-2002).

Note - ACGR: Annual Compound Growth Rate.



The table shows that CCB has relatively higher number of employees in comparison to PNB. But in case of per employee transaction PNB has relatively higher amount in comparison to CCB. It shows the low productivity of the CCB employees in Haryana.

The table 3.4A shows that ACGR of per employee transaction, for PNB and CCB comes out to be 15.23 and 18.44 percent respectively in the period 1998-2002. It shows that, CCB has relatively higher Growth rate of per employee transaction in comparison to PNB, because CCB has higher ACGR of bank transaction (18.40%) in comparison to PNB (15.14%) in the same period. The table further shows that PNB has higher negative growth rate (-0.083%) of the number of bank employees in comparison to CCB (-0.08%) in the same time period in Haryana.

The table shows that, PNB has relatively lower ACGR of bank transaction per employee (15.23%) in comparison to CCB (18.44 %) in Haryana during the period of 1998-2002. While, in absolute amount transaction per employee is increasing for both banks PNB as well as CCB. But in absolute amount PNB has relatively higher per employee transaction in comparison to CCB in the same time period.

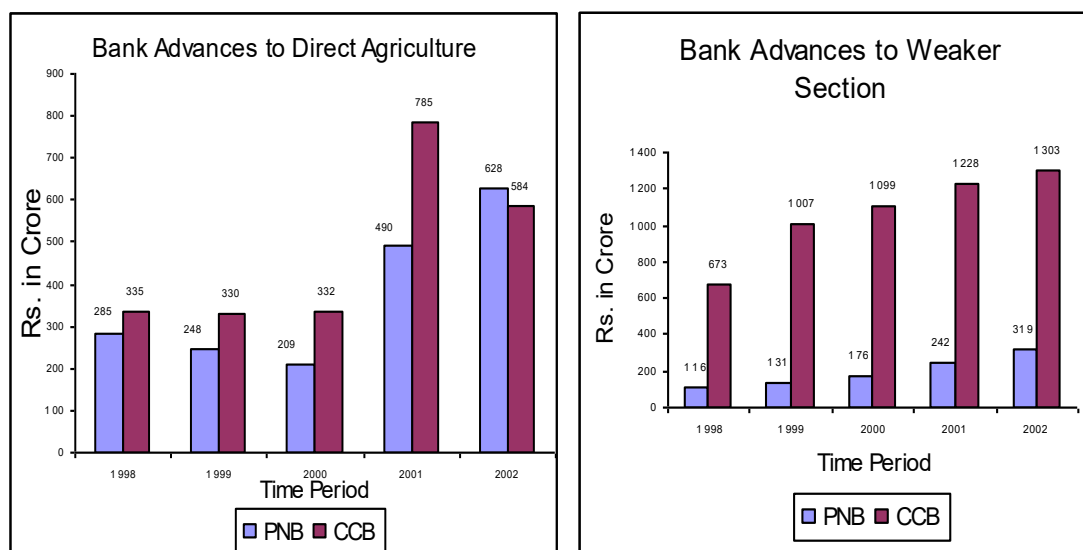
**Table-3.5:** Bank-wise Advances & Growth Rate of Weaker Section and Agriculture Sector as on 31<sup>st</sup> March in Haryana (1998-02) (Rs. in Crore)

PNB			CCB		PNB (Growth Rate)		*CCB (Growth Rate)	
Year	Agric ulture	Weaker section	Agricul ture	Weaker section	Agric ulture	Weaker section	Agric ulture	Weaker section
1998	284.94	115.76	334.77	672.87	0	0	0	0
1999	248.07	130.64	329.69	1006.89	-12.94	12.85	-1.52	49.64
2000	208.71	175.99	332.34	1099.37	-15.87	34.71	0.80	9.18
2001	489.83	242.06	785.23	1228.25	134.69	37.54	136.27	11.72
2002	628.37	319.44	584.20	1303.37	28.28	31.97	-25.60	6.12
AC GR	0	0	0	0	21.86	28.89	14.94	17.97

*Source:* SLBC Haryana (1998-2002).

\*Harco bank also includes.





The table 3.5 shows that, the absolute amount of agriculture advances of PNB and CCB in Haryana has increased from Rs.284.94 to Rs.628.37 crore and from Rs.334.77 to Rs.584.20 crore during the time period from 1998 to 2002 respectively. The absolute amount of weaker section advances of PNB and CCB in Haryana has increased from Rs.115.76 to Rs.319.44 crore and from Rs.672.87 to Rs.1303.37 crore respectively during the same time period.

Table further shows that the ACGR of agriculture advances and weaker section advances for PNB in Haryana is found 21.86 and 28.89 percent respectively. While the growth rate of these sector, for PNB in Haryana stands for -12.94, -15.87, 134.69 and 28.28 percent; 12.85, 34.71, 37.54 and 31.97 percent during the time period of 1999, 2000, 2001 and 2002 respectively. While, the ACGR of advances of the CCB to agriculture and weaker sections in Haryana has been found 14.94 and 17.97 percent respectively for the period of 1998-2002. Growth rate of these sector for CCB in Haryana comes to -1.52, 0.80, 136.27 and -25.60 percent; 49.64, 9.18, 11.72 and 6.12 percent during the period of 1999, 2000, 2001 and 2002 respectively.

The table shows that, PNB has relatively higher ACGR of bank advances for agriculture sector and weaker section (21.86 and 28.89 %) in comparison to CCB (14.94 and 17.97 %) in Haryana during the period of 1998-2002. If we see the absolute amount in case of agriculture for both the banks it is fluctuating but in case of weaker section it is increasing. Annually growth rate for these sectors in this period is fluctuating.

The table 3.6 exhibits that as on March 2002, the absolute amount of priority sector advances of PNB in Haryana has increased from Rs.642.50 crore in 1998 to Rs.1478.02 crore. Sector wise the absolute amount of PNB, in primary, SSI and tertiary sector has increased from Rs.295.40 to Rs.661.22 crore; from Rs.252.60 to Rs.554.88 crore; and from Rs.94.50 to Rs.261.92 crore respectively during the period from 1998-2002

**Table-3.6:** Bank-wise/Sector-wise Priority Sector Advances as on 31<sup>st</sup> March in Haryana (1998-02) (Rs. in Crore)

Year	PNB				CCB			
	Primary Sector	SSI	Tertiary Sector	Total	Primary Sector	SSI	Tertiary Sector	Total
1998	295.40 (45.98)	252.60 (39.31)	94.50 (14.71)	642.50 (100)	1117.55 (82.47)	104.62 (7.73)	132.86 (9.80)	1355.03 (100)
1999	340.80 (42.90)	341.67 (43.00)	112.01 (14.10)	794.48 (100)	1437.83 (84.55)	120.76 (7.10)	142.01 (8.35)	1700.60 (100)

2000	413.88 (40.34)	452.36 (44.08)	159.89 (15.58)	1026.13 (100)	1834.54 (86.60)	124.68 (5.88)	159.20 (7.52)	2118.42 (100)
2001	513.01 (42.23)	443.87 (36.54)	257.84 (21.23)	1214.72 (100)	2067.67 (87.93)	160.39 (6.82)	123.43 (5.25)	2351.49 (100)
2002	661.22 (44.74)	554.88 (37.54)	261.92 (17.72)	1478.02 (100)	1989.54 (85.26)	173.23 (7.42)	170.77 (7.32)	2333.54 (100)

*Source:* SLBC Haryana (1998-2002).

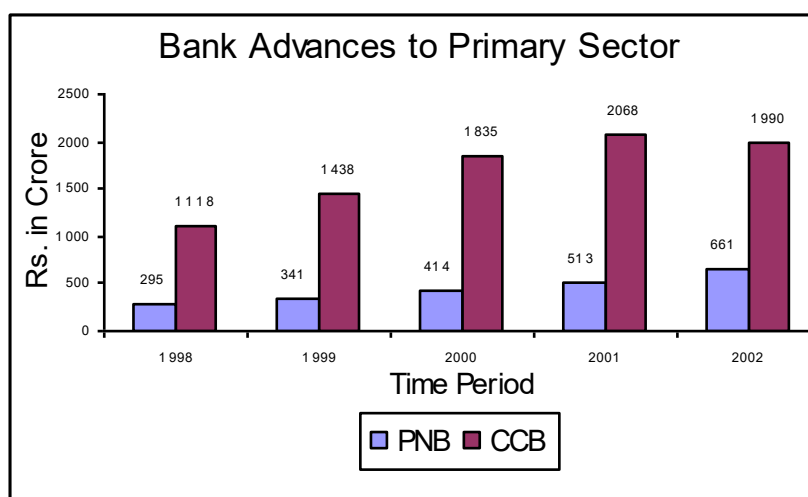
Note-Figures in the bracket represents percentage to total.

**Table-3.6A:** Bank-wise/Sector-wise Growth Rate of Priority Sector Advances in Haryana

Year	PNB				CCB			
	Primary Sector	SSI	Tertiary Sector	Total	Primary Sector	SSI	Tertiary Sector	Total
1998	0	0	0	0	0	0	0	0
1999	15.37	35.26	18.53	23.65	28.66	15.43	6.89	25.50
2000	21.44	32.40	42.75	29.14	27.59	3.25	12.10	24.57
2001	23.95	-1.88	61.26	18.39	12.71	28.64	-22.47	11.00
2002	28.89	25.01	1.58	21.68	-3.78	8.00	38.35	-0.76
ACGR	22.32	21.74	29.03	23.15	15.51	13.44	6.48	14.56

*Source:* SLBC Haryana (1998-2002).

Note-ACGR: Annual Compound Growth Rate.



In case of CCB the absolute amount of bank advances in Haryana has increased from Rs.1355.03 crore to Rs.2333.54 crore during the time period of 1998 to 2002. Sector wise this amount of CCB in primary, SSI and tertiary sector has increased from Rs.1117.54 to Rs.1989.54 crore; from Rs.104.62 to Rs.173.23 crore; and from Rs.132.86 to Rs.170.77 crore respectively during the same period.

The table further shows that, in case of PNB as on March 2002, the share of primary sector in total advances has decreased from 45.98 percent in 1998 to 44.74 percent; the share of SSI also has decreased from 39.31 percent to 37.54 percent; and the share of territory sector has increased from 14.71 percent to 17.72 percent in the same time period. In the case of CCB the share of primary sector in total advances has increased 82.47 percent in 1998 to 85.26 percent in 2002; the share of SSI has decreased from 7.73 percent to 7.42 percent; and the share of Territory sector has also decreased from 9.8 percent to 7.32 percent in the above said time period.

The table 3.6A shows that the ACGR of bank advances for PNB and CCB in Haryana is found 23.15 and 14.56 percent respectively for the period of 1998-2002. In case of PNB sector wise ACGR of bank advances stands for 22.32, 21.74 and 29.03 percent in primary, SSI and tertiary sector respectively in the same time period. While in case of CCB, sector wise ACGR of bank advances comes to 15.51, 13.44 and 6.48 percent in primary, SSI and tertiary sector respectively during the same time period. The table further shows that growth rate of bank advances for PNB in Haryana turns out to be 23.65, 29.16, 18.39 and 21.68 percent during the time period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of PNB stands for 15.37, 21.44, 23.95 and 28.89 percent; 35.26, 32.40, -1.88 and 25.01 percent; and 18.53, 42.75, 61.26 and 1.58 percent respectively during the same time period. The growth rate of bank advances for CCB in Haryana turns out to be 25.50, 24.57, 11.00 and -0.76 percent during the time period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of CCB comes to 28.66, 27.59, 12.71 and -3.78 percent; 15.43, 3.25, 28.64 and 8.00 percent; and 6.89, 12.10, -22.47 and 38.35 percent in the primary, SSI and tertiary sector respectively during the above said time period.

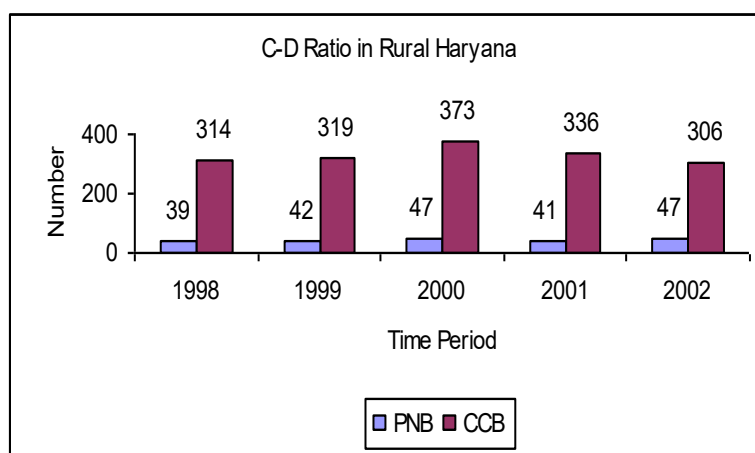
The table shows that, in case of primary sector advances PNB has relatively higher ACGR (22.32%) in comparison to CCB (15.51%) in Haryana during the period of 1998-2002. In case of PNB absolute amount and annual growth is increasing in the same time period. But in case of CCB amount, this growth rate is fluctuating.

The table 3.7 depicts that as on March 2002, credit-deposit (C-D) ratio of PNB in Haryana has increased from 41.08 in 1998 to 46.55. While sector wise C-D ratio of PNB in rural and semi-urban has increased from 39.40 to 46.86 and from 36.09 to 53.09 respectively during the time period from 1998 to 2002. C-D ratio of CCB in Haryana has decreased from 178.51 in 1998 to 176.80 in 2002. In case of rural area C-D ratio of CCB has increased from 314.24 in 1998 to 335.55 in 2001, but decreased in 2002 and come

**Table-3.7:** Bank-wise/Area-wise Credit-Deposit Ratio in Haryana as on 31<sup>st</sup> March (1998-02)

Year	PNB			CCB		
	Rural	Semi-Urban	Total	Rural	Semi-Urban	Total
1998	39.40	36.09	41.08	314.24	219.76	178.51
1999	41.83	42.40	44.75	319.45	212.34	196.08
2000	46.52	38.75	42.39	373.40	239.29	194.56
2001	41.16	44.96	45.04	335.55	226.36	187.87
2002	46.86	53.09	46.55	306.33	245.52	176.80

**Source:** General Branch of PNB and Co-operative Bank Chandigarh.



36.09 to 53.09 respectively during the time period from 1998 to 2002. C-D ratio of CCB in Haryana has decreased from 178.51 in 1998 to 176.80 in 2002. In case of rural area C-D ratio of CCB has increased from 314.24 in 1998 to 335.55 in 2001, but decreased in 2002 and come

down on 306.33, this ratio of same bank in semi-urban areas has increased from 219.76 in 1998 to 245.52 in 2002.

The present table shows that, CCB has relatively higher C-D ratio in comparison to national goal (60) in the period 1998-2002. But PNB has relatively very low C-D ratio in comparison to national goal in the same period in rural Haryana. The C-D ratio of PNB is increasing in this period. But for the CCB it is fluctuating.

**Table-3.8:** Bank-wise/Sector-wise Position of Recovery under Priority Sector Advances in Haryana as on 30<sup>th</sup> June (1998-02) (Recovery in %age)

Year	PNB				*CCB				All Banks			
	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	70.00	64.85	61.35	66.32	71.15	64.64	68.74	64.89	66.18	54.64	61.82	70.49
1999	73.80	73.40	62.75	72.36	65.80	68.30	73.18	66.88	66.88	62.99	64.01	65.73
2000	72.52	82.29	63.88	78.65	70.63	78.49	66.26	70.79	71.96	72.20	62.07	71.11
2001	83.16	83.56	77.45	82.35	68.85	67.52	55.54	67.57	74.55	73.83	66.08	73.31
2002	81.07	83.55	63.92	80.62	72.38	63.46	63.87	71.65	74.43	73.83	64.79	73.46

**Source:** SLBC Haryana (1998-2002).

\*Harco Bank also included.

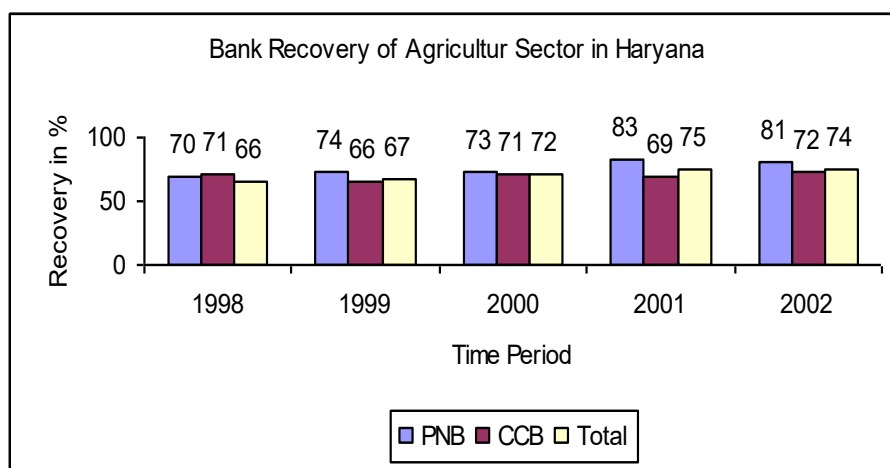
**Table-3.8A:** Bank-wise/Sector-wise Growth Rate of Bank Recovery under Priority Sector Advances in Haryana

Year	PNB				CCB				All Banks			
	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	5.43	13.18	2.28	9.10	-7.52	5.67	6.46	3.07	1.06	15.28	3.54	-6.75
2000	5.04	12.11	1.80	8.69	7.34	14.92	-9.46	5.85	7.60	14.62	-3.03	8.18
2001	7.28	1.54	21.24	4.70	-2.52	-13.98	-16.18	-4.55	3.60	2.26	6.46	3.10
2002	-2.51	-0.01	-17.47	-2.10	5.13	-6.01	15.00	6.04	-0.16	00	-1.95	0.20
ACGR	3.74	6.54	1.03	5.00	0.43	-0.46	-1.82	2.51	2.98	7.82	1.18	1.04

**Source:** SLBC Haryana (1998-2002).

Note-ACGR: Annual Compound Growth Rate.

The major problem faced by the lending institutions, particularly the co-operatives, is the most unsatisfactory level of over-dues. The ratio of overdues demand is around 43 percent in case of co-operatives. It is pertinent to note that there are 45 percent loans outstanding in the country as a whole. The lowest and the highest percentage of loan outstanding come from Tamil Nadu 23 percent and 77 percent in case of Bihar respectively. In case of Haryana it is 39.30 percent. At the time of nationalization of banks it was clearly conceded that the commercial banks did not have the required experience or the personnel to deal with the farmers directly, while the co-operative banks had been specializing in rural credit since the beginning of the century



The table 3.8 depicts that as on June 2002, the bank recovery rate of all banks in Haryana has increased from 70.49 percent in 1998 to 73.46 percent. Sector wise this rate in agriculture, SSI and tertiary sector in Haryana has increased from 66.18 to 74.43 percent; from 54.64 to 73.83 percent; and from 61.82 to 64.79 percent respectively during the time period from 1998 to 2002. In case of PNB, the bank recovery rate in Haryana has increased from 66.32 to 80.62 percent during the time period from 1998 to 2002. Sector wise this rate in agriculture, SSI and tertiary sector in Haryana has increased from 70.00 to 81.07 percent; from 64.85 to 83.55 percent; and from 61.35 to 63.92 percent respectively during the same time period. While in case of CCB, the bank recovery rate in Haryana has increased from 64.89 to 71.65 percent during the time period from 1998-2002. In case of agriculture this rate in Haryana has increased from 71.15 to 72.38 percent. But in case of SSI and tertiary sector in Haryana it has decreased from 64.64 to 63.46 percent and from 68.74 to 63.87 percent respectively during the same time period.

The table 3.8A shows that the ACGR of banks recovery rate for all the banks in Haryana has been found 1.04 percent. Sector wise this growth rate in agriculture, SSI and tertiary sector come to 2.98, 7.82 and 1.18 percent respectively during the period 1998-2002. In case of PNB the ACGR of banks recovery rate in Haryana has been found 5 percent. Sector wise this growth rate in agriculture, SSI and tertiary sector come to be 3.74, 6.54 and 1.03 percent respectively during the same period. In case of CCB the ACGR of banks recovery rate in Haryana is found 2.51 percent. Sector wise this growth rate in agriculture, SSI and tertiary sector comes to be 0.43, -0.46 and -1.82 percent respectively during the same period. The table farther shows that growth rate of bank recovery rate for all banks in Haryana turns out to be -6.75, 8.18, 3.10 and 0.20 percent during the period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate in agriculture, SSI and tertiary sector comes to be 1.06, 7.60, 3.60 and -0.16 percent; 15.28, 14.62, 2.26 and zero percent; and 3.54, -3.03, 6.46 and -1.95 percent respectively during the same time period. In case of PNB, growth rate of banks recovery rate in Haryana turns to be 9.10, 8.69, 4.70 and -2.10 percent during the time period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of PNB in agriculture, SSI and tertiary sector stand for 5.43, 5.04, 7.28 and -2.51 percent; 13.18, 12.11, 1.54 and -0.01 percent; and 2.28, 1.80, 21.24 and -17.47 percent respectively during the same time period. While in case of CCB, growth rate of banks recovery rate in Haryana turns out to be 3.07, 5.85, -4.55 and 6.04 percent, during the time period of 1999, 2000, 2001 and 2002 respectively. Sector wise this growth rate of CCB in agriculture, SSI and tertiary sector comes to be -7.52, 7.34, -2.52 and 5.13 percent; 5.67, 14.92, -13.98 and -6.01 percent; and 6.46, -9.46, -16.18 and 15.00 percent respectively during the above said time period.

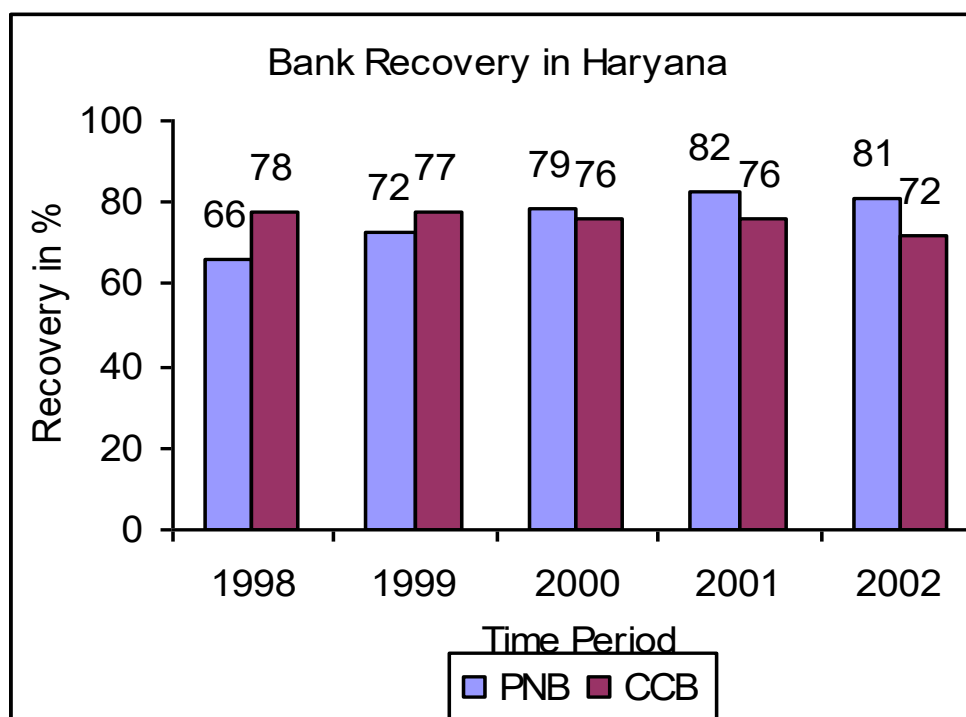
The table shows that, PNB has relatively higher ACGR of bank recovery rate in all sectors in comparison to CCB in Haryana in the period of 1998-2002. PNB has also higher growth rate (3.74%) in agriculture in comparison to CCB (0.43%) and all banks (2.98%) in the same period. But CCB has the highest growth rate in agriculture sector. In this period the recovery rate and annually growth rate of recovery is fluctuating.

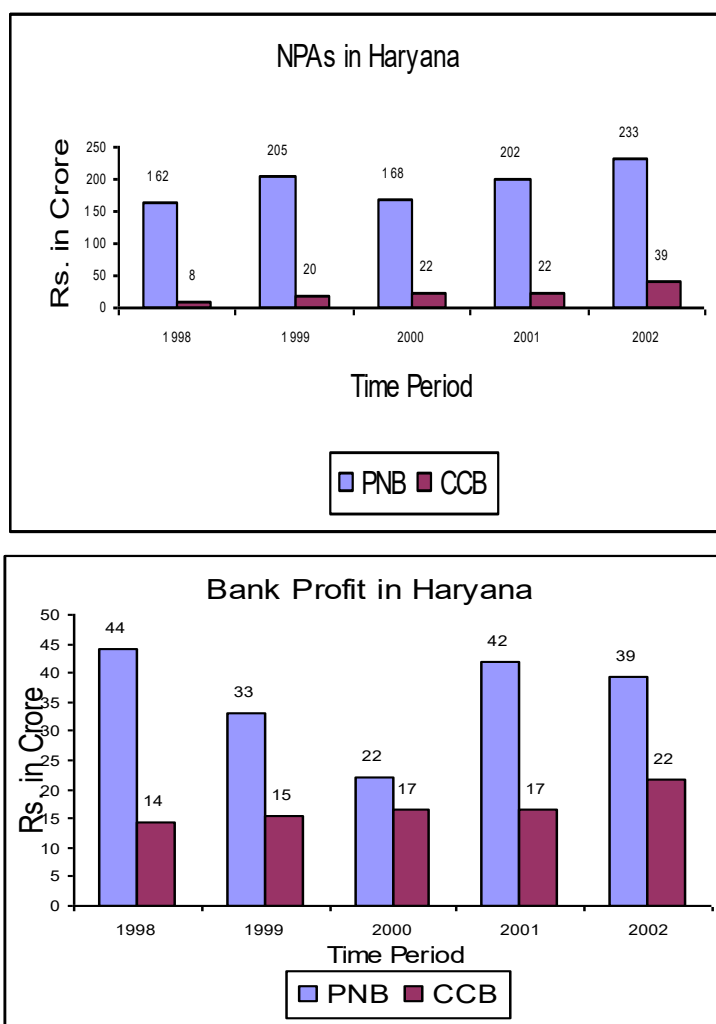
Table-3.9: Bank-wise NPAs, Profit and Recovery with Growth Rate as on 31<sup>st</sup> March in Haryana (1998-02) (Rs. in Crore)

Year	*PNB			CCB			*PNB (Growth Rate)			CCB (Growth Rate)		
	NPAs	Profit	Recovery % age	NPAs	Profit	Recovery % age	NPAs	Profit	Recovery % age	NPAs	Profit	Recovery % age
1998	162.04	44.19	66.32	8.09	14.17	77.77	0	0	0	0	0	0
1999	204.97	33.14	72.36	19.98	15.40	77.45	26.50	-25.00	9.11	146.97	8.68	-0.41
2000	167.61	21.95	78.65	22.11	16.64	76.13	-18.23	-33.76	8.69	10.66	8.05	-1.70
2001	201.89	41.73	82.35	22.11	16.64	76.13	20.45	90.11	4.70	43.28	15.62	2.07
2002	232.93	39.41	80.62	39.19	21.84	71.65	15.37	-5.56	-2.10	23.70	13.51	-7.8
ACGR	0	0	0	0	0	0	9.50	-2.82	5.00	48.36	11.42	-2.03

**Source:** General Branch of PNB & Co-operative Bank Chandigarh.

\*Chandigarh is also included.





The table 3.9 shows that as on March 2002, the absolute amount of NPAs of PNB in Haryana has increased from Rs.162.04 crore in 1998 to Rs.232.93 crore. While, in case of CCB this amount of NPAs has increased from Rs.8.09 crore to Rs.39.19 crore during the same period.

The table further shows that the ACGR of NPAs amount for PNB in Haryana has been found 9.50 percent for the period 1998-2002. While in case of CCB this growth rate comes to 48.36 percent. The table further shows that growth rate of NPAs for PNB in Haryana turns out to be 26.50, -18.23, 20.45 and 15.37 percent during the period of 1999, 2000, 2001 and 2002 respectively. While in case of CCB this growth rate comes to 146.97, 10.66, 43.28 and 23.70 percent respectively during the same time period.

The table also shows that the percentage of recovery rate of PNB in Haryana has increased from 66.32 percent in 1998 to 80.62 percent in 2002. While in case of CCB this rate has decreased from 77.77 percent to 71.65 percent in the same period.

The table further also shows that ACGR of bank recovery rate for PNB in Haryana is found 5.00 percent. While in case of CCB this growth rate comes to -2.03 percent. It shows that the growth rate of recovery rate for PNB turns out to be 9.11, 8.69, 4.70 and -2.10 percent during the time period of 1999, 2000, 2001 and 2002 respectively. While in case of CCB this growth rate stands for -0.41, -1.70, 2.07 and -7.80 percent respectively for the same time period in Haryana.

The table further shows that, the absolute amount of profit of PNB in Haryana has decreased from Rs.44.19 crore in 1998 to Rs.39.41 crore in 2002. While in case of CCB this amount has increased from Rs.14.17 crore to Rs.21.84 crore in the same period.

The table further shows that the ACGR of bank profit for PNB in Haryana is found -2.82 percent. While in case of CCB this growth rate comes to be 11.42 percent. The table shows that, the growth rate of bank's profit for PNB turns out to be -25.00, -33.76, 90.11 and -5.56 percent during the period of 1999, 2000, 2001 and 2002 respectively. While in case CCB this growth rate comes to 8.68, 8.05, 15.62 and 13.51 percent respectively for the same time period. It happened because Harco bank is also included in it.

The present table shows that, CCB has relatively higher ACGR of NPAs (48.36%) in comparison to PNB (9.50%) in Haryana in the period 1998-2002. The table further shows that, PNB has positive and relatively higher ACGR (5.00%) in comparison to CCB's negative (-2.0%) growth rate in Haryana in the same period.

**Table-3.10:** Bank-wise Profits Per Employee as on 31<sup>st</sup> March in Haryana (1998-02) (Rs. in Crore)

Year	PNB			CCB		
	Total Profit	**No of Employees	*Profits Per Employee	Total Profit	**No of Employees	*Profits Per Employee
1998	44.19	4547	97200	14.17	7184	20000
1999	33.14	4547	72900	15.40	7184	21400
2000	21.95	4538	48400	16.64	7173	23200
2001	41.73	4532	92100	19.24	7161	26900
2002	39.41	4532	87000	21.84	7161	30500

**Source:** General Branch of PNB & Co-operative Bank Chandigarh & SLBC Haryana (1998-2002).

Note-\* Amount in absolute number.

\*\* In absolute number.

**Table-3.10A:** Bank-wise Growth Rate of Bank Profits Per Employee in Haryana

Year	PNB			CCB		
	Total Profit	No of Employees	Profits Per Employee	Total Profit	No of Employees	Profits Per Employee
1998	0	0	0	0	0	0
1999	-25.01	0	-25.00	8.68	0	7.0
2000	-33.77	-0.20	-33.61	8.05	-0.15	8.41
2001	90.12	-0.13	90.29	15.63	0.17	15.95
2002	-5.56	0	-5.54	13.51	0	13.38
ACGR	-2.82	-0.083	-2.73	11.42	-0.08	11.13

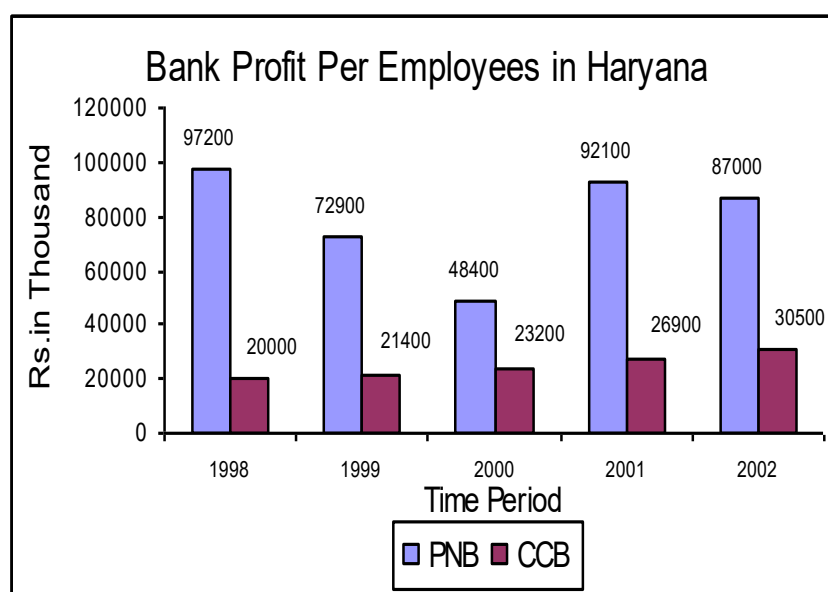
**Source:** General Branch of PNB & Co-operative Bank Chandigarh & SLBC Haryana (1998-2002).

Note - ACGR: Annual Compound Growth Rate.

The absolute amount of CCBs for NPAs is increasing while it is fluctuating for PNB in the same time period. The annual growth rate of NPAs for both the banks is also fluctuating in this time period. The table further shows that, the absolute amount of PNB's profit and annual growth rate is fluctuating in the same time period. While in this period absolute amount and growth rate



of CCB's profit is increasing. It happened mainly because, profit of Harco bank is also included in the profit of CCB.



The table 3.10 depicts that, in case of PNB the amount of profit per employee has decreased from Rs.97200 in 1998 to Rs.87000 in 2002 in Haryana. While in case of CCB, the amount of profit per employee has increased from Rs.20000 to Rs.30500 in the same time period. Because the profit of Harco Bank is also included in this profit so that profit of the CCB is increasing in the above said time period in Haryana. The table 3.10A shows that ACGR to PNB and CCB in the total profit comes out to be -2.82 percent and 11.42 percent respectively in the period 1998-2002. In case of per employee profit ACGR of PNB and CCB comes out to be -2.73 percent and 11.13 percent in the same period. It shows CCB is performing better in both total profit and per employee profit in comparison to PNB in the same period in Haryana.

The table shows that, PNB has negative (-2.82%) ACGR of profit per employee in Haryana for the period 1998-2002. While, CCB have positive (11.42%) and relatively higher ACGR in comparison to PNB in Haryana in the same time period. It happens mainly, because profit of Harco bank is also included in it. The table also shows that, profit per employee of both banks is increasing in this time period. In case of PNB annual growth of this is fluctuating while, in case of CCB it is increasing.

The table 3.11 depicts that as on March 2002, the absolute amount of bank deposits for PNB in district Jhajjar has increased from Rs.121.01 crore in 1998 to Rs.201.59 crore. While in case of CCB this amount increased from Rs.47.05 to Rs.199.35 crore during the same time period. The table further exhibits that the absolute amount of bank advances of PNB has increased from Rs.41.40 crore in 1998 to Rs.84.18 crore in 2002. In case of CCB this amount has increased from Rs.52.92 to Rs.109.37 crore during the same time period. The table also shows that the credit-deposit ratio of PNB has increased from 34.20 in 1998 to 42.00 in 2002. In case of CCB this ratio has increased from 112.50 to 114.00 during the same time period in district Jhajjar.

The table further shows that as on March 2002, total bank branches of all banks in district Jhajjar were 73. In case of PNB, out of total 16 bank branches 13 were found in rural areas. While in case of CCB, out of total 15 bank branches 11 were found in rural areas in district Jhajjar.

**Table-3.11:** Bank-wise Deposit/Advances/Credit-Deposit Ratio and Bank Branches in District Jhajjar as on 31<sup>st</sup> March (1998-02) (Rs. in Crore)

Year	PNB							CCB						
	Deposit	Advances	C_D Ratio	Rural	Urban	Total	All Banks	Deposit	Advances	C_D Ratio	Rural	Urban	Total	All Banks
1998	121.01	41.40	34.20	13	03	16	73	47.05	52.92	112.50	11	04	15	73
1999	142.82	44.99	31.50	13	03	16	73	53.70	65.70	122.30	11	04	15	73
2000	165.81	54.31	32.80	13	03	16	73	61.78	84.06	136.00	11	04	15	73
2001	186.48	70.12	38.00	13	03	16	73	60.91	84.01	138.00	11	04	15	73
2002	201.59	84.18	42.00	13 (81.25)	03 (18.75)	16	73	199.35	109.37	114.00	11 (73.33)	04 (26.67)	15	73

*Source:* Lead Bank (PNB) Jhajjar.

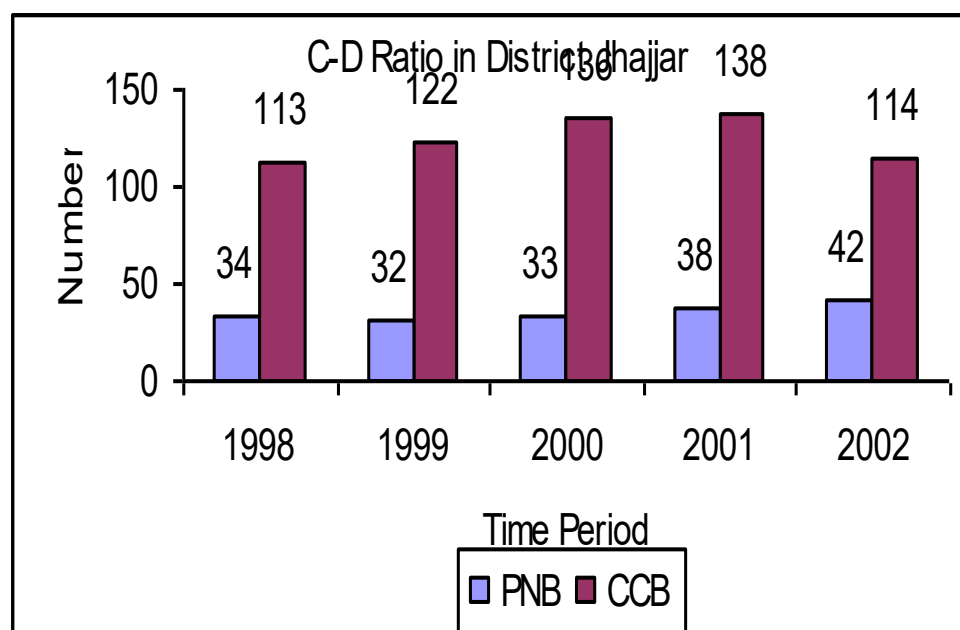
Note-Figures in the bracket represents percentage to total.

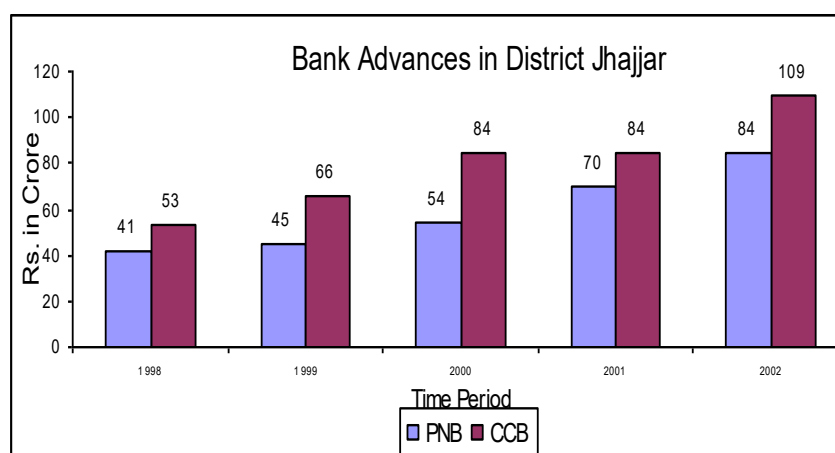
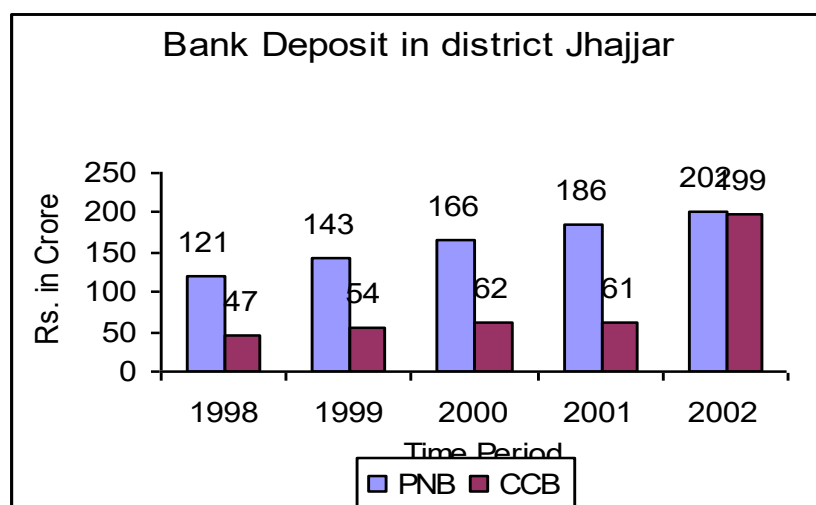
**Table-3.11A:** Bank-wise Growth Rate of Bank Deposit & Advances in District Jhajjar

Year	PNB		CCB	
	Deposit	Advances	Deposit	Advances
1998	0	0	0	0
1999	18.02	8.67	14.13	24.15
2000	16.10	20.71	15.05	27.95
2001	12.47	29.11	-1.41	-0.06
2002	8.10	20.05	63.11	30.19
ACGR	13.61	19.41	20.55	19.90

*Source:* Lead Bank (PNB) Jhajjar.

Note- ACGR: Annual Compound Growth Rate.





The table 3.11A shows that ACGR of bank deposits of PNB in district Jhajjar is found 13.61 percent. While in case of CCB this growth rate comes to be 20.55 percent in the period 1998-2002. The table shows that growth rate of bank deposits for PNB turns out to be 18.02, 16.10, 12.47 and 8.10 percent during the period of 1999, 2000, 2001 and 2002 respectively. While in case of CCB this growth rate stands for 14.13, 15.05, -1.41 and 63.11 percent respectively for the above said period in district Jhajjar.

The table further shows that the ACGR of bank advances for PNB in district Jhajjar is found 19.41 percent. While in case of CCB this growth rate comes to 19.90 percent in the period of 1998-2002. Growth rate of banks advances of PNB turns out to be 8.67, 20.71, 29.11 and 20.05 percent during the period of 1999, 2000, 2001 and 2002 respectively. In case of CCB this growth rate stands for 24.15, 27.95, -0.06 and 30.19 percent respectively for the above said time period in district Jhajjar.

**Table-3.12:** Bank-wise Bank Transaction Per Employee as on 31<sup>st</sup> March in District Jhajjar (1998-02) (Rs. in Crore)

Year	PNB			CCB		
	Advances + Deposits	**No of Employees	*Transaction Per-Employees	Advances + Deposits	**No of Employees	*Transaction Per-Employees
1998	162.41	184	88.30	99.97	216	46.30

1999	187.81	184	102.10	119.40	215	55.50
2000	220.12	184	119.60	145.84	211	69.10
2001	256.60	180	142.60	144.92	211	68.70
2002	285.77	180	158.80	308.72	211	146.30

**Source:** General Branch of PNB & Co-operative Bank Chandigarh, SLBC Haryana (1998-2002)& Lead Bank (PNB) Jhajjar.

Note -\* Amount in Rs Lakhs.

\*\* In absolute number.

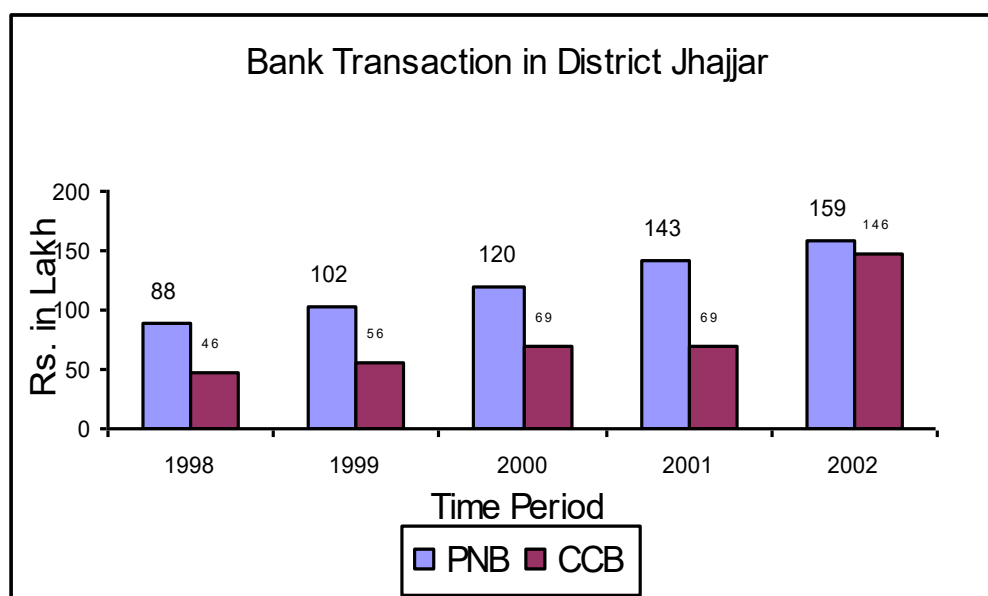
**Table-3.12A:** Bank-wise Growth Rate of Bank Transaction Per Employee in District Jhajjar

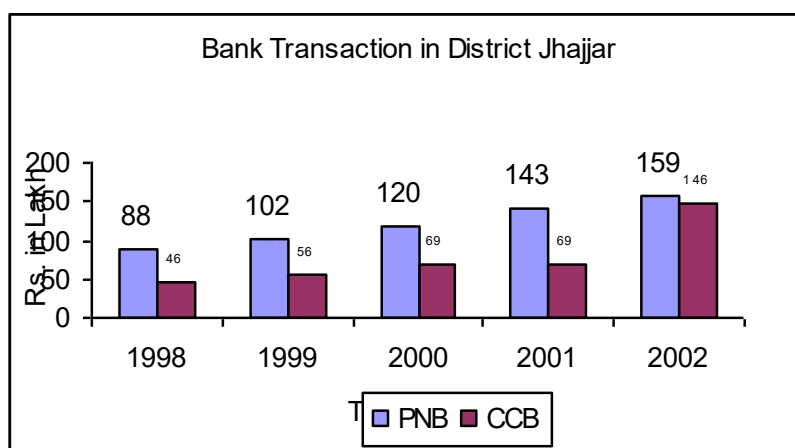
Year	PNB			CCB		
	Advances +Deposits	No of Employees	Transaction Per- Employees	Advances +Deposits	No of Employees	Transaction Per- Employees
1998	0	0	0	0	0	0
1999	15.64	0	15.63	19.44	-0.46	19.87
2000	17.20	0	17.14	22.14	-1.86	24.50
2001	16.57	-2.17	19.23	-0.63	0	-0.58
2002	11.37	0	11.36	113.03	0	112.95
ACGR	15.17	-0.55	15.80	32.56	-0.58	33.33

**Source:** General Branch of PNB & Co-operative Bank Chandigarh, SLBC Haryana (1998-2002) &Lead Bank (PNB) Jhajjar.

Note - ACGR: Annual Compound Growth Rate.

The present table shows that, the CCB has relatively higher ACGR of bank deposit and advances (20.55 and 19.90%) in comparison to PNB (13.61 and 19.41%) respectively in district Jhajjar in the period 1998-2002. The table shows that, the absolute amount of deposit and advances for both the banks are increasing in the same time period. C-D ratio of PNB is increasing in this period while in case of CCB it is fluctuating. The annual growth rate of both the bank deposits and advances is also fluctuating in this time period.





The table 3.12 exhibits that, in case of PNB total transaction amount (advances + deposit) in district Jhajjar has increased from Rs.162.41 crore in 1998 to Rs.285.77 crore in 2002. While in case of CCB total transaction amount has increased from Rs.99.97 crore to Rs.308.72 crore in the same time period in district Jhajjar. Per employee transaction amount of PNB has increased from Rs.88.30 lakh in 1998 to Rs.158.80 lakh in 2002. While in case of CCB it has increased from Rs.46.30 lakh to Rs.146.30 lakh in the same time period in district Jhajjar. It shows that PNB has relatively higher per employee transaction in comparison to CCB in the same period in district Jhajjar.

The table 3.12A depicts that ACGR of bank transaction for PNB and CCB in district Jhajjar comes to 15.17 percent and 32.56 percent respectively in the period 1998-2002. CCB has relatively higher ACGR of per employee transaction (33.33%) in comparison to PNB (15.80%) in district Jhajjar. But in absolute amount PNB is performing better in comparison to CCB in district Jhajjar in the same time period.

The present table shows that, the CCB has relatively higher ACGR of bank transaction (33.33%) in comparison to PNB (15.80%) in district Jhajjar in the period 1998-2002. But if we see per employee transaction in absolute amount, PNB has relatively higher per employee transaction amount in comparison to CCB in district Jhajjar in the same time period.

**Table-3.13:** Bank-wise Advances & Growth rate to Agriculture and Weaker Section in District Jhajjar as on 31<sup>st</sup> March (1998-02) (Rs. in Crore)

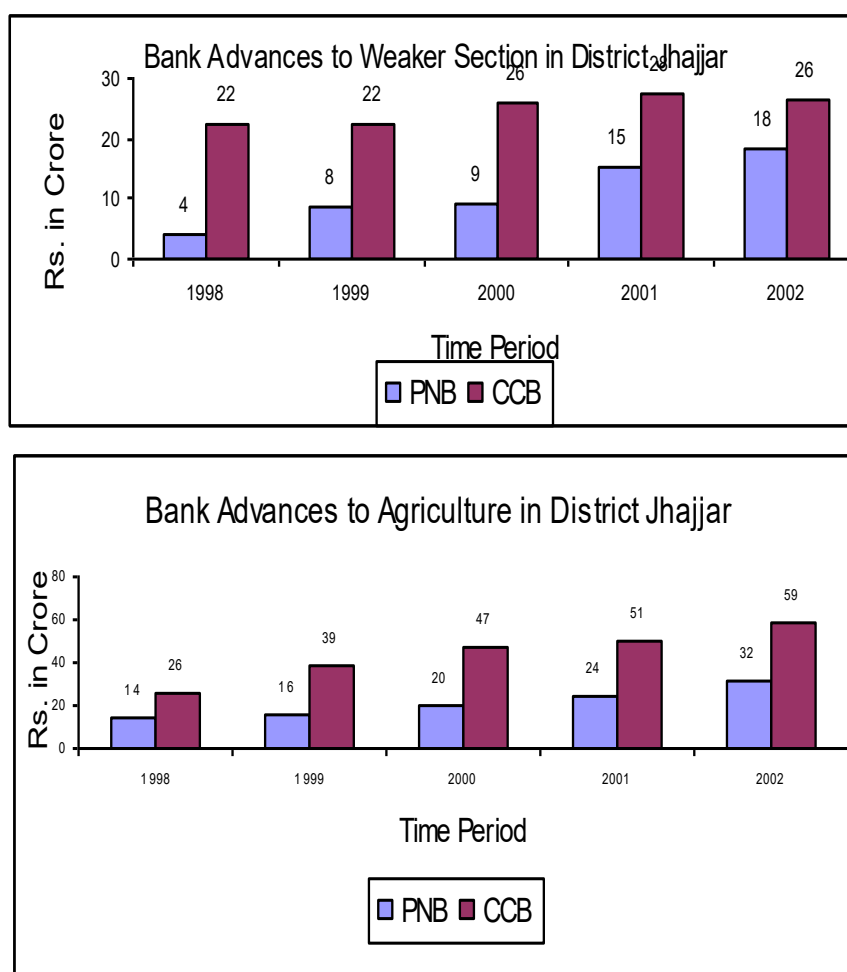
PNB			CCB		**PNB		**CCB	
Year	Direct Agriculture	Weaker Section	Direct Agriculture	Weaker Section	Direct Agriculture	Weaker Section	Direct Agriculture	Weaker Section
1998	14.00	3.92	26.00	22.16	0	0	0	0
1999	15.99	8.47	38.91	22.16	14.21	116.07	49.65	00
2000	20.29	9.15	46.59	25.70	26.89	8.03	19.74	15.97
2001	24.19	15.17	50.70	27.56	19.22	65.79	8.82	7.00
2002	31.95	18.43	59.01	26.27	32.08	21.49	16.39	-4.47
AC GR	0	0	0	0	22.91	47.25	22.74	4.35

**Source:** Lead Bank (PNB) Jhajjar.

Note- ACGR: Annual Compound Growth Rate.\*\*Shows Growth Rate.

The table also shows that, the amount of transaction per employee for PNB is increasing while it is fluctuating for CCB in the same time period.

The table 3.13 depicts that sector wise the absolute amount of bank advances of PNB in district Jhajjar has increased from Rs.14.00 to Rs.31.95 crore; and from Rs.3.92 to Rs.18.43 crore for agriculture and weaker section respectively during the period from 1998-2002. In case of CCB, sector wise the absolute amount of bank advances in district Jhajjar has increased from Rs.26.05 to Rs.59.01 crore; and from Rs.22.16 to Rs.26.27 crore for agriculture and weaker section respectively during the same period.



The table further shows that the sector wise ACGR of bank advances of PNB in district Jhajjar is found 22.91 and 47.25 percent for agriculture and weaker section respectively. While in case of CCB growth rate comes to 22.74 and 4.35 percent for agriculture and weaker section respectively in the period 1998-2002. The table further shows that the sector wise growth rate of bank advances for PNB in agriculture and weaker section stands for 14.21, 26.89, 19.22 and 32.08 percent; and 116.07, 8.03, 65.79 and 21.49 percent during the period of 1999, 2000, 2001 and 2002 respectively. In case of CCB growth rate in agriculture and weaker section in district Jhajjar come to be 49.65, 19.74, 8.82 and 16.39 percent; and 00, 15.97, 7.00 and -4.47 percent respectively during the above said time period in district Jhajjar.

The present table shows that, the CCB has relatively lower ACGR of bank advances for direct agriculture and weaker section (22.74 and 4.35%) in comparison to PNB (22.91 and 47.25%) in

district Jhajjar in the period 1998-2002. The table shows that, in case of PNB absolute amount for agriculture and weaker section is increasing in the same time period. While in case of CCB it is increasing for

**Table-3.14:** Bank-wise/Sector-wise Bank Targets under Credit Plan in District Jhajjar as on 31<sup>st</sup> March (1998-02) (Rs. in Crore)

PNB					CCB				All Banks			
Year	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	5.01	0.97	0.99	6.97	35.44	0.32	1.25	37.01	56.94	6.90	6.46	70.30
1999	7.70	1.29	1.26	10.25	66.27	0.51	1.98	68.76	91.11	23.43	8.98	131.52
2000	12.49	1.39	2.34	16.22	68.59	0.29	1.94	70.82	126.80	21.06	13.20	161.07
2001	16.89	1.27	2.51	20.67	80.59	0.40	1.97	82.96	156.53	25.49	13.62	195.63
2002	25.18	2.67	2.65	30.50	111.42	0.85	2.69	114.96	200.15	25.74	17.74	243.63

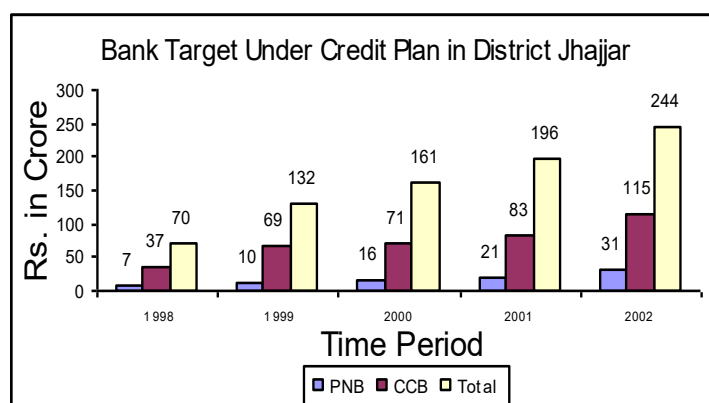
*Source:* Lead Bank (PNB) Jhajjar.

**Table-3.14 A** Bank-wise/Sector-wise Growth Rate of Bank Targets under Credit Plan in District Jhajjar

PNB					CCB				All Banks			
Year	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	53.69	33.00	27.27	47.06	87.00	59.38	58.40	85.79	60.01	239.57	39.00	87.08
2000	53.69	33.00	27.27	47.06	3.50	-43.14	-2.02	3.00	39.17	-10.12	47.00	22.47
2001	35.23	-8.63	7.26	27.44	17.50	37.93	1.55	17.14	23.45	21.03	3.18	21.46
2002	49.08	110.24	5.58	47.56	38.26	112.50	36.55	38.57	27.87	0.98	30.25	24.54
ACGR	49.73	28.81	27.91	44.63	33.16	27.66	21.12	32.76	36.93	38.98	28.73	36.44

*Source; Source:* Lead Bank (PNB) Jhajjar

Note- ACGR: Annual Compound Growth Rate.



Agriculture but it is fluctuating for weaker section. The annually growth rate for these sector is also fluctuating in this period.

The table 3.14 shows that as on march 2002, the absolute amount of bank target of all banks in district Jhajjar has increased from Rs.70.30 crore in 1998 to Rs.243.63 crore. While in case of PNB the CCB, bank target increased from Rs.6.97 to Rs.30.50 crore and Rs.37.01 to Rs.114.96 crore during the same time period. Sector wise bank target of bank advances for all banks to agriculture, SSI and tertiary sector has increased from Rs.56.94 to Rs.200.15 crore; from Rs.6.90 to Rs.25.74 crore; and from Rs.6.46 to Rs.17.74 crore respectively during the period from 1998 to 2002. In case of PNB, the bank target of advances to agriculture, SSI and tertiary sector has increased from Rs.5.01 to Rs.25.18 crore; from Rs.0.97 to Rs. 2.67 crore; and from Rs.0.99 to Rs.2.65 crore respectively during the same time period. While in case of CCB, the bank advances target to agriculture, SSI and tertiary sector has increased from Rs.35.44 to Rs.111.42 crore; from Rs.0.32 to Rs.0.85 crore; and from Rs.1.25 to Rs.2.69 crore respectively during the above said time period in district Jhajjar.

The table 3.14A shows that the ACGR of bank advances target for all banks in district Jhajjar is found 36.44 percent. In case of PNB and CCB, ACGR comes to 44.63 and 32.76 percent respectively in the period 1998-2002. Sector wise the ACGR of bank target of advances for all banks in agriculture, SSI and tertiary sector stands for 36.93, 38.98 and 28.73 percent respectively in the period 1998-2002. In case of PNB, ACGR of bank target of advances to agriculture, SSI and tertiary sector comes to be 49.73, 28.81 and 27.91 respectively. While in case of CCB, ACGR of bank target of advances to agriculture, SSI and tertiary sectors stands for 33.16, 27.66 and 21.12 percent respectively in the same period in district Jhajjar. The table further shows that growth rate of bank target advances for all banks in district Jhajjar turns out to be 87.08, 22.47, 21.46 and 24.54 percent during the period of 1999, 2000, 2001 and 2002 respectively. In case of PNB growth rate of bank target of advances comes to 47.06, 58.24, 27.44 and 47.56 percent respectively during the same time period. While in case of CCB, growth rate of bank target of advances stands for 85.79, 3.00, 17.14 and 38.57 percent respectively during the above said time period in district Jhajjar.

Sector wise growth rate of bank target of advances for all banks to agriculture, SSI and tertiary sector comes to 60.01, 39.17, 23.45 and 27.87 percent; 239.57, -10.12, 21.03 and 0.98 percent; and 39.00, 47.00, 3.18 and 30.25 percent during the period of 1999, 2000, 2001 and 2002 respectively. In case of PNB, growth rate of bank target of advances for the agriculture, SSI and tertiary sector stands for 53.69, 62.21, 35.23 and 49.08 percent; 33.00, 7.75, -8.63 and 110.24 percent; and 27.27, 85.71, 7.26 and 5.58 percent respectively during the same time period. While in case of CCB growth rate of bank target of advances for the agriculture, SSI and tertiary sector comes to 87.00, 3.50, 17.50 and 38.26 percent; 59.38, -43.14, 37.93 and 112.50



percent; and 58.40, -2.02, 1.55 and 36.55 percent respectively during the above said time period in district Jhajjar.

The present table shows that, the CCB has relatively lower ACGR of bank advances for bank target under credit plan in agriculture sector (33.16%) in comparison to PNB (49.73%) and all banks (36.93%) in district Jhajjar in the period 1998-2002. The table shows that, the absolute amount for this is increasing for PNB, CCB and all banks in the same time period in the agriculture sector in district Jhajjar. While, annual growth rate is fluctuating in this period.

**Table-3.15:** Bank-wise/Sector-wise Achievements under Credit Plan in District Jhajjar as on 31<sup>st</sup> March (1998-02) (Rs. in Crore)

Year	PNB				CCB				All Banks			
	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	7.18 (143.34)	0.68 (69.90)	0.67 (67.50)	8.53 (122.38)	44.43 (125.38)	0.30 (92.57)	1.43 (115.31)	46.16 (124.72)	75.88 (133.26)	6.28 (91.02)	4.24 (65.69)	86.40 (122.91)
1999	8.7 (113.40)	0.81 (62.40)	1.51 (119.60)	11.02 (107.50)	76.32 (115.10)	0.17 (33.70)	1.34 (67.67)	77.83 (113.19)	116.35 (117.39)	16.90 (72.15)	7.37 (82.09)	140.62 (106.92)
2000	13.16 (127.10)	0.76 (54.68)	2.60 (111.11)	16.52 (101.85)	77.26 (112.64)	0.17 (58.62)	1.69 (87.11)	79.12 (11.72)	152.14 (119.98)	14.98 (71.14)	11.43 (86.58)	178.55 (110.86)
2001	18.64 (110.36)	0.60 (47.24)	2.39 (95.23)	21.63 (104.64)	92.04 (114.21)	0.22 (55.00)	1.38 (70.05)	93.64 (112.87)	160.66 (102.64)	10.94 (42.92)	9.12 (66.95)	180.72 (92.37)
2002	28.94 (114.93)	2.38 (89.14)	1.46 (55.10)	32.78 (107.48)	130.29 (116.94)	0.57 (67.06)	2.28 (84.76)	133.14 (115.81)	194.15 (97.00)	17.58 (68.28)	10.83 (61.06)	222.56 (91.35)

**Source:** Lead Bank (PNB) Jhajjar.

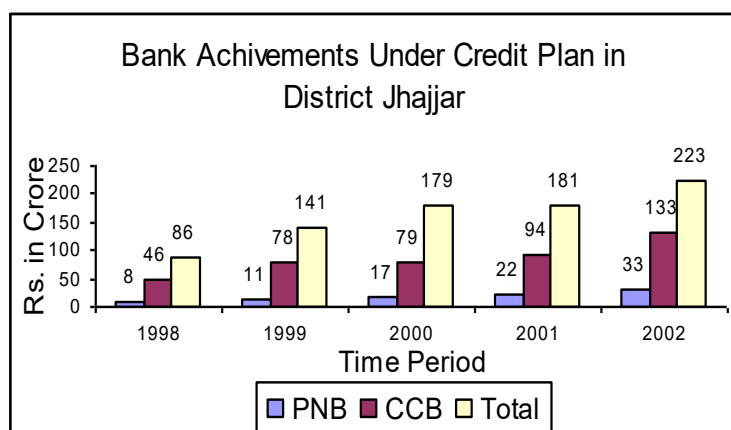
Note-Figures in the bracket represents percentage achievement to total credit targets

**Table-3.15A:** Bank-wise/Sector-wise Growth Rate of Bank Achievements under Credit Plan in District Jhajjar

Year	PNB				CCB				All Banks			
	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total	Agri. Sector	SSI	Tertiary Sector	Total
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	21.17	19.12	125.37	29.19	71.78	-43.33	-6.30	68.61	53.33	169.10	73.82	62.75
2000	51.26	-6.17	72.20	49.91	1.23	00	26.12	1.66	30.76	-11.36	55.09	27.00
2001	41.64	-21.05	-8.08	30.93	19.13	29.41	-18.34	18.35	5.60	-26.97	-20.21	1.22
2002	55.26	296.67	-38.91	51.55	41.56	159.01	65.22	42.18	20.85	60.69	18.75	23.15
ACGR	41.69	36.78	21.50	40.01	30.86	17.41	12.37	30.32	26.47	29.35	26.42	26.69

**Source:** Lead Bank (PNB) Jhajjar.

Note- ACGR: Annual Compound Growth Rate.



The table 3.15 depicts that as on March 2002, the absolute amount of bank achievements of all banks in district Jhajjar has increased from Rs.86.40 crore in 1998 to Rs.222.56 crore. While in case of PNB and CCB bank achievement has increased from Rs.8.53 to Rs.32.78 crore and Rs.46.16 to Rs.133.14 crore during the period of 1998-2002. Sector wise bank achievement for all banks has increased from Rs.75.88 to Rs.194.15 crore; from Rs.6.28 to Rs.17.58 crore; and from Rs.4.24 to Rs.10.83 crore for agriculture, SSI and tertiary sector respectively during the period from 1998 to 2002 in district Jhajjar. In case of PNB, bank achievement has increased from Rs.7.18 to Rs.28.94 crore; from Rs.0.68 to Rs.2.38 crore; and from Rs.0.67 to Rs.1.46 crore for agriculture, SSI and tertiary sector respectively during same time period. While in case of CCB bank achievement has increased from Rs.44.43 to Rs.130.29 crore; from Rs.0.30 to Rs.0.57 crore; and from Rs.1.43 to Rs.2.28 crore for the agriculture, SSI and tertiary sector respectively during the above said period in district Jhajjar.

The table 3.15A shows that the ACGR of bank achievement for all banks in district Jhajjar is found 26.69 percent. In case of PNB and CCB, the ACGR of bank achievement comes to be 40.01 and 30.32 percent respectively in the period 1998-2002. Sector wise, the ACGR of bank achievement for all banks comes to be 26.47, 29.35 and 26.42 percent for the agriculture, SSI and tertiary sector respectively in the same period. In case of PNB the ACGR of bank achievement stands for 41.69, 36.78 and 21.50 percent for the agriculture, SSI and tertiary sector respectively in the same period. While in case of CCB, the ACGR of bank achievement comes to 30.86, 17.41 and 12.37 percent for the agriculture, SSI and tertiary sector respectively in the same period in district Jhajjar.

The table further shows that growth rate of bank achievement of advances for all banks in district Jhajjar turns out to be 62.75, 27.00, 1.22 and 23.15 percent for the period of 1999, 2000, 2001 and 2002 respectively. In case of PNB growth rate of bank achievement of advances comes to be 29.19, 49.91, 30.93 and 51.55 percent respectively during the same time period. While in case of CCB growth rate of bank achievement of advances stands for 68.61, 1.66, 18.35 and 42.18 percent respectively during the above said time period in district Jhajjar. Sector wise, growth rate of bank achievement of advances for all banks comes to 53.33, 30.76, 5.60 and 20.85 percent; 169.10, -11.36, -26.97 and 60.69 percent; and 73.82, 55.09, -20.21 and 18.75 percent for the agriculture, SSI and tertiary sector during the period of 1999, 2000, 2001 and 2002 respectively. In case of PNB, growth rate of bank achievement of advances, stands for 21.17, 51.26, 41.64 and 55.26 percent; 19.12, -6.17, -21.05 and 296.67 percent; and 125.37, 72.20, -8.08 and -38.91 percent respectively during the same time period. While in case of CCB growth rate of bank achievement of advances comes to be 71.78, 1.23, 19.13 and 41.56 percent; -43.33, 00, 29.41 and 159.01 percent; and -6.30, 26.12, -18.34 and 65.22 percent for agriculture, SSI and tertiary sectors respectively during the above said period in district Jhajjar.

The present table shows that, the CCB has relatively lower ACGR of bank advances for achievements under credit plan (30.86%) in agriculture sector in comparison to PNB (41.69%) but it is greater than all banks (26.47%) in district Jhajjar in the period 1998-2002. The table shows that, the absolute amount for agriculture sector for PNB, CCB and all banks is increasing in the same time period. But the annual growth rate for this sector is fluctuating in this period.

## CONCLUSION

On the basis of above information it is clear that in case of bank branches, bank deposits and bank advances the CCB is performing better than PNB in Haryana. But in case of advances to weaker section and agriculture the PNB is performing better than the CCB. The better performance of PNB happens because in these sectors PNB's amount was very low in the past. Now it is increasing at substantial growth rate in comparisons to CCB. If we see the performance in absolute amount, CCB's contribution in these sectors is very large in comparison to PNB. In case of C-D ratio CCB is leading in absolute in comparison to PNB. It is pertinent to note that C-D ratio for PNB is low in comparison to the national goal (60) while this ratio for co-operative banks has been very high from the national goal. At present CD ratio for PNB is increasing. But as far as recovery rate, which is the main indicator to determine bank's performance, is, concerned that, PNB is leading ahead to CCB. In case of CCB, ACGR of bank recovery has gone negative that is an alarming bell (situation) for CCB. To meet socio economic objectives, co-operative bank grants very huge loan through government-sponsored programme for poverty alleviation without any securities or any verification. The policies of Haryana govt. also played a very significant role in enhancing the growth rates regarding NPAs in Haryana. It happens to be 48.36 percent in the duration from 1998 to 2002, which is very serious problem for this bank. But the data shows that CCB has better performance in the agriculture sector regarding recovery rate in comparison to other sectors. Where as PNB have better performance in SSI sectors than others sectors. Since the CCB have high growth rate of profit earning than the PNB. The reason for this performance is that profits of Harco bank are also included in this profit. The independent data for CCB regarding profit is not available. So we included Harco bank in the analysis.

Further, on the basis of above information it is clear that in case of bank deposits and advances to agriculture and weaker section the CCB is performing better than PNB in district Jhajjar. The data regarding growth rate as well as absolute amount make it clear. But in case of growth rate of total advances, bank targets and achievements under credit plan, PNB is performing better than CCB in district Jhajjar. But in absolute amount CCB is performing better in advances to agriculture sector and C-D ratio. So, PNB has not attained national goal (60), while CCB have very high C-D ratio in comparison to national goal in district Jhajjar as well as in Haryana as a whole.

If we see the comparative role of PNB and CCB regarding the achievement of national goal i.e. C-D ratio 60, advances to weaker section 10 percent, advances to priority sector 40 percent and advances to direct agriculture 18 percent of total advances in Haryana as well as in district Jhajjar. But PNB could not attain the national goal regarding of C-D ratio in Haryana as well as in district Jhajjar, mainly because PNB is working as a commercial entity.

*Chapter - VI*

**Role of Banks (PNB & CCB)  
in Rural Development**

Agriculture is the main stay of the people in Jhajjar District. The development of agriculture based on the utilisation of manpower resources of rural people, and maximum utilisation of land, holds the key to the rapid economic development of rural areas in the district. Since, mineral wealth of the district is insignificant and the growth of the industries is inadequate. Therefore, agriculture and allied (activities) sector plays an important role in providing gainful employment and to increase the level of living of the people in Jhajjar district. To develop the living standards of rural people, to get gainful employment to generate and supplement their income and to cross the poverty line, growth of agriculture is a pre-requisite.

In the face of growing need of rural credit especially after the technological break through in seed, fertilizer, technology and expansion of irrigation. It was realised that they're own finance and co-operative, alone would not be able to meet credit requirements and it is necessary to adopt a multi agency approach to rural lending. So that banks were nationalised at various times. The banks may be plays a significant role in the rural development in India as well as Haryana.

Rural development is being a very extensive concept. The role of banks in rural development cannot be visualised directly. Therefore, taking into consideration the trend of certain specific indicators. We may be in a position to see whether rural development occurred or not. We have selected some indicators such as Asset generation, utilisation of bank loan, income, employment, and defaulters. As far as asset generation is concerned we have classified it into agriculture equipment, animal husbandry, gardening, rural industry, transport and others categories. The purpose of the classification is that we are interested to compare inter sector asset generation. It will help us to see in which sector and at what extent the asset is generated against loans disbursement to the concerned sector. We have selected some indicators as:

**Asset Generation:**

Asset generation has been related directly or indirectly with the rural development. It is evident from the fact that as rural development takes place, it facilitates the pace of higher standard of living through enhancing income levels as well as job opportunities. Therefor, higher level of asset generation implies higher level of rural development and vice-versa.

**Income Generation:**

Income is one of the important indicators for rural development. As the income level of the rural people goes up, it implies that the people are becoming more self-independent. In term it also includes people's ability to diversify their economic activities. As people start to diversify economic activities, it implies that rural development has taken place.

**Employment Generation:**

Another important indicator for rural development is employment generation. It can also be regarded as subsidiary to asset generation, because asset generation facilitates pace of growth of job opportunities. Higher level of asset generation lead to provide platform for more jobs opportunities through which people would be in a position to earn higher income and expand their respective business. Expansion of business activities implies rural development.

**Proper Utilisation of Loans:**

Utilisation of loan effects the people's financial position. The financial position is directly related with the standard of living that is associated with rural development. If the loan is properly utilised, then it is expected that people would be in a position to improve their financial position and consequently their standard of living will have to be gone up. Otherwise there are very little changes for improving the financial help of the people that is turns adversely affects the rural development.

**Repayment Method of Bank Loan:**

Repayment may also affect the rural development. If people repay their respective loans through new loans then there will be hardly any possibility to enhance rural development, because such type of practices are only the transfer of money from one side to other hand if people repay the loan through generating incomes, it depicts that people are engaged in productive activities, which is term will induce the pace of growth of rural development.

**Table- 4.1: Bank-wise/Category-wise Income Level of Households**

Category	PNB					CCB				
	0-25000	25001-50000	50001-100000	Above One Lakh	Total	0-25000	25001-50000	50001-100000	Above One Lakh	Total
Big Farmers	-	06 (23.08)	11 (42.31)	09 (34.61)	26 (100)	-	04 (15.38)	10 (38.46)	12 (46.16)	26 (100)
Medium Farmers	-	19 (45.24)	17 (40.48)	06 (14.28)	42 (100)	-	18 (42.86)	16 (38.10)	08 (19.04)	42 (100)
Small Farmers	06 (12.24)	25 (51.02)	14 (28.57)	04 (8.17)	49 (100)	07 (14.29)	29 (59.18)	07 (14.29)	06 (12.24)	49 (100)
Marginal Farmers	26 (55.32)	11 (23.40)	06 (12.77)	04 (8.51)	47 (100)	28 (59.57)	12 (25.53)	07 (14.90)	00 (00)	47 (100)
Labourers	32 (69.56)	05 (10.87)	04 (8.70)	05 (10.87)	46 (100)	34 (73.91)	06 (13.05)	03 (6.52)	03 (6.52)	46 (100)
Grand Total	64 (30.48)	66 (31.43)	52 (24.76)	28 (13.33)	210 (100)	69 (32.86)	69 (32.86)	43 (20.47)	29 (13.81)	210 (100)

**Source:** Fieldwork (2003).

Note-Figures in the bracket represent percentage to total.

Now we proceed to examine the role of both the banks (PNB and CCB) in the rural development taking into consideration the above said parameters.

The table 4.1 shows the classification of the sample population in different categories based on their level of income. There are four categories; first category comprises the households having their income below from Rs.25000. The second category includes the households having their income greater than Rs.25000 and up to Rs.50000. The third category comprises the households, who have their income greater than Rs.50000 and up to Rs. one lakh. The last category is associated with the income group above Rs. one lakh. The table further shows that in case of PNB, out of total sample households the highest and lowest proportion of households lies in the category of Rs.25001-50000 and above Rs. one lakh. It comes 31.43 percent and 13.33 percent respectively. While in case of CCB, out of total sample households the highest and the lowest proportion of household's lies in the category of Rs.0-25000, 25001-50000 and above Rs. one lakh. It comes 32.86 percent and 13.81 percent respectively.

**Table-4.2: Bank-wise/Category-wise Source of Income of Households**

Category	PNB					CCB				
	Agri culture	Service	Self-Employment	Wages	Total	Agri culture	Service	Self-Employment	Wages	Total
Big Farmers	14 (53.84)	09 (34.62)	03 (11.54)	-	26 (100)	16 (61.54)	08 (30.77)	02 (7.69)	-	26 (100)
Medium Farmers	22 (52.38)	15 (35.72)	05 (11.90)	-	42 (100)	29 (69.05)	09 (21.43)	04 (9.52)	-	42 (100)
Small Farmers	29 (59.18)	13 (26.53)	07 (14.29)	-	49 (100)	36 (73.47)	09 (18.37)	04 (8.16)	-	49 (100)
Marginal Farmers	18 (38.30)	13 (27.66)	06 (12.76)	10 (21.28)	47 (100)	20 (42.56)	13 (27.66)	06 (12.76)	08 (17.02)	47 (100)
Labour labourers	-	05 (10.87)	06 (13.04)	35 (76.09)	46 (100)	-	03 (6.52)	06 (13.04)	37 (80.44)	46 (100)
Grand Total	83 (39.52)	55 (26.19)	27 (12.86)	45 (21.43)	210 (100)	101 (48.10)	42 (20.00)	22 (10.47)	45 (21.43)	210 (100)

**Source:** Fieldwork (2003).

Note-Figures in the bracket represents percentage to total.

In the table 4.2, we have classified the sample population in different categories based on their main source of income. There are four categories first category comprises the households whose main source of income is agriculture. The second category includes of the households whose main source of income is service. The third category is comprises the households whose main source of income is self-employment. The last category is associated with the households whose main source of income is wages. The table further shows that in case of PNB, out of total sample households 39.52, 26.19, 12.86 and 21.43 percent households are dependent on agriculture, service, self-employment and wages as their main source of income. While in case of CCB, out of total sample households 48.10, 20.00, 10.47 and 21.43 percent households are related to whom main source of income is agriculture, service, self-employment and wages respectively.

**Table-4.3: Bank-wise/Category-wise Bank Loan of Households**

Category	PNB					CCB				
	0-25000	25001-50000	50001-100000	Above One Lakh	Total	0-25000	25001-50000	50001-100000	Above One Lakh	Total
Big Farmers	02 (7.69)	03 (11.54)	12 (46.15)	09 (34.62)	26 (100)	01 (3.85)	04 (15.38)	14 (53.85)	07 (26.92)	26 (100)
Medium Farmers	06 (14.28)	11 (26.19)	17 (40.48)	08 (19.05)	42 (100)	08 (19.05)	13 (30.95)	15 (35.71)	06 (14.29)	42 (100)
Small Farmers	15 (30.61)	16 (32.65)	09 (18.37)	09 (18.37)	49 (100)	18 (36.73)	18 (36.73)	06 (12.25)	07 (14.29)	49 (100)
Marginal Farmers	15 (31.91)	15 (31.91)	11 (23.41)	06 (12.77)	47 (100)	24 (51.06)	11 (23.40)	04 (8.52)	08 (17.02)	47 (100)
Labou rers	15 (32.60)	22 (47.83)	05 (10.87)	04 (8.7)	46 (100)	17 (36.96)	21 (45.65)	06 (13.04)	02 (4.35)	46 (100)
Grand Total	53 (25.24)	67 (31.90)	54 (25.72)	36 (17.14)	210 (100)	68 (32.39)	67 (31.90)	45 (21.43)	30 (14.28)	210 (100)

**Source:** Fieldwork (2003).

Note-Figures in the bracket represents percentage to total.

The table also shows that both the banks PNB and CCB have the highest percentage (39.52 and 48.10%) of households whose main source of income is agriculture and the lowest percentage of households lies in the category of self-employment (12.86 and 10.47%). But in case of agriculture as the main source of income CCB has relatively higher percentage (48.10 %) of sample households in comparison to PNB (39.52 %) in district Jhajjar. The data related that category wise/bank wise loan of households has been presented in table 4.3. The table shows that in case of PNB, out of total sample households 25.24, 31.90, 25.72 and 17.14 percent households are those who have taken loan (of the amount categories) in range of Rs.0-25000, Rs.25001-50000, Rs.50001-100000 and above Rs. one lakh respectively. The table depicts that the highest percentage (31.90%) of households who have taken loan from PNB comes in the loan range of Rs.25001-50000. While, the lowest percentage (17.14%) lies in the (category) loan range of Rs. above one lakh.

The contents of the table regarding inter category households shows that the range of loans varies from category to category. In case of big farmers the highest (46.15%) and the lowest (7.69%) percentage of households comes from the loan range of Rs.50001-100000 and Rs.0-25000 respectively. In case of medium farmers the highest percentage of house holds (40.48%) lies in the loan range of Rs.50001-100000 and the lowest (14.28%) lies in the loan range Rs.0-25000. In case of small farmers the highest percentage (32.65%) of households is associated with the loan range of Rs.25001-50000 and the lowest (18.37%) is related to Rs.50001-100000 and above Rs. one lakh. In case of marginal farmers the highest percentage (31.91%) of households lies in the loan range of Rs.0-25000 and Rs.25001-50000. While, the lowest

percentage (12.77%) lies in the loan range of Rs above one lakh. And in case of labourers the highest percentage (47.83%) of house holds lies in the loan range of Rs.25001-50000. While, the lowest percentage (8.70%) lies in the loan range of Rs. above one lakh in the district Jhajjar.

The table further shows that in case of CCB, out of total sample households 32.39, 31.90, 21.43 and 14.28 percent households are those who have taken loan in the range of Rs.0-25000, Rs.25001-50000, Rs.50001-100000 and above one lakh respectively. The table shows that the highest percentage (32.90%) of households who have taken loan from CCB comes in the loan range of Rs.0-25000. While the lowest percentage (14.28%) of household's lies in the loan range of Rs above one lakh

In case of big farmers the highest percentage (53.85%) and the lowest percentage (3.85%) of household's lies in the loan range of Rs.50001-100000 and Rs.0-25000 respectively. In case of medium farmers the highest percentage (35.71%) of households lies in the loan range of Rs.50001-100000 and the lowest percentage (14.29%) lies in the loan range Rs. above one lakh. In case of small farmers the highest percentage (36.73%) of households is associated with the loan range of Rs.0-25000 and Rs.25001-50000.

**Table-4.4:** Category-wise and Purpose-wise Distribution of Households Borrowing from PNB

PNB							
Category	Agric ulture	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total
Big Farmers	10 (38.46)	11 (42.31)	01 (3.85)	02 (7.69)	02 (7.69)	-	26 (100)
Medium Farmers	18 (42.86)	15 (35.72)	02 (4.76)	03 (7.14)	03 (7.14)	01 (2.38)	42 (100)
Small Farmers	17 (34.69)	14 (28.57)	02 (4.08)	08 (16.33)	07 (14.29)	01 (2.04)	49 (100)
Marginal Farmers	17 (36.17)	18 (38.30)	02 (4.26)	05 (10.64)	04 (8.51)	01 (2.12)	47 (100)
Labou rers	09 (19.57)	16 (34.79)	-	19 (41.30)	01 (2.17)	01 (2.17)	46 (100)
Grand Total	71 (33.81)	74 (35.24)	07 (3.33)	37 (17.62)	17 (8.10)	04 (1.90)	210 (100)

**Table-4.4 (continued):** Category-wise and Purpose-wise Distribution of Households Borrowing from CCB

CCB							
Category	Agric ulture	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total
Big Farmers	12 (46.15)	10 (38.46)	01 (3.85)	-	03 (11.54)	-	26 (100)
Medium Farmers	20 (47.62)	16 (38.10)	02 (4.76)	02 (4.76)	01 (2.38)	01 (2.38)	42 (100)
Small Farmers	19 (38.78)	16 (32.65)	06 (12.25)	04 (8.16)	03 (6.12)	01 (2.04)	49 (100)
Marginal Farmers	20 (42.55)	15 (31.91)	05 (10.64)	02 (4.26)	05 (10.64)	-	47 (100)
Labou rers	11 (23.92)	18 (39.13)	-	16 (34.78)	-	01 (2.17)	46 (100)
Grand Total	82 (39.05)	75 (35.71)	14 (6.67)	24 (11.43)	12 (5.71)	03 (1.43)	210 (100)

**Source:** Field work (2003).



Note-Figures in the bracket represents percentage to total.

- (i) In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- (iii) Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.
- (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

It has been noted that in case of PNB the highest percentage (31.90%) of households comes from the loan range of Rs.25001-50000. While in case of CCB the highest percentage (32.39%) of household's lies in the loan range of Rs.0-25000. It shows that CCB is engaged in providing loans to relatively poorer section of households.

The data regarding purpose wise loan have been presented in table 4.4. The table depicts that in case of PNB, out of total sample 33.81, 35.24, 3.33, 17.62, 8.10 and 1.90 percent households are those who have taken loan for the purpose of agriculture, allied activity, rural industry, small business, transport and others respectively. The highest percentage (35.24%) of the households is engaged in taking loan for the purpose of allied activities. And the lowest percentage (1.90%) goes to the purpose of others activities.

The table further shows that in case of CCB, out of total sample 39.05, 35.71, 6.67, 11.43, 5.71 and 1.43 percent households are those, who have taken loan for the purpose of agriculture, allied activity, rural industry, small business, transport and others respectively. The highest percentage (39.05%) of households goes for the purpose of agriculture. While, the lowest percentage (1.43%) of households is engaged in taking loan for the purpose of others activities in district Jhajjar.

The contents of the table further show that the highest percentage (35.24%) of households, in case of PNB, takes loan for the allied activities. While, for the CCB (39.05%) goes to the agriculture. The lowest percentages of households, in case of both the banks (PNB&CCB) take loan for the same purpose others activities in district Jhajjar.

**Table-4.5** Category-wise/Purpose-wise Average Amount of Bank Loan of the Households from PNB

PNB							
Category	Agric ulture	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total
Big Farmers	80000	94545	500000	175000	374500	-	132269
Medium Farmers	51111	62667	249500	163333	216333	500000	95190
Small Farmers	65000	95714	192500	81250	99714	299000	91367
Marginal	50882	39722	112500	64000	187500	199000	65404

Farmers							
Labourers	20000	70188	-	17105	80000	250000	42565
Grand Total	54507	69703	229857	57703	172118	312000	80695

**Table-4.5 (continued):** Category-wise/Purpose-wise Average Amount of Bank Loan of the Households from CCB

CCB							
Category	Agriculture	Allied Activity	Rural Industry	Small Business	Transport	Others	Total
Big Farmers	88667	90000	499000	-	416667	-	142808
Medium Farmers	54300	59375	499500	100000	250000	200000	87738
Small Farmers	43421	32000	73333	93750	233000	200000	62265
Marginal Farmers	57150	71000	131000	62500	139800	-	78447
Labourers	20455	66000	-	24688	-	199000	43630
Grand Total	52963	61533	185214	45625	241500	199667	76872

**Source:** Field work (2003).

- (i) In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- (iii) Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar-cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.
- (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc

The table 4.5 is related with the data pertaining to average amount of loan category-wise and bank-wise. The table exhibits that in case of PNB, for the total sample, average loan comes out to be Rs.80695 that is relatively higher in comparison to CCB (Rs.76872). In case of PNB, out of total sample, the highest average amount of bank loan (Rs.312000) comes from the category of others. And the lowest average amount of bank loan (Rs.54507) is associated with the category of agriculture. In case of big farmers, the highest average amount of bank loan (Rs.500000) lies in the category of rural industry. While, the lowest amount (Rs.80000) lies in the category of agriculture. In case of medium, small and marginal farmers the highest average amount (Rs.500000, Rs.299000 and Rs.199000) lies from the category of others. While the lowest average amount (Rs.51111, Rs.65000 and Rs.50882) for these categories, is related with the agriculture respectively. In case of labourers the highest average amount (Rs.250000) lies in

the category others, while the lowest (Rs.17105) is related with the small business in the district Jhajjar.

The contents of the table further shows that in case of CCB, out of total sample the highest average amount of bank loan (Rs.241500) lies in the category of transport. While the lowest average amount (Rs.45625) is related to the category of small business. In case of big and medium farmers the highest average amount (Rs.499000 and Rs.499500) lies in the category of rural industry. And the lowest average amount (Rs.88667 and Rs.54300) is associated with the category of agriculture respectively. In case of small and marginal farmers the highest average amount (Rs.233000 and Rs.139800) of loan comes from the category of transport. While, the lowest (Rs.43421 and Rs.57150) lies in the category of agriculture respectively.

It has been noted that in case of PNB the highest average amount (Rs.312000) of bank loan comes from the category of others. While in case of CCB it (Rs.241500) comes from the category of transport. The lowest average amount of bank loan for PNB (Rs.54507) comes from the category of agriculture and for the CCB it (Rs.45625) is related to the category of small business.

The data pertaining to bank visits made by the households in the process of loan taking households in the table 4.6. The table shows that in case of both the banks the

highest proportions of the households visited banks for taking loan in the range of 6 to 10 times.

The data relating to per rupee borrowing cost (bank wise) have been presented in table 4.7. The table shows that per rupee borrowing cost for PNB has been recorded as Rs.0.048, which is lower than CCB as Rs.0.052. In case of PNB the

**Table-4.6:** Bank-wise/Category wise Visits of Households to the Banks for Loan

Category	PNB					CCB				
	0-5 Times	6-10 Times	11-15 Times	15-20 Times	Total	0-5 Times	6-10 Times	11-15 Times	15-20 Times	Total
Big Farmers	22 (84.62)	04 (15.38)	00	00	26 (100)	23 (88.46)	03 (11.54)	00	00	26 (100)
Medium Farmers	23 (54.76)	17 (40.48)	02 (4.76)	00	42 (100)	18 (42.86)	20 (47.62)	04 (9.52)	00	42 (100)
Small Farmers	20 (40.82)	25 (51.02)	04 (8.16)	00	49 (100)	12 (24.49)	26 (53.06)	10 (20.41)	01 (2.04)	49 (100)
Marginal Farmers	18 (38.30)	27 (57.45)	02 (4.25)	00	47 (100)	15 (31.91)	25 (53.19)	06 (12.77)	01 (2.13)	47 (100)
Labourers	10 (21.74)	25 (54.35)	11 (23.91)	00	46 (100)	07 (15.22)	22 (47.83)	14 (30.43)	03 (6.52)	46 (100)
Grand Total	93 (44.29)	98 (46.66)	19 (9.05)	00	210 (100)	75 (35.71)	96 (45.71)	34 (16.19)	05 (2.39)	210 (100)

**Source:** Field work (2003).

Note-Figures in the bracket represent percentage to total.

**Table-4.7:** Bank-wise/Amount-wise/Category-wise Per Rupee Borrowing Cost of Bank Loan to Households

Category of Amount	PNB	CCB	Category	PNB	CCB
	Borrowing Cost	Borrowing Cost		Borrowing Cost	Borrowing Cost
0-25000	0.074	0.072	Big Farmers	0.022	0.024
25001-50000	0.065	0.084	Medium Farmers	0.042	0.050

50001-100000	0.052	0.052	Small Farmers	0.058	0.064
Above one Lakhs	0.035	0.039	Marginal Farmers	0.052	0.050
Total Cost	0.048	0.052	Labourers	0.074	0.091
-	-	-	Total	0.048	0.052

**Source:** Fieldwork (2003).

Highest borrowing cost brings out to be Rs.0.074 in the amount category of Rs.0-25000. While, the lowest cost (Rs.0.035) has been recorded in the amount category of Rs above one lakh. While in case of CCB the amount category of Rs.25001-50000 and Rs. above one lakh have the highest (Rs.0.084) and the lowest (Rs.0.039) per rupee borrowing cost respectively. It shows that per rupee borrowing cost for higher amount is less and for the lower amount is high

**Table-4.8:** Category-wise/Purpose-wise Average Borrowing Cost of Bank Loans to the Households from PNB

PNB									
Category	Average Loan (1)	Agriculture	Allied Activity	Rural Industry	Small Business	Transport	Others	Total (8)	8 as % of 1
Big Farmers	132269	1200	1382	9800	9600	9250	-	2873	2.17
Medium Farmers	95190	1044	6149	5750	6000	6917	6000	3983	4.19
Small Farmers	91367	1145	9574	6850	6288	5071	5000	5265	5.76
Marginal Farmers	65404	1072	4018	7450	4608	6375	5500	3394	5.19
Labourers	42565	1667	5686	-	1408	5800	6000	3142	7.38
Grand Total	80695	1176	5470	7129	3711	6238	5625	3829	4.75

**Table-4.8 (continued):** Category-wise/Purpose-wise Average Borrowing Cost of Bank Loans to the Households from CCB

CCB									
Category	Average Loan (1)	Agriculture	Allied Activity	Rural Industry	Small Business	Transport	Others	Total (8)	8 as % of 1
Big Farmers	142808	1313	2985	18500	-	7667	-	3350	2.35
Medium Farmers	87738	1204	6330	17275	5250	10500	4500	4414	5.03
Small Farmers	62265	1404	5753	4167	4243	9583	5500	3979	6.39
Marginal Farmers	78447	1225	6006	5954	3945	6400	-	3920	5.00
Labourers	43630	1809	6043	-	3076	-	4800	3972	9.11
Grand Total	76872	1353	5627	7701	3524	7854	4933	3973	5.17

**Source:** Field work (2003).

Note-Figures in the bracket represent percentage to total.

- (i) In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- (iii) Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.
- (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

The table further shows that in case of both the banks PNB and CCB big farmers and labourers have the lowest (Rs.0.022 and Rs.0.024) and the highest (Rs.0.074 and Rs.0.091) per rupee borrowing cost respectively. It means big farmers have the lowest per rupee borrowing cost and the labourers have the highest per rupee borrowing cost. However, CCB has relatively higher per rupee borrowing cost in both the category big farmers and labours in comparison to PNB.

The table 4.8 contains data regarding average borrowing cost (bank wise & purpose wise). The average borrowing cost for the total sample household comes out to be Rs.3829 in case of PNB. In case of PNB, out of total borrowing cost of total sample, rural industry and agriculture have the highest (Rs.7129) and the lowest (Rs.1176) average borrowing cost respectively. It has been observed that on an average 4.75 percent amount of bank loan goes in the borrowing cost. Big farmers have the lowest percentage (2.17%) amount of bank loan that goes in the borrowing cost. While labourers have the highest percentage (7.38%) amount of bank loan which goes in terms of borrowing cost.

In case of CCB, for the total sample households, average borrowing cost has been found as Rs.3973. The category rural industry has the highest average (Rs.7701) borrowing cost. While the category agriculture have the lowest average (Rs.1353) borrowing cost. In case of total sample households 5.17 percent amount of total loan goes in terms of borrowing cost.

It has been noted that the highest (9.11%) and the lowest (2.35%) percentage of loans that goes in terms of borrowing cost has been related to the categories of labourers and big farmers respectively.

**Table-4.9:** Category-wise/Purpose-wise Per-Rupee Borrowing Cost of Bank Loan to the Households from PNB

PNB							
Category	Agricu lture	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total
Big Farmers	0.150	0.015	0.020	0.055	0.025	-	0.022
Medium Farmers	0.020	0.098	0.023	0.037	0.032	0.012	0.042
Small Farmers	0.018	0.100	0.036	0.077	0.051	0.017	0.058
Marginal Farmers	0.021	0.101	0.066	0.072	0.034	0.028	0.052
Labourers	0.083	0.081	-	0.082	0.073	0.024	0.074
Grand Total	0.022	0.078	0.031	0.064	0.036	0.018	0.048

**Table-4.9 (continued):** Category-wise/Purpose-wise Per-Rupee Borrowing Cost of Bank Loan to the Households from CCB

CCB							
Category	Agriculture	Allied Activity	Rural Industry	Small Business	Transport	Others	Total
Big Farmers	0.015	0.033	0.037	-	0.018	-	0.024
Medium Farmers	0.022	0.107	0.035	0.053	0.042	0.023	0.050
Small Farmers	0.032	0.180	0.057	0.045	0.041	0.028	0.064
Marginal Farmers	0.021	0.085	0.045	0.063	0.046	-	0.050
Labourers	0.088	0.092	-	0.125	-	0.024	0.091
Grand Total	0.026	0.091	0.042	0.077	0.033	0.025	0.052

**Source:** Field work (2003).

- (i) In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- (iii) Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.
- (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

The data pertaining to activity-wise borrowing cost have been presented in table 4.9. The table exhibits that in case of PNB, per rupee borrowing cost comes out to be Rs.0.022, Rs.0.078, Rs.0.031, Rs.0.064, Rs.0.036 and Rs.0.018 for the agriculture, allied activity, rural industry, small business, transport and others respectively. The allied activities have the highest per rupee (Rs.0.078) borrowing cost. While the category of others have the lowest (Rs.0.018) per rupee borrowing cost. The big farmers have the lowest (Rs.0.022) per rupee borrowing cost. While the labourers have the highest (Rs.0.074) per rupee borrowing cost in district Jhajjar.

In case of CCB, per rupee borrowing cost has been Rs.0.026, Rs.0.091, Rs.0.042, Rs.0.077, Rs.0.033, and Rs.0.025, for the agriculture, allied activities, rural industry, small business, transport and others respectively. The allied activities have the highest per rupee (Rs.0.091) borrowing cost. While others have the lowest (Rs.0.025) per rupee borrowing cost. The big farmers have the lowest per rupee (Rs.0.024) borrowing cost and the laborers have the highest per rupee (Rs.0.091) borrowing cost.

The table also shows that PNB has relatively lower (Rs.0.048) per rupee borrowing cost in comparison to CCB (Rs.0.052). Because beneficiaries of CCB had to visit the bank more time

in comparison to PNB. And they misutilised the more loan amount in comparison to PNB. They have also given more bribes for bank loan to the bank employees.

The table 4.10 contains the data regarding the components of borrowing cost. The table shows that in case of PNB, out of total borrowing cost of bank loan, the highest amount goes in terms of bribe to bank employees. On an average it comes out to be Rs.1782. It constitutes the highest percentage (2.21%) of the total loan. In case of document preparation average amount of cost has been found as Rs.1425. It is 1.77 percent of the total loan. The average amount of opportunities cost (work living cost) comes out to be Rs.622. It comes 0.77 percent of the total loan which is the lowest cost component in total borrowing cost.

While in case of CCB the average amount of bribe document preparation and opportunities has been comes out to be Rs.1956, 1364 and 653 that turns out to be 2.55 percent, 1.77 percent and 0.85 percent of the total loan respectively.

**Table-4.10:** Category-wise/Purpose-wise Average Borrowing Cost of Bank Loan to the Households from PNB

PNB									
Category	Average Loan (1)	Bribe to Bank Employees (2)	2 as % of 1 (3)	Cost of Document Preparation (4)	4 as % of 1 (5)	Opportunity Cost (6)	6 as % of 1 (7)	Total (8)	8 as % of 1 (9)
Big Farmers	132269	1146	0.87	1458	1.10	269	0.20	2873	2.17
Medium Farmers	95190	1643	1.73	1900	2.00	440	0.46	3983	4.19
Small Farmers	91367	2284	2.50	2259	2.47	723	0.79	5265	5.76
Marginal Farmers	65404	2036	3.11	658	1.01	700	1.07	3394	5.19
Labourers	42565	1472	3.46	867	2.04	802	1.88	3142	7.38
Grand Total	80695	1782	2.21	1425	1.77	622	0.77	3829	4.75

**Table-4.10 (continued):** Category-wise/Purpose-wise Average Borrowing Cost of Bank Loan to the Households from CCB

CCB									
Category	Average Loan (1)	Bribe to Bank Employees (2)	2 as % of 1s (3)	Cost of Document Preparation (4)	4 as % of 1 (5)	Opportunity Cost (6)	6 as % of 1 (7)	Total (8)	8 as % of 1 (9)
Big Farmers	142808	1077	0.75	1831	1.28	422	0.32	3350	2.35
Medium Farmers	87738	1783	2.03	2090	2.38	541	0.62	4414	5.03
Small Farmers	62265	1906	3.06	1466	2.35	606	0.98	3979	6.39
Marginal Farmers	78447	2366	3.02	812	1.03	743	0.95	3920	5.00

Labourers	43630	2247	5.15	892	2.05	833	1.91	397 2	9.11
Grand Total	76872	1956	2.55	1364	1.77	653	0.85	397 3	5.17

**Source:** Field work (2003).

- (i) In the cost of document preparation- we included Fair plus other expenses as fees of Patwari, fees of Doctor and other documents fee etc.
- (ii) In the opportunity cost- we included cost of the living work (Rs. 100 per day).
- (iii) Bribe to bank employees- we included that amount which was given to bank employees to taken loan.

It has been noted that both the banks PNB and CCB bribe to bank employees constitute the highest percentage to the total loan. However, CCB have relatively higher average amount of bribe and opportunity cost (Rs.1956 and Rs.653) in comparison to PNB (Rs.1782 and Rs.622) respectively. The CCB has relatively higher percentage (5.17%) of borrowing cost to total bank loan in comparison to PNB (4.75%).

**Table-4.11:** Bank-wise/Category-wise Average & Per-Rupee Asset Generation from Bank Loan by the Households

Category	PNB				CCB			
	Average Loan (1)	Asset Generat ion(2)	2 as %age of 1	Per- Rupee	Total Loan (1)	Asset Generat ion(2)	2 as % age of 1	Per- Rupee
Big Farmers	132269	103077	38.96	0.390	142808	150800	40.61	0.406
Medium Farmers	95190	53125	42.52	0.425	87738	43464	33.03	0.330
Small Farmers	91367	35000	29.71	0.297	62265	45438	47.66	0.477
Marginal Farmers	65404	36875	38.39	0.384	78447	34765	32.06	0.321
Labourers	42565	10370	14.30	0.143	43630	8478	9.72	0.097
Grand Total	80695	40697	34.10	0.341	76872	35228	27.71	0.277

**Source:** Field work (2003).

The table 4.11 contains data regarding utilization of bank loan. The table shows that in case of PNB 34.10 percent amount of bank loan is used in asset generation. As far as the categories of big, medium, small and marginal farmers and laborers are concerned; it has been found that 38.96, 42.52, 29.71, 38.39 and 14.30 percent of total loan is used as asset generation respectively. Per rupee asset generation comes out to be Rs.0.341. It is noted that the medium farmers have generated the highest per rupee asset (Rs.0.425) from the bank loan. While the laborers have generated the lowest per rupees asset (Rs.0.143) from bank loan. On an average amount of asset generation by the PNB's beneficiaries turns out to be Rs.19570.

In case of CCB, the households use 27.71 percent amount of total loan is used in asset generation. It has been found that 40.61, 33.03, 47.66, 32.06 and 9.72 percent amount of the total loans is used in asset generation by big, medium, small and marginal farmers and laborers respectively. Per rupee asset generation comes out to



**Table-4.12:** Category-wise/Purpose-wise Asset Generating Households from PNB

PNB									
Category	Total	Agri. Equip Mint	Animal Husbandry (3)	Gardening (4)	Rural Industry (5)	Transport (6)	Others (7)	Total (8)	8 as % of 1
	(1)	(2)							
Big Farmers	26	02 (15.39)	06 (46.15)	01 (7.69)	01 (15.39)	02 (15.39)	01 (7.69)	13 (100)	50.00
Medium Farmers	42	14 (43.75)	12 (37.50)	-	02 (6.25)	03 (9.38)	01 (3.12)	32 (100)	76.19
Small Farmers	49	16 (42.11)	11 (28.95)	-	02 (5.26)	07 (18.42)	02 (5.26)	38 (100)	77.55
Marginal Farmers	47	11 (34.38)	12 (37.50)	-	01 (3.12)	04 (12.50)	04 (12.50)	32 (100)	68.09
Labourers	46	04 (14.81)	10 (37.04)	-	-	01 (3.70)	12 (44.45)	27 (100)	58.70
Grand Total	210	47 (33.10)	51 (35.92)	01 (0.70)	06 (4.23)	17 (11.97)	20 (14.08)	142 (100)	67.62

**Table-4.12 (continued):** Category-wise/ Purpose -wise Asset Generating Households from CCB

CCB									
Category	Total	Agri. Equip Mint	Animal Husbandry (3)	Gardening (4)	Rural Industry (5)	Transport (6)	Others (7)	Total (8)	8 as % of 1
	(1)	(2)							
Big Farmers	26	-	06 (60.00)	01 (10.00)	-	03 (30.00)	-	10 (100)	38.46
Medium Farmers	42	07 (25.00)	13 (46.43)	-	02 (7.14)	01 (3.57)	05 (17.86)	28 (100)	66.67
Small Farmers	49	16 (50.00)	08 (25.00)	-	02 (6.25)	03 (9.37)	03 (9.38)	32 (100)	65.31
Marginal Farmers	47	17 (50.00)	08 (23.53)	-	02 (5.88)	05 (14.71)	02 (5.88)	34 (100)	72.34
Labourers	46	04 (17.39)	18 (78.26)	-	-	-	01 (4.35)	23 (100)	50.00
Grand Total	210	44 (34.65)	53 (41.73)	01 (0.79)	06 (4.72)	12 (9.45)	11 (8.66)	127 (100)	60.48

*Source:* Field work (2003).

Note-Figures in the bracket represent percentage to total.

- (i) In the Agriculture equipment -we included Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the animal husbandry - we included Dairy, Sheep and Goat, Poultry farm, Pig farm, Fishery etc.
- (ii) In the Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar-cane, Ice factory etc.
- (iv) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (v) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

Be Rs.0.277. The small farmers have generated the highest per rupee asset (Rs.0.477) from the bank loan.

While the laborers have generated the lowest per rupee asset (Rs.0.097) from bank loan. On an average the amount of asset generated by the CCB's beneficiaries turns out to be Rs.35228.

It has been noted that PNB has relatively higher per rupee asset generation (Rs.0.341) in comparison to CCB (Rs.0.277).

The data regarding the households who generated asset from bank loan has been presented in table 4.12. The table exhibits that in case of PNB, out of total sample households 67.62 percent households generated the asset from bank loan. In case of big, medium, small and marginal farmers and laborers 50.00, 76.19, 77.55, 68.09, and 58.70 percent households generated the asset from bank loan respectively. The highest percentage (77.55%) of asset generating households comes from the category of small farmers. And the lowest percentage (50.00%) of asset generating household's lies in the category of big farmers. Out of total asset generated households 33.10, 35.92, 0.70, 4.23, 11.97 and 14.08 percent households generated the asset as agriculture equipment, animal husbandry, gardening, rural industry, transport and others respectively. Out of total asset generating households the highest (35.92%) and lowest (0.70%) percentage asset is generated in animal husbandry and gardening respectively.

In case of CCB, out of total sample households 60.48 percent households generated asset from bank loan. It is noted that big, medium, small and marginal farmers and labourers who generated the asset from bank loan has been 38.46, 66.67, 65.31, 72.34 and 50.00 percent respectively. The highest percentage (72.34%) of asset-generated households comes from the category of marginal farmers. While the lowest percentage (38.46%) of asset generating households lies in the category of big farmers. Out of total asset generating households 34.65, 41.73, 0.79, 4.72, 9.45 and 8.66 percent households generated the asset as agriculture equipment, animal husbandry, gardening, rural industry, transport and others respectively.

**Table-4.13:** Category-wise/Purpose-wise Average Asset Generation from Bank Loan by the Households from PNB

PNB									
Category	Average Loan (1)	Agri. Equip mint(2)	Animal Husba ndry(3)	Garde ning (4)	Rural Industry (5)	Trans Port (6)	Others (7)	Total (8)	8 as % of 1
Big Farmers	132269	40000	19333	90000	160000	374500	145000	103077	38.96
Medium Farmers	95190	23857	27250	-	150000	216333	90000	53125	42.52
Small Farmers	91367	19375	12591	-	38500	99714	53250	35000	29.71
Marginal Farmers	65404	9545	12583	-	40000	187500	33500	36875	38.39
Labourers	42565	9250	6300	-	-	80000	8333	10370	14.30
Grand Total	80695	18426	15598	90000	96167	172118	28775	40697	34.10

**Table-4.13 (continued):** Category-wise/ Purpose -wise Average Asset Generation from Bank Loan by the Households from CCB

CCB									
Category	Average Loan (1)	Agri. Equip mint(2)	Animal Husba ndry(3)	Garde ning (4)	Rural Industry (5)	Trans Port (6)	Others (7)	Total (8)	8 as % of 1
Big Farmers	142808	-	26667	98000	-	416667	-	150800	40.61
Medium Farmers	87738	16714	14692	-	249500	250000	32000	43464	33.03
Small	62265	11813	28875	-	125000	233000	28333	45438	47.66

Farmers									
Marginal Farmers	78447	10000	8500	-	100000	139800	22500	34765	32.06
Labourers	43630	8750	4722	-	-	-	75000	8478	9.72
Grand Total	76872	11614	13868	98000	158167	241500	33182	35228	27.71

**Source:** Field work (2003).

- (i) In the Agriculture equipment -we included Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the animal husbandry - we included Dairy, Sheep and Goat, Poultry farm, Pig farm, Fishery etc.
- (iii) In the Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar-cane, Ice factory etc.
- iv (iv) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (iv) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

The highest and the lowest (41.73% and 0.79%) of the total asset generating households generated asset in animal husbandry and gardening respectively.

The table further shows that out of total sample households, relatively higher percentage (67.52%) of PNB's beneficiaries generated asset in comparison to CCB (60.48%). It is noted that in case of the banks PNB and CCB, the highest and the lowest of asset generating households related to the animal husbandry and gardening respectively.

The data regarding the average asset generation from bank loan has been presented in table 4.13. The table depicts that in case of PNB, the households used only 34.10 percent amount of bank loan in asset generation. In case of big, medium, small and marginal farmers and labourers 38.96, 42.52, 29.71, 38.39 and 14.30 percent of total loan used in asset generation respectively. The highest (42.52%) and the lowest (14.30%) percentage of total loan used in asset generation by medium farmers and labourers respectively.

The table further shows that out of total loan, average amount of asset generation comes out to be Rs.40697 for all sample households. The highest (Rs.103077) and the lowest (Rs.10370) average amount of asset generation lies in the categories of big farmers and the labourers respectively. Further, out of total loan, the highest (Rs.172118) and lowest (Rs.18426) average asset is generated in the transport and agriculture equipment respectively in district Jhajjar.

In case of CCB, only 27.71 percent of total loan used in asset generation by the households. In case of big, medium, small and marginal farmers and labourers 40.61, 33.03, 47.66, 32.06 and 9.72 percent of the total loan is used in asset generation respectively. The highest (47.66%) and the lowest (9.72%) percentage of total loan is used in asset generation by small farmers and the labourers respectively.

The table further shows that out of total loan, average amount of asset generation comes out to be Rs.35228 for all sample households. The highest (Rs.150800) and lowest (Rs.8478) average amount of asset generation lies in the categories of big farmers and labourers respectively. Further, out of total loan, the highest (Rs.241500) and the lowest (Rs.11614) average asset is generated in transport and agriculture equipment respectively.

It has to be noted that the table clearly shows the beneficiaries of PNB has used relatively higher percentage (34.10%) of total bank loan in asset generation in comparison to CCB (27.71%). It

happened mainly, because the borrowing cost of PNB's loan is relatively low in comparison to CCB. Because, PNB's beneficiaries has also relatively given less bribe to bank employees and they have low opportunity cost in comparison to CCB. In both the banks, the highest asset is generated in the transport and the lowest asset is generated in agriculture equipment.

Table-4.14: Category-wise/Purpose-wise Average Amount of Asset Generation by Households from PNB

PNB															
	Agriculture			Allied Activity			Rural Industry			Transport			Others		
Category	Loan (1)	Asset Generation (2)	2 as % of 1	Loan (1)	Asset Generation (2)	2 as % of 1	Loan (1)	Asset Generation (2)	2 as % of 1	Loan (1)	Asset Generation (2)	2 as % of 1	Loan (1)	Asset Generation (2)	2 as % of 1
Big Farmers	80000	40000	10.00	94545	29429	19.81	50000	16000	32.00	374500	374500	100	-	-	-
Medium Farmers	51111	23857	36.30	62667	27250	34.79	249500	150000	60.12	216333	216333	100	500000	90000	18.00
Small Farmers	65000	19375	28.05	95714	12591	10.34	192500	38500	20.00	99714	99714	100	299000	53250	35.62
Marginal Farmers	50882	9545	12.14	39722	12583	21.12	112500	40000	17.73	187500	187500	100	199000	33500	67.34
Labourers	20000	9250	20.56	70188	6300	5.61	-	-	-	80000	80000	100	250000	8333	40.00
Grand Total	54507	18426	22.38	69703	17029	17.17	229857	96167	35.86	172118	172118	100	312000	28775	46.11*

**Source:** Field work (2003).

\* In this we included that asset also those are generated without given loan for that.

- (i) In the Allied Activities-we included Agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil,
- (ii) Electricity motor, making a well and other equipment etc.
- (ii) In the animal husbandry - we included Dairy, Sheep and Goat, Poultry farm, Pig farm, Fishery etc.
- (iii) In the Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- (iv) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (v) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

The table 4.14 contains data regarding to bank-wise/category-wise and purpose-wise asset generation. The table shows that in case of PNB, in agriculture sector, out of total loan only 22.38 percent amount is used in asset generation. In case of big, medium, small and marginal farmers and labourers 10.00, 36.30, 28.05, 12.14 and 20.56 percent of total loan is used in asset generation respectively. Medium and big farmers make the highest (36.30%) and the lowest (10.00%) percentage of asset generation in agriculture respectively.

**Table-4.14:** Category-wise/Purpose-wise Average Amount of Asset Generation by Households from PNB

PNB															
	Agriculture			Allied Activity			Rural Industry			Transport			Others		
Cat ego ry	Loa n  (1)	Ass et Ge ner atio n (2)	2 as % of 1	Loa n  (1)	Ass et Ge ner atio n (2)	2 as % of 1	Loan (1)	Asse t Gen erati on (2)	2 as % of 1	Loan (1)	Asse t Gen erati on (2)	2 as % of 1	Loan (1)	Ass et Ge ner atio n (2)	2 as % of 1
Big Far mer s	800 00	400 00	10.00	945 45	294 29	19.81	5000 00	1600 00	32.00	3745 00	3745 00	10.00	-	-	-
Me diu m Far mer s	511 11	238 57	36.30	626 67	272 50	34.79	2495 00	1500 00	60.12	2163 33	2163 33	10.00	5000 00	900 00	18.00
Sm all Far mer s	650 00	193 75	28.05	957 14	125 91	10.34	1925 00	3850 00	20.00	9971 4	9971 4	10.00	2990 00	532 50	35.62
Mar gina l Far mer s	508 82	954 5	12.14	397 22	125 83	21.12	1125 00	4000 00	17.78	1875 00	1875 00	10.00	1990 00	335 00	67.34
Lab our ers	200 00	925 00	20.56	701 88	630 00	5.61	-	-	-	8000 00	8000 00	10.00	2500 00	833 3	40.00
Gra nd Tot al	545 07	184 26	22.38	697 03	170 29	17.17	2298 57	9616 7	35.86	1721 18	1721 18	10.00	3120 00	287 75	46.11*

**Source:** Field work (2003).

\* In this we included that asset also those are generated without given loan for that.

- In the Allied -we included Activities Agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- In the animal husbandry - we included Dairy, Sheep and Goat, Poultry farm, Pig farm, Fishery etc.
- In the Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.

- (iv) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

Out of total loan, in allied activity only 17.17 percent amount is used in asset generation. In case of big, medium, small and marginal farmers and labourers 19.81, 34.79, 10.34, 21.12 and 5.61 percent of the total loans is used in asset generation respectively. Medium farmers and labourers make the highest (34.79%) and the lowest (5.61%) percentage of asset generation in allied activity respectively.

Out of total loan, in case of rural industry only 35.86 percent amount is used in asset generation. In case of big, medium, small and marginal farmers 32.00, 60.12, 20.00 and 17.78 percent of the total loan is used in asset generation respectively. The highest (60.12%) and the lowest (17.78%) proportion of total loan are used in asset generation by medium and marginal farmers respectively. It is noted that in the transport 100 percent loan is used in asset generation.

In case of others, out of total loan 46.11 percent is used in asset generation. In case of medium, small and marginal farmers and labourers 18.00, 35.62, 67.34 and 40.00 percent of total loan is used in asset generation respectively. Marginal and medium farmers use the highest (67.34%) and the lowest (18.00%) percentage of total loan in asset generation respectively.

In case of CCB, out of total loan, in agriculture only 11.77 percent amount is used in asset generation. In case of medium, small and marginal and labourers 10.77, 22.91, 14.87 and 15.56 percent amount of total loan is used in asset generation respectively. The highest (22.91%) and lowest (10.77%) percentage of asset generation is made by small and medium farmers respectively.

As far as allied activities are concerned, we find that out of total loan only 18.05 percent amount is used in asset generation. In case of big, medium, small and marginal farmers and labourers 28.67, 20.11, 45.12, 6.38 and 7.15 percent amount of total loan is used in asset generation respectively. The highest (45.12%) and the lowest (6.38%) percentage of asset generation lie in the categories of small and marginal farmers.

**Table-4.15:** Category-wise/ Purpose -wise Proper Utilising Households who Borrowed from PNB

PNB									
Category	Total (1)	Agric ulture	Allied Activity	Rura l Indu stry	Small Busines s	Trans port	Ot he rs	Total (8)	8 as % of 1
Big Farmers	26	04 (57.14)	-	-	01 (14.29)	02 (28.57)	-	07 (100)	26.92
Medium Farmers	42	06 (35.29)	06 (35.29)	-	02 (11.76)	03 (17.66)	-	17 (100)	40.48
Small Farmers	49	04 (19.05)	05 (23.81)	-	05 (23.81)	07 (33.33)	-	21 (100)	42.86
Marginal Farmers	47	06 (30.00)	07 (35.00)	-	03 (15.00)	04 (20.00)	-	20 (100)	42.55
Labourer s	46	02 (13.33)	03 (20.00)	-	09 (60.00)	01 (6.67)	-	15 (100)	32.61
Grand Total	210	22 (27.50)	21 (26.25)	-	20 (25.00)	17 (21.25)	-	80 (100)	38.10

**Table-4.15 (continued):** Category-wise/ Purpose -wise Proper Utilising Households who Borrowed from CCB

CCB									
Category	Total (1)	Agric ulture	Allied Activity	Rural Industry	Small Busines s	Trans port	Oth ers	Total (8)	8 as % of 1
Big Farmers	26	01 (16.67)	02 (33.33)	-	-	03 (50.00)	-	06 (100)	23.08
Medium Farmers	42	05 (31.25)	07 (43.75)	01 (6.25)	02 (12.50)	01 (6.25)	-	16 (100)	38.10
Small Farmers	49	04 (21.05)	08 (42.11)	01 (5.26)	03 (15.79)	03 (15.79)	-	19 (100)	38.78
Marginal Farmers	47	06 (33.33)	06 (33.33)	-	01 (5.56)	05 (27.78)	-	18 (100)	38.30
Labourer s	46	01 (10.00)	03 (30.00)	-	06 (60.00)	-	-	10 (100)	21.74
Grand Total	210	17 (24.64)	26 (37.68)	02 (2.90)	12 (17.39)	12 (17.39)	-	69 (100)	32.86

*Source:* Field work (2003).

Note-Figures in the bracket represents percentage to total.

In the proper utilisation- we consider that used 90 percent loan in those purpose for which loan was taken.

- (i) In the Agriculture equipment -we included Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the animal husbandry - we included Dairy, Sheep and Goat, Poultry farm, Pig farm, Fishery etc.
- (iii) In the Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker cycle & rickshaw etc.
- iv (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Non Productive as lick, House, Two-wheeler, Juicer of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

In case of rural industry, out of total loan only 36.60 percent amount is used in asset generation. In case of medium, small and marginal farmer's 49.95, 56.82 and 30.53 percent amount is used in asset generation respectively. Small and marginal farmers make the highest (56.82%) and the lowest (30.53%) percentage of asset generation respectively. As far as transport is concerned, we find that out of total loan 100 percent amount is used in asset generation.

In case of others, out of total loan only 60.93 percent amount is used in asset generation. In case of medium and small farmers and labourers 80.00, 42.50 and 37.69 percent amount is used in asset generation. The highest (80.00%) and the lowest (37.69%) percentage of asset generation lie in the categories medium farmers and labourers respectively.

It has been noted, the table makes it clear that PNB has relatively higher percentage amount of total loan that is used in asset generation in comparison to CCB.

The data pertaining bank-wise/category-wise and purpose-wise proper utilising households presented in table 4.15. The table depicts that in case of PNB, out of total sample households only 38.10 percent households used the bank loan properly. Proper use of bank loan means that 90 percent and above of loan is used in the purpose for which it was taken. In case of big, medium, small and marginal farmers and labourers 26.92, 40.48, 42.86, 42.55 and 32.61 percent households have made proper use of the bank loan respectively. The category of small and big farmers has utilized the bank loan properly as 42.86 percent and 26.92 percent, which is the highest and the lowest percentage respectively. Out of total proper utilizing households 27.50, 26.25, 25.00, and 21.25 percent of households made the use of loan, in agriculture, allied activities, small business and transport respectively. In the rural industry and others no one found to utilize loan properly. While in case of transport 100 percent of loan utilising properly. Because this loan is given in kind not in cash.

In case of CCB, out of total sample household's only 32.86 percent households has made proper utilization of bank loan. In case of big, medium, small and marginal farmers and laborers 23.08, 38.10, 38.78, 38.30 and 21.74 percent households used the bank loan in a proper manner respectively. The highest (38.78%) and the lowest (21.74%) percentage of households who used the bank loans properly lies from the category of small farmers and laborers respectively. Out of total proper utilizing households 24.64, 37.68, 2.90, 17.39, and 17.39 percent of households has made the properly utilization of loan in agriculture, allied activity, rural industry, small business and transport respectively. The highest (37.68%) and the lowest (2.90%) of properly utilized the bank loan lies from the allied activities and rural industry respectively.

The table further shows that PNB is performing better (38.10%) in proper utilization of bank loan in comparison to CCB (32.86%)

The table 4.16 containing the data bank-wise/purpose-wise proper utilization of average amount of bank loan. The table exhibits that in case of PNB, out of total loan 63.93 percent amount is used properly in small business. In case of big, medium, small and marginal farmers and laborers 42.86, 59.18, 76.92, 62.50 and 69.23 percent amount of total loan respectively has been used properly. The highest (76.92%) and the lowest (42.86%) percentage of amount properly utilized lies in the category of small and big farmers respectively.

**Table-4.16:** Bank-wise/Category-wise Proper Utilisation of Average Amount of Bank Loan by the Households in Small Business

PNB				CCB		
	Small Business			Small Business		
Category	Loan (1)	Proper Utilision (2)	2 as % of 1	Loan (1)	Proper Utilision (2)	2 as % of 1
Big Farmers	175000	150000	42.86	-	-	-
Medium Farmers	163333	145000	59.18	100000	100000	100
Small Farmers	81250	100000	76.92	93750	100000	80.00
Marginal Farmers	64000	66667	62.50	62500	90000	72.00
Labourers	17105	25000	69.23	24688	20000	30.38
Grand Total	57703	68250	63.93	45625	59167	64.84

*Source:* Field work (2003).

- In the proper utilision- we consider that used 90 percent loan in those purpose for which loan was taken and used less than 90 percentages is called mis-utilised.
- In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker cycle & rickshaw etc.



In case of CCB, out of total loan 64.84 percent amount is properly used in the category small business. In case of medium, small and marginal farmer's 100, 80.00, 72.00 and 30.88 percent amount of total loan is used properly respectively. The highest (100%) and the lowest (30.38%) of loan amount used properly lies in the category of medium farmers and laborers respectively.

It has been noted that in case of small business, CCB is performing better in comparison to PNB. Because CCB is utilizing relatively higher percentage (64.84%) of total loan properly in comparison to PNB (63.93%), but in absolute amount PNB is leading to CCB. On an average PNB is utilizing average amount Rs.68250 properly in small business as against to Rs.59167 in case of CCB.

**Table-4.17** Bank-wise/Category-wise/ Purpose –wise Average Proper Utilisation/ Mis-utilisation of Bank Loan by Households

Category	PNB					CCB				
	Loan (1)	Proper Utilised (2)	2 as % of 1 (3)	Mis- utilised (4)	4 as % of 1	Loan (1)	Proper Utilised (2)	2 as % of 1 (3)	Mis- utilised (4)	4 as % of 1
Big Farmers	132269	157000	31.96	123158	68.08	142808	223333	36.09	118650	63.91
Medium Farmers	95190	71118	30.24	111560	69.76	87738	72500	31.48	97115	68.52
Small Farmers	91367	67762	31.78	109071	68.22	62265	87053	54.21	46567	45.79
Marginal Farmers	65404	59500	38.71	69778	61.29	78447	68833	33.60	84414	66.40
Labou rers	42565	27000	20.68	50097	79.32	43630	20200	10.06	50139	89.94
Grand Total	80695	66575	31.43	89385	68.57	76872	81087	34.66	74809	65.34

**Source:** Field work (2003).

In the proper utilisation- we consider that used 90 percent loan in those purpose for which loan was taken and used less than 90 percentages is called mis-utilised.

The tables 4.17 contain data regarding bank-wise/ category-wise and purpose-wise average proper utilization and mis-utilisation of bank loan. The table depicts that in case of PNB, out of total loan only 31.43 percent the sample households utilize amount properly. In case of big, medium, small and marginal farmers and laborers 31.96, 30.24, 31.78, 38.71, and 20.68 percent of total loan has utilized properly respectively. Marginal farmers and laborers make the highest (38.71%) and the lowest (20.68%) proper utilized amount respectively. While, (68.57%) rest of the amount of total loan has been mis-utilised by the households. The highest (79.32%) percentage of miss-utilized amount comes from the category of laborers. While the lowest (61.29%) percentage of mis-utilised amount lies in the category of marginal farmers.

**Table-4.18:** Category-wise/ Purpose -wise Average Proper Utilisation of Bank Loan by the Households from PNB

PNB									
Category	Loan (1)	Agric ulture	Allied Activi ty	Rural Indust ry	Small Business	Trans port	Others	Total (8)	8 as % of 1
Big Farmers	132269	50000	-	-	150000	374500	-	157000	31.96
Medium	95190	25000	20000	-	145000	216333	-	71118	30.24

Farmers									
Small Farmers	91367	31250	20000	-	100000	99714	-	67762	31.78
Marginal Farmers	65404	16667	20000	-	66667	187500	-	59500	38.71
Labourers	42565	20000	20000	-	25000	80000	-	27000	20.68
Grand Total	80695	27955	20000	-	68250	172118	-	66575	31.43

**Table-4.18 (Continued):** Category-wise/ Purpose -wise Average Proper Utilisation of Bank Loan by the Households from CCB

CCB									
Category	Loan (1)	Agriculture	Allied Activity	Rural Industry	Small Business	Transport	Others	Total (8)	8 as % of 1
Big Farmers	142808	50000	20000	-	-	416667	-	223333	36.09
Medium Farmers	87738	24000	48571	250000	100000	250000	-	72500	31.48
Small Farmers	62265	43750	35000	200000	100000	233000	-	87053	54.21
Marginal Farmers	78447	33333	41667	-	90000	139800	-	68833	33.60
Labourers	43630	25000	19000	-	20000	-	-	20200	10.06
Grand Total	76872	33529	37192	225000	59167	241500	-	81087	34.66

**Source:** Field work (2003).

In the proper utilisation- we consider that used 90 percent loan in those purpose for which loan was taken.

- In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker, cycle & rickshaw etc.
- In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- In the others- we included Non Productive as lick, House, Two-wheeler, Juser of Sugar-cane, Chaki & Gandasa for house use, other consumption goods etc.

In case of CCB, out of total loan only 34.66 percent the sample households utilize amount properly. In case of big, medium, small and marginal farmers and laborers 36.09, 31.48, 54.21, 33.60 and 10.06 percent amount is used properly respectively. The highest (54.21%) and the lowest (10.06%) percentage of proper utilization of bank loan lie in the category of small farmers and laborers respectively.

And (65.34%) rest of the amount is mis-utilised by the households. The highest (89.94%) and the lowest (45.79%) percentage of mis-utilisation have been made in the category of laborers and small farmers respectively.

The table makes it clear that CCB is performing better with 34.66 percent proper utilization of bank loan in comparison of PNB as 31.43 percent.

The data containing bank-wise/purpose-wise average proper utilization of bank loan is presented in table 4.18. The table depicts that in case of PNB, out of total loan, average amount of loan that properly utilized by households comes out to be Rs.66575. In case of big, medium, small and marginal farmers and laborers the average amount of loan happens to be Rs.157000, Rs.71118, Rs.67762, Rs.59500 and Rs.27000 respectively. The highest average amount (Rs.157000) of properly utilized comes from the category of big farmers. While the lowest average amount (Rs.27000) lies in the category of laborers.

**Table-4.19:** Category-wise Distribution of Households Who Diverted to Mis-utilised Loan for Productive/Unproductive Purposes from PNB

PNB									
Category	No Who Mis-utilised (1)	Fully Productive (2)	2 as % of 1 (3)	Partially Prod./ Un prod. (4)	4 as % of 1 (5)	Total 2+4 (6)	6 as % of 1 (7)	Fully Mis-utilised (8)	8 as % of 1 (9)
Big Farmers	19	06	31.58	04	21.05	10	52.63	09	47.37
Medium Farmers	25	05	20.00	06	24.00	11	44.00	14	56.00
Small Farmers	28	07	25.00	05	17.86	12	42.86	16	57.14
Marginal Farmers	27	02	7.41	08	29.63	10	37.04	17	69.96
Labourers	31	-	-	05	16.13	05	16.13	26	83.87
Grand Total	130	20	15.38	28	21.54	48	36.92	82	63.08

**Table-4.19 (Continued):** Category-wise Distribution of Households Who Diverted to Mis-utilised Loan for Productive/Unproductive Purposes from CCB

CCB									
Category	No Who Mis-utilised (1)	Fully Productive (2)	2 as % of 1 (3)	Partially Prod./ Un prod. (4)	4 as % of 1 (5)	Total 2+4 (6)	6 as % of 1s (7)	Fully Mis-utilised (8)	8 as % of 1 (9)
Big Farmers	20	08	40.00	03	15.00	11	55.00	09	45.00
Medium Farmers	26	07	26.92	05	19.23	12	46.15	14	53.85
Small Farmers	30	04	13.33	04	13.33	08	26.66	22	73.34
Marginal Farmers	29	02	6.90	06	20.69	08	27.59	21	72.41
Labourers	36	-	-	02	5.56	0	5.56	34	94.44
Grand Total	141	21	14.90	20	14.18	41	29.08	100	70.92

**Source:** Field work (2003).

- (i) In the proper utilisation- we consider that used 90 percent loan in those purpose for which loan was taken and Used less than 90 percentages is called mis-utilised.
- (ii) Fully productive used is called that loan 90 percent used in productive purpose and partially productive/unproductive are those, which used in both productive & unproductive.
- (iii) Fully mis-utilised loan is called that 90 percent used in another purpose.

As far as CCB is concerned, we find that out of total loan, average amount of loan, which is properly utilized by households, has been Rs.81087. In case of big, medium, small and marginal farmers and laborers the average amount comes out to be Rs.223333, Rs.72500, Rs.87053, Rs.68833, and Rs.20200 respectively. The highest (Rs.223333) and the lowest (Rs.20200) average amount of proper utilizing come from the category of big farmers and the laborers respectively.

The table further also shows that in both the banks PNB and CCB, big farmers have the highest average amount of properly utilized bank loan. But the CCB is performing better than PNB, because average amount of loan (Rs.81087) that was properly utilized is greater in comparison to PNB (Rs.66575). It happens mainly because, in case of CCB, households properly utilized the bank loan amount in rural industry also. While in case of PNB it has not been happened.

The table 4.19 containing data bank-wise/purpose-wise distribution of households whom diverted the mis-utilised loan in productive and unproductive purposes. The table shows that in case of PNB, out of total mis-utilised households only 36.92 percent of total sample households diverted the mis-utilised bank loan in productive use. In case of big, medium, small, and marginal farmers and laborers 52.63, 44.00, 42.86, 37.04 and 16.13 percent of total mis-utilised households diverted the mis-utilised bank loan in productive use respectively. The highest (52.63%) and the lowest (16.13%) percentage of households lie in the category of big farmers and the laborers respectively. Out of the households who diverted bank loan in productive used only 15.38 percent households diverted the mis-utilized bank loan in fully productive use. And the remaining 21.54 percent diverted it in partially productive use. And (63.08%) rest of the households diverted the loan in unproductive use.

While in case of CCB, out of total mis-utilised households only 29.08 percent households diverted the mis-utilised bank loan in productive use. In case of big, medium, small and marginal farmers and laborers 55.00, 46.15, 26.66, 27.59 and 5.56 percent of total mis-utilised households diverted the mis-utilised loan in productive use respectively. The highest (55.00%) and the lowest (5.56%) percentage of total mis-utilised households diverted the bank loan in productive use lies in the category of big farmers and labourers respectively. While out of total mis-utilised bank loan, 14.90 percent households diverted the mis-utilised loan in full productive use. Another 14.18 percent diverted it in partially productive use. Rest (70.92%) of the mis-utilised households diverted the mis-utilised bank loan in unproductive use.

The table makes it clear that PNB has relatively higher (36.92%) percentage of households who diverted the mis-utilised bank loan in productive use in comparison to CCB (29.08%).

The data pertaining bank-wise/category-wise distribution of the mis-utilised average amount of bank loan diverted in productive and unproductive use is presented in table 4.20. The table shows that in case of PNB, out of total mis-utilised loan 36.07 percent amount is diverted in productive use. And rest (63.93%) of the amount used in unproductive use. In case of big, medium, small and marginal farmers

**Table-4.20:** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Productive/Unproductive Purposes from PNB

PNB									
Category	Total (1)	Fully Produ ctive (2)	2 as % of 1 (3)	Partially Prod./ Un prod. (4)	4 as % of 1 (5)	Total (2+4) (6)	6 as % of 1 (7)	Fully Mis- utilised (8)	8 as % of 1
Big Farmers	12315 8	166667	42.7 4	56000	9.57	122400	52.31	124000	47. 69
Medium Farmers	11156 0	190000	34.0 6	83333	17.9 3	131818	51.99	95643	48. 01
Small Farmers	10907 1	112857	25.8 7	57400	9.40	89750	35.27	123563	64. 73
Marginal Farmers	69778	25000	2.65	36250	15.3 9	34000	18.04	90824	81. 96
Labourer s	50097	-	-	20000	6.44	20000	6.44	55885	93. 56
Grand Total	89385	139500	24.0 1	50036	12.0 6	87313	36.07	90598	63. 93

**Table-4.20 (continued):** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Productive/Unproductive Purposes from CCB

CCB									
Category	Tota l (1)	Fully Produ ctive (2)	2 as % of 1 (3)	Partially Prod./ Un prod. (4)	4 as % of 1 (5)	Total (2+4) (6)	6 as % of 1 (7)	Fully Mis- utilised (8)	8 as % of 1
Big Farmers	118 650	143750	48.4 6	66667	8.43	122727	56.8 9	113667	43.11
Medium Farmers	971 15	98571	27.3 3	54600	10.8 1	80250	38.1 4	111571	61.86
Small Farmers	465 67	40000	11.4 5	48000	13.7 5	44000	25.2 0	47500	74.80
Marginal Farmers	844 14	99000	8.09	24500	6.00	43125	14.0 9	100143	85.91
Labourers	501 39	-	-	50000	5.54	50000	5.54	50147	94.46
Grand Total	748 09	104667	20.8 4	45600	8.65	75854	29.4 8	743800	70.52

**Source:** Field work (2003).

- In the proper utilisation- we consider that used 90 percent loan in those purpose for which loan was taken and used less than 90 percentage is called mis-utilised.
- Fully productive used is called that loan 90 percent used in productive purpose and partially productive/unproductive are those that used in both productive & unproductive.
- Fully mis-utilised loan is called that 90 percent used in another purpose.

And labourers it comes to be 52.31, 51.99, 35.27, 18.04 and 6.44 percent of total mis-utilised amount is diverted in productive use respectively. The highest (52.31%) and the lowest (6.44%) percentage of mis-utilised amount diverted in productive use lies in the category of big farmers and the labourers respectively. In this, only 24.01 percent of total mis-utilised amount is diverted in full productive use and 12.06 percent diverted in partially productive use.

As far as in case of CCB, 29.48 percent amount of total mis-utilised loan is diverted in productive use. Rest (70.52%) of the amount is diverted in unproductive use. In case of big, medium, small and marginal farmers and labourers it comes out to be 56.89, 38.14, 25.20, 14.09 and 5.54 percent of total mis-utilised loan is diverted in productive use respectively. The highest (56.89%) and lowest (5.54%) percentage of total mis-utilised amount diverted in productive use by big farmers and labourers respectively. Out of total mis-utilised loan only 20.84 percent amount diverted in fully productive use and 8.65 percent amount diverted in partially productive use.

The table further shows that PNB is performing better (36.07%) in the diverted mis-utilised loan in productive use in comparison to CCB (29.48%).

The table 4.21 contains data regarding bank-wise and category-wise distribution of households who diverted the mis-utilised loan in unproductive purpose. The table depicts that in case of PNB, out of total sample households 52.38 percent households diverted the bank loan in unproductive use. The labourers have the highest (67.39%) percentage of mis-utilised households and the small farmers have the lowest (42.86%) percentage of households.

The table further shows that in case of PNB, out of total mis-utilised households 27.27, 28.18, 20.91 and 23.64 percent households diverted the bank loan in social ceremony, repayment of loan, drinking and other domestic needs respectively. The highest (28.18%) and the lowest (20.91%) percentage of households lie in the category of repayment of loan and drinking respectively.

In the social ceremony, the highest (40.00%) percentage of households who diverted the mis-utilised loan into unproductive use lies in the category of medium farmers. While the lowest (16.00%) percentage related to the category of marginal farmers.

**Table-4.21**Category-wise Distributing Households Who Diverted the Mis-utilised Loan in Unproductive Purposes from PNB

PNB											
Category	Total	No Who Mis-utilised	2 as % of 1	Social Ceremony	4 as % of 2	Repayment of Loan	6 as % of 2	Drinking	8 as % of 2	Other Domestic Needs	10 as % of 2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Big Farmers	26	13	50.00	05	38.46	-	-	04	30.77	04	30.77
Medium Farmers	42	20	47.62	08	40.00	-	-	06	30.00	06	30.00
Small Farmers	49	21	42.86	06	28.57	05	23.81	04	19.05	06	28.57
Marginal Farmers	47	25	53.19	04	16.00	12	48.00	05	20.00	04	16.00
Labourers	46	31	67.39	07	22.58	14	45.16	04	12.90	06	19.36
Grand Total	210	110	52.38	30	27.27	31	28.18	23	20.91	26	23.64

**Table-4.21 (continued):** Category-wise Distributing Households Who Diverted the Mis-utilised Loan in Unproductive Purposes from CCB

CCB											
Category	Total	No Who Mis-utilised	2 as % of 1	Social Ceremony	4 as % of 2	Repayment of Loan	6 as % of 2	Drinking	8 as % of 2	Other Domestic Needs	10 as % of 2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Big Farmers	26	12	46.15	03	25.00	-	-	05	41.67	04	33.33
Medium Farmers	42	19	45.24	05	26.33	-	-	08	42.11	06	31.58
Small Farmers	49	26	53.06	07	26.92	06	23.08	07	26.92	06	23.08
Marginal Farmers	47	27	57.45	06	22.22	13	48.16	04	14.81	04	14.81
Labourers	46	36	78.26	06	16.67	18	50.00	06	16.66	06	16.67
Grand Total	210	120	57.14	27	22.50	37	30.83	30	25.00	26	21.67

*Source:* Field work (2003).

- (i) In the repayment of loan- we included who repay the borrowing of previous bank loan & moneylender's amount.
- (ii) In the domestic needs- we included illness, failure of business or crops, any consumption etc.

In the repayment of the loan, the highest (48.00%) and the lowest (23.81%) percentage of mis-utilised households who diverted the loan in unproductive use related to the marginal and small farmers respectively. For the purpose drinking, the highest (30.77%) percentage of households lies in the category of big farmers while the lowest (12.90%) percentage of household's lies in the category of labourers. For the purpose of other domestic needs, the highest (30.77%) and the lowest (16.00%) percentage of households who diverted the loan in unproductive use lies in the category of big and marginal farmers respectively

As far as in case of CCB, out of total sample 57.14 percent households diverted the bank loan in unproductive use. The labourers have the highest (78.26%) percentage of mis-utilised households and the medium farmers have the lowest (45.24%) percentage. Out of total sample households who mis-utilised the bank loan 22.50, 30.83, 25.00, and 21.67 percent households diverted the bank loan in social ceremony, repayment of loan, drinking and other domestic needs respectively. The highest (30.83%) and the lowest (21.67%) percentage of households who diverted the bank loan in unproductive use lie in the category of repayment of loan and other domestic needs respectively.

For the purpose of social ceremony the highest (26.92%) percentage of households who diverted the bank loan in unproductive use lies in the category of the small farmers. While the lowest (16.67%) percentage related to the category of laborers. In the repayment of loan the highest (50.00%) and the lowest (23.08%) percentage of households who diverted the bank loan in unproductive use related to the category of the laborers and small farmers respectively. For the purpose of drinking, the highest (42.11%) percentage of households who diverted the bank loan in unproductive use lies in the category of the middle farmers. While, the lowest (14.81%) percentage of household's lies in the category of marginal farmers. In the other domestic needs, the highest (33.33%) and the lowest (14.81%) percentage of households related to the category of big and marginal farmers respectively.

It has been noted that CCB has relatively higher (57.14%) percentage of households who diverted the bank loan in unproductive use in comparison to PNB (52.38%). But both the banks PNB and CCB have the highest percentage of households who diverted the bank loan in the purpose of repayment of loan. It is a dangerous situation for both the banks in district Jhajjar

**Table-4.22:** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Unproductive Purposes from PNB

PNB									
Category	Total (1)	Social Ceremony (2)	2 as % of 1 (3)	Repayment of Loan (4)	4 as % of 1 (5)	Drinking (6)	6 as % of 1 (7)	Other Domestic Needs (8)	8 as % of 1
Big Farmers	87692	108400	47.54	-	-	62500	21.93	87000	30.53
Medium Farmers	76950	95750	49.77	-	-	56667	22.09	72167	28.14
Small Farmers	98286	131667	38.28	84800	20.54	87500	16.96	83333	24.22
Marginal Farmers	65360	65000	15.91	58167	42.72	76800	23.50	73000	17.87
Labourers	46871	38571	18.58	58929	56.78	35000	9.64	36333	15.00
Grand Total	71182	87600	33.56	62806	24.87	63652	18.70	68885	22.87

**Table-4.22 (continued):** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Unproductive Purposes from CCB

CCB									
Category	Total (1)	Social Ceremony (2)	2 as % of 1 (3)	Repayment of Loan (4)	4 as % of 1 (5)	Drinking (6)	6 as % of 1 (7)	Other Domestic Needs (8)	8 as % of 1
Big Farmers	93583	191333	51.11	-	-	65000	28.94	56000	19.95
Medium Farmers	84842	137800	42.74	-	-	60000	29.78	73833	27.48
Small Farmers	42692	36857	23.24	80000	43.24	16429	10.36	42833	23.16
Marginal Farmers	79630	105833	29.53	68077	41.16	57750	10.75	99750	18.56
Labourers	47361	58333	20.52	63571	52.20	37500	13.20	40000	14.08
Grand Total	64167	92815	32.55	49444	29.28	45867	17.87	60115	20.30

**Source:** Field work (2003).



- (i) In the repayment of loan- we included who repay the borrowing of previous bank loan & moneylender's amount.
- (ii) In the domestic needs- we included illness, failure of business or crops, any consumption ect.

The table 4.22 containing data bank-wise and category-wise distribution of the mis-utilised average amount of loan diverted in unproductive purposes. The table exhibits that for the all sample households the average amount of bank loan, which diverted in unproductive use, comes out to be Rs.71182 for the PNB, which is relatively higher in comparison of CCB amount (Rs.64167).

In case of PNB, out of total mis-utilised loan, which diverted in unproductive use comes out to be 33.56, 24.87, 18.70 and 22.87 percent amount for the purpose of social ceremony, repayment of loan, drinking and other domestic needs respectively. The highest (33.56%) percentage of amount diverted in unproductive use lies in the purpose of social ceremony. While, the lowest (18.70%) percentage of amount related to the purpose of drinking.

For the purpose of social ceremony the highest (49.77%) percentage of total mis-utilised amount lies in the category of middle farmers. While, the lowest (15.91%) percentage of amount related to the category of marginal farmers. In the purpose of repayment of loan, the highest (56.78%) and the lowest (20.54%) percentage of amount lies in the category of laborers and small farmers respectively. For the purpose of drinking the highest (23.50%) and the lowest (9.64%) percentage of amount related to the category of the marginal farmers and the laborers respectively. In the other domestic needs the highest (30.53%) percentage of amount, diverted in unproductive use lies in the category of big farmers. While, the lowest (15.00%) percentage of amount related to the category of laborers.

In case of CCB, out of total mis-utilised bank loan which diverted in unproductive use comes out to be 32.55, 29.28, 17.87 and 20.30 percent amount for the purpose of social ceremony, repayment of loan, drinking and other domestic needs respectively. The highest (32.55%) percentage of amount diverted in unproductive use lies in purpose of social ceremony. While, the lowest (17.87%) percentage of amount related to the purpose of drinking.

**Table-4.23:** Category-wise Distributing Households Who Diverted the Mis-utilised Loan in Productive Purposes from PNB

PNB									
Category	Total	No Who Mis-utilised	2 as % of 1	Lending	4 as % of 2	Agriculture	6 as % of 2	Others	8 as % of 2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Big Farmers	26	10	38.46	08	80.00	02	20.00	-	-
Medium Farmers	42	11	26.19	06	54.55	03	27.27	02	8.00
Small Farmers	49	12	24.29	02	16.67	06	50.00	04	19.20
Marginal Farmers	47	10	21.28	-	-	07	70.00	03	20.00
Labourers	46	05	10.87	-	-	02	40.00	03	50.00
Grand Total	210	48	22.86	16	33.33	20	41.67	12	10.29

**Table-4.23 (continued):** Category-wise Distributing Households who Diverted the Mis-utilised Loan in Productive Purposes from CCB

CCB									
Category	Total	No Who Mis-utilised	2 as % of 1	Lending	4 as % of 2	Agriculture	6 as % of 2	Others	8 as % of 2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Big Farmers	26	11	42.31	09	81.82	02	18.18	-	-
Medium Farmers	42	12	28.57	08	66.67	04	33.33	-	-
Small Farmers	49	08	16.33	02	25.00	05	62.50	01	12.5
Marginal Farmers	47	08	17.02	-	-	06	75.00	02	25.00
Labourers	46	02	4.35	-	-	01	50.00	01	50.00
Grand Total	210	41	19.52	19	46.34	18	43.90	04	9.76

**Source:** Field work (2003).

- (i) In the Lending we -consider to given the amount to another on interest.
- v (ii) In the Agriculture -we included Agriculture equipment as: Bullock-cart, Horse-cart, Tube well,
- vi Engine oil, Electricity motor, making a well and other equipment etc.
- vii

For the purpose of social ceremony the highest (51.11%) percentage of total mis-utilised amount lies in the category of big farmers. While, the lowest (20.52%) percentage of amount related to the category of labourers. In the purpose repayment of loan, the highest (52.20%) and the lowest (41.16%) percentage of amount lies in the category of labourers and marginal farmers respectively. For the purpose of drinking the highest (29.78%) and the lowest (13.22%) percentage of amount related to the category of medium farmers and labourers respectively. And the purpose in other domestic needs the highest (27.48%) and the lowest (14.08%) percentage of amount related to the category of medium farmers and labourers respectively.

The table further shows that on an average mis-utilised loan diverted in unproductive use, PNB has relatively higher (Rs.71182) average amount in comparison to CCB (Rs.64167).

The table 4.23 contains data regarding bank-wise and category-wise distribution of households who diverted the mis-utilised loan in productive purpose. The table shows that in case of PNB, out of total sample households only 22.86 percent households are those who diverted the mis-utilised loan in productive use. In case of big, medium, small and marginal farmers and labourers it happens to be 38.46, 26.19, 24.29, 21.28, and 10.87 percent respectively. It is noted that big farmers have the highest (38.46%) percent and labourers have the lowest (10.87%) percentage of households.

In case of PNB, out of total households who diverted the mis-utilised loan in productive activities 33.33, 41.67 and 10.29 percent households diverted it into lending, agriculture and others respectively. The activity agriculture has got the highest (41.67%) percentage. While the others has the lowest (10.29%) percentage. In case of lending the highest (80.00%) percentage

lies in the category of big farmers. While the lowest (16.67%) percentage related to the category of small farmers. In case of agriculture the highest (70.00%) percentage of households who diverted the mis-utilised loan in productive use lies in the category of marginal farmers. While the lowest (20.00%) percentage related to the category of big farmers. In case of others, the highest (50.00%) and the lowest (8.00%) percentage related to the category of labourers and medium farmers respectively.

As far as in case of CCB, out of total sample household's 19.52 percent households diverted the mis-utilised loan into productive activities. In case of big, medium, small and marginal farmers and labourers it comes out to be 42.31, 28.57, 16.33, 17.02 and 4.35 percent respectively. It is observed that big farmers have the highest (42.31%) percentage and labourers got the lowest (4.35%) percentage.

**Table-4.24:** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Productive Purposes from PNB

PNB							
Category	Total (1)	Lending (2)	2 as % of 1 (3)	Agriculture (4)	4 as % of 1 (5)	Others (6)	6 as % of 1
Big Farmers	120000	125000	83.33	100000	16.67	-	-
Medium Farmers	113636	125000	60.00	133333	32.00	50000	8.00
Small Farmers	82500	150000	30.30	83333	50.50	47500	19.20
Marginal Farmers	25000	-	-	28571	80.00	16667	20.00
Labourers	20000	-	-	25000	50.00	16667	50.00
Grand Total	78958	128125	54.09	67500	35.62	32500	10.29

**Table-4.24 (continued):** Category-wise Distribution of the Mis-utilised Average Amount of Loan Diverted in Productive Purposes from CCB

CCB							
Category	Total (1)	Lending (2)	2 as % of 1 (3)	Agriculture (4)	4 as % of 1 (5)	Others (6)	6 as % of 1
Big Farmers	113636	122222	88.00	75000	12.00	-	-
Medium Farmers	76083	87500	76.67	53250	23.33	-	-
Small Farmers	35875	90000	62.72	20000	34.84	7000	2.44
Marginal Farmers	37250	-	-	35000	70.47	44000	29.53
Labourers	50000	-	-	30000	30.00	70000	70.00
Grand Total	69463	104211	69.53	39056	24.68	41250	5.79

*Source:* Field work (2003).

- (i) In the Lending we consider to given the amount to another on interest.

viii (ii) In the Agriculture -we included Agriculture equipment as: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well, other equipment etc.

In case of CCB, out of total mis-utilised households 46.34, 43.90 and 9.76 percent households diverted the mis-utilised loan into the activities of lending, agriculture and others respectively. The highest (46.34%) and the lowest (9.76%) percentage of households lie in the category of lending and others respectively. In case of the activity of lending the highest (81.82%) and the lowest (25.00%) percentage of households related to the category of big and small farmers respectively. In case of the activity of others the highest (50.00%) and the lowest (12.50%) percent of households related to the category of labourers and small farmers respectively.

It is noted that PNB has relatively higher (22.86%) percentage of households who diverted the mis-utilised bank loan in productive activities in comparison to CCB (19.52%) in district Jhajjar.

The table 4.24 containing data bank-wise and category-wise distribution of the mis-utilised average amount of bank loan diverted into productive purposes. The table depicts that in case of PNB, for the all sample households the average amount of bank loan which diverted in productive activities comes out to be Rs.78958 for the PNB, which has relatively higher in comparison to CCB amount Rs.69463.

In case of PNB, out of total mis-utilised loan diverted into the productive activities 54.09, 35.62 and 10.29 percent amount diverted into the activities of lending, agriculture and others respectively. The highest and the lowest (54.09% and 10.29%) percentage lie in the activity of lending and others respectively.

As far as in case of CCB, out of total mis-utilised loan diverted into the productive activities 69.53, 24.68 and 5.79 percent amount diverted into activities of lending, agriculture and others respectively. The highest (69.53%) and the lowest (5.79%) percent of amount related to the activity of lending and others respectively.

The table further shows that PNB has relatively higher (Rs.78958) average amount of diverted loan into productive activities in comparison to CCB amount (Rs.69463). In case of lending, both the banks PNB and CCB have the highest percentage of total loan. But CCB has relatively higher (69.53%) percentage of mis-utilised amount diverted into productive activities in comparison to PNB (54.09%). It may be vary dangerous situation for the financial health of the banking sector when a significant proportion of bank loan is being used for the purpose of lending.

**Table-4.25: Bank-wise/Category wise Use of Kishan Credit Card (KCC) by Households.**

Category	PNB					CCB				
	0-25000 (1)	25001-50000 (2)	Above 50000 (3)	Total (1+2+3)	Total	0-25000 (1)	25001-50000 (2)	Above 50000 (3)	Total (1+2+3)	Total
Big Farmers	00	00	16 (61.54)	16 (61.54)	26 (100)	00	00	18 (69.23)	18 (69.23)	26 (100)
Medium Farmers	00	09 (21.43)	12 (28.57)	21 (50.00)	42 (100)	00	11 (26.19)	12 (28.57)	23 (54.76)	42 (100)
Small Farmers	00	09 (18.37)	07 (14.29)	16 (32.65)	49 (100)	02 (4.08)	08 (16.33)	09 (18.37)	19 (38.78)	49 (100)
Marginal Farmers	07 (14.90)	09 (19.15)	00	16 (34.04)	47 (100)	05 (10.64)	08 (17.02)	00	13 (27.66)	47 (100)
Labourers	00	00	00	00	46 (100)	00	00	00	00	46 (100)
Grand Total	07 (3.33)	27 (12.86)	35 (16.67)	69 (32.86)	210 (100)	07 (3.33)	27 (12.86)	39 (18.57)	73 (34.76)	210 (100)

**Source:** Field work (2003).

Note-Figures in the bracket represents percentage to total.

The data containing bank-wise and category-wise use of Kishan Credit Card (KCC) in table 4.25. The table shows that in case of PNB, out of total sample households 32.86 percent households are those who used the KCC. Out of total KCC users 61.54, 50.00, 32.65 and 30.04 percent households are from the categories of big, medium, small and marginal farmers respectively. It is noted that big farmers have the highest (61.54%) percentage and marginal farmers have the lowest (34.04%) percentage of households who are using KCC. Out of total KCC user 3.33, 12.86 and 16.67 percent households lie in the amount categories of Rs.0-25000, Rs.25001-50000 and above Rs.50000 respectively. The amount category of above Rs.50000 and Rs.0-25000 has the highest (16.67%) and the lowest (3.33%) percentage of households respectively.

As far as in case of CCB, out of total sample households (34.76%) percent households are the KCC users. Out of KCC users 69.23, a 54.76, 38.78 and 27.66

**Table-4.26:** Category-wise/ Purpose -wise Households Who Generated Income from Bank Loan from PNB

PNB									
Category	Total (1)	Agric ulture	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total (8)	8 as % of 1
Big Farmers	26	02 (14.29)	-	01 (7.14)	01 (7.14)	02 (14.29)	08 (57.14)	14 (100)	53.85
Medium Farmers	42	03 (16.67)	02 (11.11)	02 (11.11)	02 (11.11)	03 (16.67)	06 (33.33)	18 (100)	42.86
Small Farmers	49	04 (16.67)	03 (12.50)	02 (8.33)	05 (20.83)	07 (29.17)	03 (12.50)	24 (100)	48.98
Marginal Farmers	47	06 (28.57)	05 (23.81)	01 (4.76)	03 (14.29)	04 (19.05)	02 (9.52)	21 (100)	44.68
Labourers	46	02 (8.33)	08 (33.33)	-	09 (37.50)	01 (4.17)	04 (16.67)	24 (100)	52.17
Grand Total	210	17 (16.83)	18 (17.82)	06 (5.94)	20 (19.80)	17 (16.83)	23 (22.78)	101 (100)	48.10

**Table-4.26 (continued):** Category-wise/ Purpose -wise Households Who Generated Income from Bank Loan from CCB

CCB									
Category	Total (1)	Agric ulture	Allied Activit y	Rural Industry	Small Business	Trans port	Others	Total (8)	8 as % of 1
Big Farmers	26	01 (7.69)	-	-	-	03 (23.08)	09 (69.23)	13 (100)	50.00
Medium Farmers	42	02 (12.50)	01 (6.25)	02 (12.50)	02 (12.50)	01 (6.25)	08 (50.00)	16 (100)	38.10
Small Farmers	49	02 (12.50)	02 (12.50)	02 (12.50)	04 (25.00)	03 (18.75)	03 (18.75)	16 (100)	32.65
Marginal Farmers	47	03 (17.65)	04 (23.53)	02 (11.76)	02 (11.76)	05 (29.42)	01 (5.88)	17 (100)	36.17
Labourers	46	01 (4.35)	06 (26.09)	-	13 (56.52)	-	03 (13.04)	23 (100)	50.00
Grand Total	210	09 (10.59)	13 (15.29)	06 (7.06)	21 (24.70)	12 (14.12)	24 (28.24)	85 (100)	40.48

**Source:** Field work (2003).

Note-Figures in the bracket represents percentage to total.

- (i) In the Agriculture -we included Seed& Fertilizer and agriculture equipment: Bullock-cart, Horse-cart, Tube well, Engine oil, Electricity motor, making a well and other equipment etc.
- (ii) In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- (iii) Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar-cane, Ice factory etc.
- (iv) In the Small Business - we included all types of Shop & extension of business as raw materials, all type of Street Hawker cycle & rickshaw etc.
- (v) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.
- (vi) In the others- we included Juicer of Sugar cane, Lending and other income generating activities.

percent household lies in the categories of big, medium, small and marginal farmers respectively. Big farmers have the highest (69.23%) percentage and marginal farmers have the lowest (27.66%) percentage of KCC users. Out of total KCC user 3.33, 12.86 and 18.57 percent households are related to the amount categories of Rs.0-25000, Rs.25001-50000 and above Rs.50000 respectively. The amount category of above Rs.50000 and Rs.0-25000 has the highest (18.57%) and the lowest (3.33%) percentage of households respectively.

It has been noted that CCB has relatively higher percentage (34.76%) of KCC user households in comparison to PNB (32.86%). In both the banks, PNB and CCB big farmers and marginal farmers have relatively higher and the lower percentage of KCC users. It indicates that big farmers have their influence on the banking system.

The table 4.26 containing data bank-wise and purpose-wise households whom generated income from bank loan. The table exhibits that in case of PNB, out of total sample households, 48.10 percent household's generated income from bank loan. In case of big, medium, small and marginal farmers and labourers it happens to be 53.83, 42.86, 48.98, 44.68 and 52.17 percent households respectively. It is noted that big farmers have the highest percentage (53.85%). While medium farmers have the lowest percentage (42.86%) of households. It happened mainly because out of total sample 80 percent big farmers use the bank loan in lending purposes.

Out of total income generating households 16.83, 17.82, 5.94, 19.80, 16.83 and 22.78 percent households generated income through the activities as agriculture, allied activity, rural industry, small business, transport and others respectively. It has been found that others activities have the highest (22.78%) percentage of households and rural industry have the lowest (5.94%) percentage of total income generating households in district Jhajjar.

In case of CCB, out of total sample households 40.48 percent households generated the income form bank loan. In case of big, medium, small and marginal farmers and labourers it comes to be 50.00, 38.10, 32.65, 36.17 and 50.00 percent households respectively. It has been observed that big farmers and labourers have the

**Table-4.27:** Category-wise Income Generating Households from Bank Loan from PNB

PNB							
Category	Total (1)	0-25000	25001- 50000	50001- 100000	Above One Lakh	Total (6)	6 as % of 1
Big Farmers	26	-	04 (28.58)	05 (35.71)	05 (35.71)	14 (100)	53.85
Medium Farmers	42	03 (16.67)	06 (33.33)	06 (33.33)	03 (16.67)	18 (100)	42.86

Small Farmers	49	07 (29.17)	07 (29.17)	08 (33.33)	02 (8.33)	24 (100)	48.98
Marginal Farmers	47	10 (47.62)	07 (33.33)	04 (19.05)	-	21 (100)	44.68
Labourers	46	20 (83.33)	04 (16.67)	-	-	24 (100)	52.17
Grand Total	210	40 (39.60)	28 (27.72)	23 (22.78)	10 (9.90)	101 (100)	48.10

**Table-4.27 (continued):** Category-wise Income Generating Households from Bank Loan, from CCB

CCB							
Category	Total (1)	0-25000	25001- 50000	50001- 100000	Above One lakh	Total (6)	6 as % of 1
Big Farmers	26	-	02 (15.38)	05 (38.47)	06 (46.15)	13 (100)	50.00
Medium Farmers	42	02 (12.50)	04 (25.00)	07 (43.75)	03 (18.75)	16 (100)	38.10
Small Farmers	49	04 (25.00)	06 (37.50)	04 (25.00)	02 (12.50)	16 (100)	32.65
Marginal Farmers	47	07 (41.18)	06 (35.29)	03 (17.65)	01 (5.88)	17 (100)	36.17
Labourers	46	18 (78.26)	05 (21.74)	-	-	23 (100)	50.00
Grand Total	210	31 (27.06)	23 (27.06)	19 (22.35)	12 (14.12)	85 (100)	40.48

**Source:** Field work (2003).

Note-Figures in the bracket represents percentage to total.

Highest (50.00%) percentage of households and small farmers have the lowest (32.65%) percentage of income generating households.

Out of total income generating households 10.59, 15.29, 7.06, 24.70, 14.12 and 28.24 percent households generated income in the activities of agriculture, allied activities, rural industry, small business, transport and others respectively. The activity of others has the highest (28.24%) percentage of households while rural industry has the lowest (7.06%) percentage of total income generating households.

The table makes it clear that PNB has relatively higher (48.10%) percentage of total income generating households in comparison to CCB (40.48%).

The table 4.27 contains data bank-wise and amount category-wise income-generating households. The table depicts that in case of PNB, out of total income generating households 39.60, 27.72, 22.78 and 9.90 percent households generated the income in the categories of Rs.0-25000, Rs.25001-50000, Rs.50001-100000 and above Rs. one lakh respectively. As far as the amount category is concerned we found that the amount categories of Rs.0-25000 and above Rs. one lakh have the highest (39.60%) and the lowest (9.90%) percentage of total income generated households respectively in district Jhajjar.

Similarly in case of CCB, out of total income generating households 27.06, 27.06, 22.35 and 14.12 percent households lies in the categories of Rs.0-25000, Rs.25001-50000, Rs.50001-100000 and above Rs one lakh respectively. As far as amount category is concerned we found that the amount category of Rs.0-25000 and Rs.25001-50000 have the highest (27.06%) percentage of income generating households. While the amount category of above Rs. one lakh have the lowest (14.12%) percentage of income generating households.

The data pertaining bank-wise and category-wise employment generating households from bank loan is presented in table 4.28. The table exhibits that in case of PNB, out of total sample households only 27.62 percent households are those who generated direct employment from bank loan. In case of big, medium, small and marginal farmers and labourers it comes out to be 15.38, 16.67, 32.65, 29.79 and 36.96 percent households respectively.

It has been found that the category of labourers and big farmers has the highest (36.96%) and the lowest (15.38%) percentage of employment generating households.

In case of PNB, out of total employment generating households 8.62, 10.34, 34.48, 29.31 and 17.25 percent households generated employment in allied activities,

**Table-4.28**Category-wise Employment Generating Households from Bank Loan from PNB

PNB								
Category	Total (1)	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total (7)	7 as % of 1
Big Farmers	26	-	01 (25.00)	01 (25.00)	02 (50.00)	-	04 (100)	15.38
Medium Farmers	42	-	02 (28.57)	02 (28.57)	03 (42.86)	-	07 (100)	16.67
Marginal Farmers	47	02 (14.29)	01 (7.14)	03 (21.43)	04 (28.57)	04 (28.57)	14 (100)	29.79
Labourers	46	03 (17.65)	-	09 (52.94)	01 (5.88)	04 (23.53)	17 (100)	36.96
Small Farmers	49	-	02 (12.50)	05 (31.25)	07 (43.75)	02 (12.50)	16 (100)	32.65
Grand Total	210	05 (8.62)	06 (10.34)	20 (34.48)	17 (29.31)	10 (17.25)	58 (100)	27.62

**Table-4.28 (continued):** Category-wise Employment Generating Households from Bank Loan from CCB

CCB								
Category	Total (1)	Allied Activity	Rural Industry	Small Business	Trans port	Others	Total (7)	7 as % of 1
Big Farmers	26	-	-	-	03 (100)	-	03 (100)	11.54
Medium Farmers	42	-	02 (40.00)	02 (40.00)	01 (20.00)	-	05 (100)	11.90
Small Farmers	49	-	02 (25.00)	03 (37.50)	03 (37.50)	-	08 (100)	16.33
Marginal Farmers	47	03 (25.00)	02 (16.67)	01 (8.33)	05 (41.67)	01 (8.33)	12 (100)	25.53
Labourers	46	04 (20.00)	-	13 (65.00)	-	03 (15.00)	20 (100)	43.48
Grand Total	210	07 (14.59)	06 (12.50)	19 (39.58)	12 (25.00)	04 (8.33)	48 (100)	22.86

**Source:** Field work (2003).

Note-Figures in the bracket represents percentage to total. In the present study we considered who generated full time job

- In the Allied Activities- we included all animal husbandry: Dairy, Sheep and Goat, Poultry farm, Pig farm, Gardening/Flowering Fishery etc.
- Rural Industry- we included Atta-Chaki, small Factory, making marble tiles, Dharm-Kanta, Kholu of Sugar cane, Ice factory etc.
- In the Small Business - we included all types of Shop, all type of street Hawker, cycle & rickshaw etc.



(iv) In the Transport - we included Bus, Track, Tempo and Jeep, Four wheelers, Auto etc.

(v) In the others- we included juicer of Sugar cane, all type of raw material suppliers.

Rural industry, small business, transport and others respectively. In this, the category of small business has the highest (34.48%) percentage and allied activities have the lowest (8.62%) percentage of employment generating households.

In case of CCB, it has been observed that out of total sample household's only 22.86 households generated the employment from bank loan. In case of big, medium, small and marginal farmers and laborers it happens to be 11.54, 11.90, 16.33, 25.53 and 43.48 percent households respectively. As like PNB, the category of laborers have the highest (43.48%) and the category of big farmers have the lowest percentage (11.54%) of employment generating households. It happened, mainly because out of total sample households 81.82 percent big farmers utilized the bank loan into lending.

Out of total employment generating households 14.59, 12.50, 39.58, 25.00 and 8.33 percent households generated employment in allied activities, rural industries, small business, transport and others respectively. The category small business has the highest (39.58%) percentage and others have the lowest (8.33%) percentage of employment generating households.

The table clearly shows that PNB has relatively higher (27.62%) percentage of employment generating households in comparison to CCB (22.86%).

The data pertaining bank-wise and source-wise repaying households of bank loan is presented in the table 4.29. The table shows that out of total sample households of PNB 41.90 percent households are defaulters. In case of big, medium, small and marginal farmers and laborers it happens to be 38.46, 38.10, 34.69, 25.53 and 71.74 percent households respectively. It is noted that the category of labourers has the highest (71.74%) percentage and the category of marginal farmers has the lowest (25.53%) percentage of bank defaulter households.

While in case of CCB, out of total sample households 55.71 percent households are defaulters. In case of big, medium, small and marginal farmers and laborers it comes to be 53.85, 47.62, 53.06, 38.30 and 84.78 percent respectively. As like PNB, the category of labourers and marginal farmers have the highest (84.78%) and the lowest (38.30%) percentage of bank defaulters in district Jhajjar.

The table also depicts that CCB has relatively higher (55.71%) percentage of bank defaulters in comparison to PNB (41.90%). It is not good for the health of CCB. Being a huge numbers of defaulters the situation is very serious for the banking system.

**Table-4.29: Source-wise Repaying Households of Bank Loan from PNB**

Category	PNB						Total
	Defaulter (1)	New- Income (2)	New- Loan (3)	Sold Assets (4)	Others (5)	Total (2+3+4+5)	
Big Farmers	10 (38.46)	05 (19.23)	05 (19.23)	02 (7.70)	04 (15.38)	16 (61.54)	26 (100)
Medium Farmers	16 (38.10)	12 (28.57)	04 (9.52)	02 (4.76)	08 (19.05)	26 (61.90)	42 (100)
Small Farmers	17 (34.69)	11 (22.45)	06 (12.25)	05 (10.20)	10 (20.41)	32 (65.31)	49 (100)
Marginal Farmers	12 (25.53)	12 (25.53)	06 (12.77)	08 (17.02)	09 (19.15)	35 (74.47)	47 (100)
Labourers	33 (71.74)	05 (10.87)	05 (10.87)	03 (6.52)	00 (00)	13 (28.26)	46 (100)
Grand Total	88 (41.90)	45 (21.43)	26 (12.39)	20 (9.52)	31 (14.76)	122 (58.10)	210 (100)

**Table-4.29 (continued):** Source-wise Repaying Households of Bank Loan from CCB

CCB							
Category	Defaulter	New-Income	New-Loan	Sold Assets	Others	Total (2+3+4+5)	Total
	(1)	(2)	(3)	(4)	(5)		
Big Farmers	14 (53.85)	02 (7.70)	10 (38.45)	00 (00)	00 (00)	12 (46.15)	26 (100)
Medium Farmers	20 (47.62)	10 (23.81)	08 (19.05)	00 (00)	04 (9.52)	22 (52.38)	42 (100)
Small Farmers	26 (53.06)	08 (16.33)	10 (20.41)	00 (00)	05 (10.20)	23 (46.94)	49 (100)
Marginal Farmers	18 (38.30)	07 (14.89)	12 (25.53)	05 (10.64)	05 (10.64)	29 (61.70)	47 (100)
Labourers	39 (84.78)	02 (4.35)	05 (10.87)	00 (00)	00 (00)	07 (15.22)	46 (100)
Grand Total	117 (55.71)	29 (13.81)	45 (21.43)	05 (2.38)	14 (6.67)	93 (44.29)	210 (100)

*Source:* Fieldwork (2003).

Note-Figures in the bracket represents percentage to total.

New Income-Income generated from the bank loan.

New Loan-Loan taken by households without repayment of previous loans and replace it, to previous loan.

Other-It includes sold crops, sold tree, sold animals' etc.

Out of total sample households of PNB 58.10 percent households are repaying the bank loan. In case of big, medium, small and marginal farmers and labourers it comes to be 61.54, 61.90, 65.31, 74.47 and 28.26 percent to households respectively. The category of marginal farmers has the highest (74.47%) percentage of repaying households. While the category of labourers have the lowest (28.26%) percentage of repaying households.

As far as in case of CCB, out of total sample households 44.29 percent households are repaying the bank loan. In case of big, medium, small and marginal farmers and labourers it happens to be 46.15, 52.38, 46.94, 61.70 and 15.22 percent of households respectively. As like PNB's, the category of marginal farmers has the highest (61.70%) and the category of labourers has the lowest (15.22%) percentage of repaying households.

It has been noted that PNB has relatively higher (58.10%) percentage of loan repaying households in comparison to CCB (44.29%). It happened mainly because; PNB has relatively higher percentage in asset generation, income and employment generation in comparison to CCB.

Out of total loan repaying households of PNB, 21.43, 12.39, 9.52 and 14.76 percent households are repaying the bank loan from the sources as new income, new loan, sold assets and others respectively. The source of new income has the highest (21.43%) percentage in the repayment of bank loan. While the source sold asset have the lowest (9.52%) percentage. It is good for the PNB.

In case of CCB, out of total loan repaying households 13.81, 21.43, 2.38 and 6.67 percent households are repaying the bank loan from the source as new income, new loan, sold asset and others respectively. The source of new loan has the highest (21.43%) percentage in the repayment of bank loan. While the source sold asset have the lowest (2.38%) percentage. To

coming highest percentage of new loan in repaying bank loan is not good for the CCB and rural development. It has been noted that the CCB has relatively higher (21.43%) percentage of households who repay the loan from the source of new loan in comparison to PNB (12.39%). It is an alarming bell for the CCB's bright future and rural development.

The table 4.30 containing data bank-wise and category-wise satisfaction of households from bank services provided by banks. The table exhibits that out of total sample households of PNB 72.86, 20.48 and 6.66 percent households are satisfied, not satisfied and don't know about bank services that provided to households

**Table-4.30:** Bank-wise/Category-wise Satisfaction from Bank Services Provided to Households

Category	PNB				CCB			
	Satisfied	Not Satisfied	Don't Know	Total	Satisfied	Not Satisfied	Don't Know	Total
Big Farmers	25 (96.15)	01 (3.85)	00	26 (100)	26 (100)	00	00	26 (100)
Medium Farmers	32 (76.19)	07 (16.67)	03 (7.14)	42 (100)	29 (69.05)	11 (26.19)	02 (4.76)	42 (100)
Small Farmers	30 (61.23)	16 (32.65)	03 (6.12)	49 (100)	22 (65.31)	21 (22.45)	06 (12.24)	49 (100)
Marginal Farmers	35 (74.47)	11 (23.40)	01 (2.13)	47 (100)	25 (78.72)	19 (40.90)	03 (6.38)	47 (100)
Labourers	31 (67.39)	08 (17.39)	07 (15.22)	46 (100)	18 (78.26)	24 (51.04)	04 (8.70)	46 (100)
Grand Total	153 (72.86)	43 (20.48)	14 (6.66)	210 (100)	120 (57.14)	75 (35.72)	15 (7.14)	210 (100)

*Source:* Field work (2003).

Note-Figures in the bracket represents percentage to total.

**Table-4.31:** Bank-wise/Category-wise Households Who Wants to Take Loan in Future from Banks

Category	PNB				CCB			
	Yes	No	Don't Know	Total	Yes	No	Don't Know	Total
Big Farmers	23 (88.46)	00	03 (11.54)	26 (100)	26 (100)	00	00	26 (100)
Medium Farmers	34 (80.95)	01 (2.38)	07 (16.67)	42 (100)	37 (88.10)	00	05 (11.90)	42 (100)
Small Farmers	37 (75.51)	04 (8.16)	08 (16.33)	49 (100)	40 (81.63)	02 (4.08)	07 (14.29)	49 (100)
Marginal Farmers	33 (70.21)	06 (12.77)	08 (17.02)	47 (100)	40 (85.11)	03 (6.38)	04 (8.51)	47 (100)
Labourers	30 (65.22)	05 (10.87)	11 (23.91)	46 (100)	33 (71.74)	04 (8.70)	09 (19.56)	46 (100)
Grand Total	157 (74.76)	16 (7.62)	37 (17.62)	210 (100)	176 (83.81)	09 (4.29)	25 (11.90)	210 (100)

*Source:* Field work (2003).

Note-Figures in the bracket represents percentage to total.

Respectively. In case of big, medium, small and marginal farmers and labourers it comes to be 96.15, 76.19, 61.23, 74.47 and 67.39 percent households are satisfied to provided the bank

services. The highest (96.15%) and the lowest (61.23%) percentage of households lie in the category of big and small farmers respectively.

In case of CCB, out of total sample households 57.14, 35.72 and 7.14 percent households are satisfied, not satisfied and don't know about bank services provided to the households respectively. In case of big, medium, small and marginal farmers and labourers it happens to be 100, 69.05, 65.31, 78.72 and 78.26 percent households are satisfied to provide the bank services. The highest (100%) and the lowest (65.31%) percentage of households related to the category of big and small farmers respectively.

The table makes it clear that PNB has relatively higher (72.86%) percentage of households who are satisfied to provide bank services in comparison to CCB (57.14%).

The data containing bank-wise and category-wise households who wants to take loan in future is presented in table 4.31. The table shows that out of total sample households of PNB, 74.76, 7.62 and 17.62 percent households desired to take loan in future, don't take loan in future and don't clear about it respectively. In case of big, medium, small and marginal farmers and labourers 88.46, 80.95, 75.51, 70.21 and 65.22 percent households desired to take loan in future respectively. The highest (88.46%) and the lowest (65.22%) percentage of households come from the category of big farmers and labourers.

As far as in case of CCB, out of total sample households 83.81, 4.29 and 11.90 percent households desired to take loan in future, don't take loan in future and don't clear about it respectively. In case of big, medium, small and marginal farmers and labourers 100, 88.10, 81.63, 85.11 and 71.74 percent households desired to take loan in future respectively. As like PNB's the highest (100%) and the lowest (71.74%) percentage of households who desired to take loan in future lies in the category of big farmers and labourers respectively.

It has been noted that CCB has relatively higher (83.81%) percentage of households those wants to take loan in future in comparison to PNB (74.76%). It is good for the CCB. But it happened with CCB due to not repaying the bank loan.

## CONCLUSION

On the basis of above informations the study finds that CCB is leading to disburse the loans for agriculture and allied activities in comparison to PNB. But CCB has relatively higher (Rs.0.052) per Rupee borrowing cost in comparison to PNB (Rs.0.048). The study also finds that in case of both the banks PNB as well as CCB labourers have the highest per rupee borrowing cost and big farmers have the lowest. Therefore, it has to be stated that the economically weaker sections of the society are enable to avail the facilities provided by the banks consequently they are forced to meet their financial requirements from private sources.

The study further depicts that CCB has relatively higher (55.71%) percentage of bank defaulters in comparison to PNB (41.90%). But it is pertinent to note that in both the bank labourers and big farmers has relatively higher percentage of bank defaulters in comparison to other categories. Another crucial is that CCB has relatively higher (21.43%) percentage of households, who repay the bank loan from new loan in comparison to PNB (12.39%) households. It may be considered as an alarming well for the CCB.

It needs to be noted that PNB is performing better in the asset generation, income generation, employment generation, proper utilisation of bank loan, diverting the mis-utilised bank loan into productive use and repayment of bank loan from the new income generation in comparison to CCB. It happened mainly, because beneficiaries of PNB have the more positive attitude and they have given fewer bribes for bank loan in comparison to CCB beneficiaries. However, it has been found that in both the banks bribe to bank employees has constituted the highest proportion in total borrowing cost. It is a dangerous situation for both the banks. Therefore, it is

a need of as loan to minimise the proportion of bribe in total borrowing cost. Which is necessary for providing conducive platform to avail the banking facilities properly.

In nut sell, it may be concluded that both the banks have their own significance in rural development, which cannot be divided in the present. However, context PNB is contributing relatively more in rural development in comparison to CCB.

*Chapter - V*

# Summary and Conclusions

The agriculture and rural development are highly inter-related. Agriculture has been considered as crucial sector to generate major proportion of employment. Productive job opportunities are to be created in rural areas through development of agriculture, irrigation facilities, rural infrastructure and promotion of village and cottage industries for rural development by providing cheaper bank loan.

In a planned economy like India, which primarily aims to ameliorate the conditions of the rural poor through creation of employment opportunities, improvement of skills and productivity of land and labour, banks are expected to play an active role in development irrespective of how they come up, who own them and what they were doing up till now. The organization of co-operative credits system, the conversion of Imperial bank of India into State Bank of India, introduction of social control over banks and later the nationalization of major banks all were to ensure that the banks no longer remain unconcerned with the needs of planned development. They are required to play an active role in improving the productivity of human and natural resources in India, for the development of rural areas and uplift the poor sections of society. The role of the banks in the present context has to be viewed from this basic consideration.

In the rural areas most of the households are illiterate and tradition bound. Adding to this difficulty is the uncertainty about farm production owing to dependence on rainfall and weather conditions. All these factors mean that where as many of the low-income households are not in a position to borrow at a higher rate of interest, the risk involved and the cost of servicing such a large number of small loans in remote and far-flung villages would necessitate the credit agencies to keep themselves at an arm's length. In an adverse situation like this, the lending agencies are generally reluctant to finance the poorer groups.

In the rural areas most of poorer sections, do not have adequate assets base to improve their productivity and income. The first task of any credit institutions is therefore, to assist these target groups to acquire and build up their land and non-land based assets. In the development context, implies that the role of banks should contribute to promote various development programme and resources mobilization in the rural sector. Development efforts would call for primarily lending for creation of assets and secondly for augmenting production from the existing assets as also from additional assets created through lending. So that, banks should help the socially backward groups not only by providing money but also arranging for supporting services, so that the borrower gets all the inputs required and technical guidance to make proper use of the bank loan.

The study entitled, **“A Comparative Study of the Role of Punjab National Bank (PNB) & Central Co-operative Bank in the Development of Rural Haryana-A Case Study of the District Jhajjar”** was carried out during the financial year from 1998-2002. The study aimed to find out a comparative role of PNB and CCB in rural development. The role of both the bank was studies in context to asset, income, employment generation, proper utilisation of bank loan, recovery of loan, advances to agriculture and allied activities etc. has also been studied. The main objectives of the study were as follows:

- (i) To examine the performance of CCB and PNB in terms of deposits & advances, NPAs, C-D ratio, recovery rate, profitability etc. with special reference to rural areas.
- (ii) A comparative study of the extent of supply, utilization and recovery of bank loans by both the banks.
- (iii) To compare the impact of bank loan on asset, income and employment generation by both the banks.

The present study has been also based on secondary data as well as primary data. The secondary data has been collected from various financial Institutions and their publications. While,

primary data has been collected from the fieldwork (survey). So that, the findings of the study were based on an intensive inquiry of 420 households, 210 from each bank (60 households from each village and 30 beneficiaries of each bank from each village) selected randomly from 7 villages of district Jhajjar. The researchers select the district Jhajjar for the research, because it is neither advanced nor backward and it is also convenient for research. A multi stage stratified random sampling technique has been adopted to determine the sample and composition for the proposed study. The inquiry was conducted by survey method during the year 2003. The beneficiaries of both the banks from the selected villages were classified into 5 categories i.e. landless, marginal (less than 2.5 acres), small (2.5 to acres), medium (5 to 10 acres) and big farmers (above 10 acres) as per the government norm. The primary data were collected by direct personal interview methods from the selected beneficiaries as well as prepared schedule and questionnaires. The main findings of the proposed study could be summarized as under:

## MAIN FINDINGS

### Analysis on the Basis of Primary Data (Main Findings of the Study)

#### Social Status:

In both the banks PNB and CCB, agriculture sector is the main source of household's income. But CCB has relatively higher (48.10%) percentage of households, whose main source of income is agriculture in comparison to PNB (39.52%) households. (4.2)

In case of PNB, the highest (31.90%) percentage of bank beneficiary's households lies in the category of Rs.25001-50000 amount of bank loans. While in case of CCB, the highest (32.90%) percentage of bank beneficiaries related to the category of Rs.0-25000. It shows that, CCB is providing higher amount of loan to the poor people in comparison to PNB. (4.3)

The study shows that, out of total sample households of PNB's the highest (35.24%) percentage of households borrowed for the allied activities. While in case of CCB the highest (39.05%) percentage of households borrowed for the agriculture. (4.4)

The study finds out that, PNB has relatively higher average bank loan Rs.80695 to sample households in comparison to CCB Rs.76872. (4.5)

The study concluded that, beneficiaries of CCB have visited the bank more number of times in comparison to PNB, for taking the loan. (4.6)

#### Borrowing Cost:

The present study draws a conclusion that CCB has relatively higher (Rs.0.052) per rupee borrowing cost in comparison to PNB (Rs.0.048). In both the banks PNB and CCB, big farmers have the lowest (Rs.0.022 and Rs.0.024) per rupee borrowing cost and labourers have the highest (Rs.0.074 and Rs.0.091) per rupee borrowing cost respectively. But in the higher and lower costs, CCB is leading in comparison to PNB. It shows that labourers had to pay more bribes and cost for bank loans, perhaps, because they mis-utilised the more loans in comparison to other categories. It also shows that CCB has more corruption and beneficiaries had to pay more cost and number of visits to CCB, in comparison to PNB in district Jhajjar.

The study also finds that out of total loan CCB has relatively higher percentage amount of borrowing cost (5.17%) in comparison to PNB (4.75%). (4.8)

We find that in both the banks PNB and CCB bribe to bank employees constitutes the highest percentage to total loan. However, CCB has relatively higher average (Rs.1956) amount of bribe in comparison to PNB (Rs.1782). The study also finds that out of total borrowing cost CCB has relatively higher (2.55%) percentage of bribe amount in comparison to PNB (2.21%). It shows that CCB has more corruption in comparison to PNB. (4.10)



**Asset Generation:**

The present study finds that, out of total loan, PNB has relatively higher (34.10%) percentage amount of total loan used in asset generation in comparison to CCB (27.71%). Not only that PNB has also relatively higher (67.62%) percentage of households, who generated the asset from bank loan in comparison to CCB (60.48%). PNB also performing better (Rs.40697) in average amount of asset generation in comparison to CCB (Rs.35228). It shows that beneficiaries of PNB have relatively more positive attitude towards development in comparison to CCB beneficiaries in district Jhajjar (4.13).

**Proper Utilisation of Bank loan:**

The study finds that out of total sample households PNB is performing better (38.10%) in proper utilising households in comparison to CCB (32.86%) (4.15). In absolute amount also PNB (average amount of Rs.68250) is performing better in comparison to CCB (average amount of Rs.59167) (4.16). The study also finds that CCB is performing better with 34.66 percent proper utilization of total bank loan amount of sample households in comparison to PNB as 31.43 percent (4.17). It has been found that CCB is utilizing relatively higher (64.84%) percentage of total loan in small business activity in comparison to PNB (63.93%).

**Diversion of Mis-utilised Loan in Productive and Unproductive Purpose:**

The present study clearly shows that, PNB has relatively higher (36.92%) percentage of households who diverted the mis-utilised bank loan in productive use in comparison to CCB (29.08%) (4.19). The study also finds that, PNB is also performing better (36.07%) in the diverted mis-utilised bank loan in productive use in comparison to CCB (29.48%) (4.20).

The study further finds that, CCB has relatively higher (57.14%) percentage of households who diverted the bank loan in unproductive use in comparison to PNB (52.38%). But, both the banks PNB and CCB have the highest percentage of households who diverted the bank loan for the purpose of repayment of loan. It is a dangerous situation for both the banks in district Jhajjar. (4.21)

The study finds that, PNB has relatively higher (22.86%) percentage of households who diverted the mis-utilised bank loan in productive activities in comparison to CCB (19.52%) (4.23). The study also finds that, in case of lending of bank loan by the beneficiaries to other people both the banks PNB and CCB have the highest percentage. It comes out to be 46.34 and 33.33 percent of total households who misutilising bank loan. But CCB has relatively higher (69.53%) percentage of mis-utilised amount diverted into lending activities in comparison to PNB (54.09%). It may be vary dangerous situation for the financial health of the banking sector, when the beneficiaries for the purpose of lending are using a significant proportion of bank loan. (4.24)

**Use of Kissan Credit Card (KCC):**

The study finds that CCB has relatively higher (34.76%) percentage of KCC user households in comparison to PNB (32.86%). In both the banks PNB and CCB, big farmers and marginal farmers have relatively higher and lower percentage of KCC users respectively. It indicates that big farmers have their influence on the banking system (4.25)

**Income Generation:**

We find that, PNB has relatively higher (48.10%) percentage of total income generating household in comparison to CCB (40.48%). Because the beneficiaries of PNB has relatively higher percentage in asset generation and low borrowing cost in comparison to CCB beneficiaries Due to higher proportion of PNB's in income generation, it shows that PNB has relatively higher contribution in rural development in comparison to CCB. (4.27)

**Employment Generation:**

The study finds that, PNB has relatively higher (27.62%) percentage of employment generating households in comparison to CCB (22.86%) (4.28). It shows higher contribution of PNB's in rural development in comparison to CCB.

**Bank Defaulters:**

We find that, CCB has relatively higher (55.76%) percentage to bank defaulters in comparison to PNB (41.90%) (4.29). It is not good for the health of CCB. Being a huge number of defaulters the situation is very serious for the banking system, particularly the CCB.

We also find that in case of both the banks PNB as well as CCB have the highest percentage of defaulters lies in the category of labourers (71.74% and 84.78%) respectively. It happened mainly because beneficiaries think that government would again write-off their bank loans. It also shows that due to higher percentage of labourers, it happened that loan which was given under anti-poverty programme and without mortgage was not being repaid.

It is also finds that in case of both the banks PNB as well as CCB marginal farmers have the lowest (25.53% and 38.30%) percentage of the bank defaulters respectively. Because, marginal farmers feel shame in the society, more as they are found more conscious of their social status.

**Bank Loan Repayment:**

The study finds that, PNB has relatively higher (58.10%) percentage of loan repaying households in comparison to CCB (44.29%). It happened mainly, because PNB has relatively higher percentage in asset, income and employment generation in comparison to CCB.

A very crucial finding of the study is, CCB has relatively higher (21.43%) percentage of households, who repay the bank loan from the source of new loan in comparison to PNB (12.39%). While PNB has relatively higher (21.43%) percentage of households who repay the bank loan from the source of new income in comparison to CCB (13.81%). It is a mis-utilisation of CCB's resources. It is an alarming bell for the CCB's bright future and higher growth rate of rural development. It shows that contribution of CCB's in rural development relatively less in comparison to PNB in district Jhajjar. (4.29)

The study further finds that PNB is also leading with 72.86 percent in providing satisfactory bank services to households in comparison to CCB (57.14%). It is also noted that, in case of CCB, big farmers are fully satisfied from the bank services (4.30).

It is also noted that CCB has relatively higher percentage (83.81%) of beneficiaries who deserved to take loan in future in comparison to PNB (74.76%). In both the banks big farmers have the highest percentage (88.46% of PNB and 100% in CCB) and labourers have the lowest percentage (65.22% of PNB and 71.74% in CCB) that deserves for loan. It is good for the future of the CCB.

The study brings out that, all bank branches of PNB in rural areas are partially computerized, while in case of CCB not even a single bank branch in rural areas is computerized in district Jhajjar.

**Findings: On the Basis of Secondary Data**

The study also finds that there is difference between CCB and PNB in case of appointment of employees, leaves and salary allowances. The structure of rate of interest is also different for various schemes.

**Bank Branches in Rural Areas:**

The study finds that CCBs, which have been established mainly for financing agriculture relatively, have higher growth rate (4.03%) of bank branches in rural areas in comparison to

PNB (0.14%) during the time period from 1998-2002. But it is less than, the growth rate of all banks (6.86%) in rural Haryana during the same time period. The study further depicts that CCB has relatively higher percentage (64.30%) of bank branches in rural areas in comparison to PNB (56.35%) and to all banks (45.41%) in rural Haryana.

While in case of district Jhajjar PNB has relatively higher percentage (81.25%) of bank branches in rural areas in comparison to CCB (73.33%) during the above said time period. PNB is operating 6 villages per branch while CCB is operating 8 villages per branch in rural Jhajjar.

**Bank Deposits in Rural Areas:**

The study shows that CCB has relatively higher growth rate of total deposits, i.e. 18.58 percent in comparison to PNB, which is 14.06 percent in Haryana during the time period 1998-2002. The study further shows that, in case of rural areas CCB has relatively higher growth rate (18.80%) of bank deposits in comparison to PNB (13.34%) and all banks (11.34%) in rural Haryana during the same period.

The study also shows that CCB has relatively higher growth rate of total deposits 20.55 percent in comparison to PNB 13.61 percent in district Jhajjar during the above said period.

**Bank Advances in Rural Areas:**

We find that CCB has relatively higher growth rate 18.30 percent of total bank advances in comparison to PNB 17.64 percent in Haryana during the period 1998-2002. The study further finds that advances of PNB to rural areas have higher growth rate (18.37%) than that of CCB (18.05%). If we see the advances in absolute amount in rural areas, in case of CCB it has increased from Rs.849.23 crore in 1998 to Rs.1649.22 crore in 2002. Which is greater than the amount increased of PNB Rs.293.86 crore to Rs.576.83 crore in the same time period in Haryana.

The study depicts also that in agriculture and weaker section advances of PNB has relatively higher growth rate 21.86 percent and 22.91 percent in comparison to CCB 14.94 percent and 22.74 percent in Haryana. But in absolute amount CCB is performing better than PNB. The amount of CCB in these sectors has increased from Rs. 334.77 and Rs.672.87 crore in 1998 to Rs.584.20 and Rs.1303.37 crore in 2002 for the agriculture and weaker section advances. Which is greater than the advances of PNB amount increased from Rs.284.94 and Rs.115.76 crore, to Rs.628.37 and Rs.319.44 crore in Haryana in the above said time period.

The study finds that PNB has relatively higher growth rate (22.32, 21.74 and 29.03 %) of all priority sectors (primary, SSI and tertiary sector) in comparison to CCB (15.51, 13.44 and 6.48 %) respectively in Haryana. But in absolute amount CCB is performing better than PNB, in primary sector advances. The amount of this sector increased from Rs.295.40 and Rs.1117.55 crore in 1998 to Rs.661.22 and Rs.1989.54 crore in 2002 for PNB and CCB respectively. While, PNB is performing better than CCB in the SSI and tertiary sector in the same time period in Haryana.

We find that CCB has relatively higher growth rate 19.90 percent of total bank advances to all sectors in comparison to PNB 19.41 percent in district Jhajjar during the period 1998-2002.

The study further depicts that in agriculture and weaker section advances of PNB has relatively higher growth rate 28.89 percent and 47.25 percent in comparison to CCB 17.97 percent and 4.35 percent in district Jhajjar. But in absolute amount CCB is performing better than PNB. The amount of CCB in these sectors increased from Rs.26.06 and Rs.22.16 crore in 1998 to Rs.59.01 and Rs.26.27 crore in 2002 for the agriculture and weaker section advances. Which is greater than the advances of PNB amount increased from Rs.14 and 3.92 crore to Rs.31.95 and Rs.18.43 crore in district Jhajjar in the above said time period.

We also find that PNB has relatively higher growth rate of bank targets of advances, as a whole under credit plan (44.63, 49.73, 28.81 and 27.91 %) in comparison to CCB (32.76, 33.16, 27.66 and 21.12 %) for overall (total), agriculture, SSI and tertiary sector in district Jhajjar respectively. In agriculture sector also CCB has relatively lower growth rate (33.16%) in terms of PNB (49.73%) as well as all banks (36.93%). But if we see in absolute amount CCB has relatively higher amount in the agriculture sector in comparison to PNB. The amount of PNB and CCB increased from Rs.5.01 and Rs.35.44 crore in 1998 to Rs.25.18 and Rs. 111.42 crore in 2002 respectively in district Jhajjar.

The study further finds that PNB has relatively higher growth rate of bank achievements of bank advances under credit plan (40.01, 41.69, 36.78 and 21.50%) in comparison to CCB (30.22, 30.86, 17.41 and 12.37%) for overall, agriculture, SSI and tertiary sector respectively in district Jhajjar. But in case of agriculture sector CCB has relatively lower growth rate (30.86%) in comparison to PNB (41.69%). While, if we see in the absolute amount CCB has higher amount of bank advances achievements during the period 1998 to 2002, in comparison to PNB.

#### **Per Employee Transaction:**

The study depicts that CCB has relatively higher growth rate (18.44%) per employee transaction in comparison to PNB (15.23%) in Haryana during the time period 1998-2002. But, if we see in absolute amount PNB has relatively higher per employee transaction Rs.84.50 lakh and Rs.149 lakh in comparison to CCB Rs.33.90 lakh and Rs.146.3 lakh in the period 1998-2002 per employee respectively in Haryana. Further, CCB has relatively higher (20) number of employee per branch in comparison to PNB (14) in Haryana.

The study depicts that CCB has relatively higher growth rate 33.33 percent per employee transaction in comparison to PNB 15.80 percent in district Jhajjar during the time period 1998-2002. But, if we see in absolute amount PNB has relatively higher per employee transaction Rs.88.30 lakh in 1998 and Rs.158.80 lakh in 2002, in comparison to CCB Rs.46.30 lakh and Rs.146.30 lakh in the same period in district Jhajjar. Further, CCB has relatively higher (14) number of employee per branch in comparison to PNB (11) in district Jhajjar. In case of CCB having higher number of employees per branch and low transaction per employee shows that, it has low productivity of employees. It happened mainly, because CCB is performing better in the ACGR of deposit and advances and number of employees in comparison to PNB.

#### **Credit Deposit Ratio:**

The performance in terms of C-D ratio shows that in absolute figures CCB has been performed better than PNB in Haryana during the period 1998-2002. As on 31<sup>st</sup> March 2002, PNB has very low C-D ratio in comparison to national goal (60) in the rural Haryana (46.86) and total Haryana (46.55) respectively. While during the same time period CCB has relatively higher C-D ratio in comparison to national goal as well as PNB in rural Haryana (306.33) and total Haryana (176.80) respectively.

Further, study also shows that CCB is performing better in comparison to PNB in district Jhajjar during the period 1998-2000. As on 31<sup>st</sup> March 2002, CCB has relatively higher C-D ratio (114) in comparison to national goal (60) while PNB has relatively lower C-D ratio (42) in comparison to national goal in district Jhajjar respectively.

#### **Recovery:**

The study observed that PNB has relatively higher growth rate (5%) of bank recovery rate in comparison to CCB (-2.03%) in Haryana during the time period 1998-2002. The study also observed that PNB has the highest growth rate (6.54%) of bank recovery rate in SSI and the lowest (1.03%) in tertiary sector. While CCB has the highest growth rate (0.43%) in agriculture sector and the lowest (-1.82%) in tertiary sector during the same time period. The study further finds that CCB has relatively lower growth rate of bank recovery in all sectors in comparison to

PNB as well as all Banks in Haryana. PNB has relatively higher growth rate (3.74%) in comparison to CCB (0.43%) in agriculture sector also during the above said same time period.

**Profits & NPAs:**

We find that CCB has relatively higher growth rate (48.36%) of NPAs in comparison to PNB (9.50%) in Haryana during the time period 1998-2002. It is an alarming bell for the CCB. But CCB has relatively higher growth rate (11.42%) of profit in comparison to PNB (-2.82%). The study further shows that CCB has relatively higher growth rate (11.13%) of profit per employee in comparison to PNB (-2.73%) in Haryana during the time period 1998-2002. While if we saw in absolute amount during the time period 1998-2002, PNB has relatively higher per employee profit Rs.97200 and Rs.87000 in comparison to CCB Rs.20000 and Rs.30500 respectively in Haryana. But the higher growth rate of CCB in profits happened mainly because profit of Harco bank is also included in it.

**Suggestions and Implications:**

In the state Haryana, PNB is performing in the capacity of a lead bank and CCB were established for the agriculture, particularly rural development. As a lead bank PNB has achieved much success in the planning at the district or block levels. In the first phase it carried out impressive surveys in their lead districts to have a view of the districts economy. In the second phase, it prepared district credit plans/annual action plans synchronizing with the annual development plan in their respective lead districts. But CCB does not prepare such type plans.

First, it is generally observed that almost one to three months is taken in sanctioning the loan. In case of both the banks PNB as well as CCB, seven and five percent of households have reported that fifteen to thirty days were taken. Forty two and thirty six percent households have reported that thirty to sixty days were taken and twenty eight and forty two percent households have reported that above two months were wasted respectively in taking the sanctioned amount of loans. Most of the households have pointed out that the rural households victimized due to procedural difficulties, as the majority of the households (47%) are illiterate. So that, there are procedural delays, harassment and arbitrariness in disbursement the amount of loans.

The government has tried to stream line the procedures, yet the situation does not seem to have improved much. As per instructions of RBI, no loan proposal should be kept pending with the bank for more than 15 days, and within the prescribed period of two weeks the concerned bank branch should clear the case.

It is therefore, 82 percent households suggested that loans and security norms should be simplified for attracting more and more needy and deserving households towards the bank finance. The banks should take lenient view of this problem of the households and deal with sympathetically with a human approach. They have also to complete the legal formalities in preparing some documents to be filed with their applications.

Secondly, it has also been observed that, the given loans are misused by a number of households. Out of total disbursed loans to the sample household's only 30.91 percent bank loans are used in asset generation. In case of the banks, PNB as well as CCB, 34.10 percent and 27.71 percent respectively asset is generated to total loans. It shows that asset generated by both the bank beneficiaries is very low level. They avail credit to undertake some specific schemes but in reality, they did not utilize the same for concerned purpose. The basic purpose of providing financial assistance is to produce productive assets and to increase productivity of existing assets particularly of land, to the households and to reduce under employment and bring about a sufficient spurt in their income so that they may cross the poverty line. But instead of generating or purchasing assets they misuse the amount raised through loans.

In order to prevent misuse of bank loans, out of total households 11 percent suggested that more loan should be given for productive and labour intensive schemes, loans must be given to groups in place of individuals, and most of loan should be given in kind in form of inputs (fertilizers and raw-materials). Twenty three percent households suggested that banks should introduce the provision of post credit supervision. So they should maintain a close and continuous touch with the beneficiaries, because responsibility of banks does not come to end by just advancing the loans.

Thirdly, due to the absence of systematic publicity, there is a lack of awareness among the rural people about anti-poverty programme and various schemes introduced for their development. The majority of the households (67%) complained that they have come to know about the programme from secondary sources. That is friends and relatives and no official agency ever contacted them to impart necessary information. This percentage has come to 64 and 70 percent from the PNB and CCB respectively. A large number of people do not even know that there has been any such programme in existence for their uplift since the last decade.

It is, therefore, essential that rural people must be aware of the various schemes, which aim at their multi-dimensional development. Banks should advertise their loan schemes through different communication methods, as they done in urban areas. And at the same time rural people should also come for the help to implement the rural development schemes in practical. The banks should organize camps in the rural areas to educate and make the rural people aware about the existing schemes relating to their development.

Fourthly, it also observed that borrowing cost of both the banks is very high. But in relative terms CCB has higher (Rs.0.052) per rupee borrowing cost in comparison to PNB (Rs.0.048). Out of total, 64 percent households complained for the higher per rupee borrowing cost. In case of both the banks PNB as well as CCB it comes to 61 and 67 percent of households respectively. The main cause of higher borrowing cost has been attributed to the bribes as well as more (many) time's visits to the banks. Out of total households, 53 percent complained that the bank employees take the bribe and 23 percent households accepted that they have given bribe for the bank loan. In case of both the banks PNB as well as CCB, 48 and 58 percent households complained for the bribe and; 19 and 27 percent households accept this respectively. While out of total households 60 percent; 55.71 percent from PNB and 64.29 percent from CCB, complained that they had visited more than five times for the bank loans. Most of the household complained against the unnecessary delay in sanctioning loans particular in case of big amount.

Banks should cooperate in reducing the borrowing cost of bank loans. For this, 82 percent household suggested that bank should abolish the unnecessary delay to sanction and disbursement of loan. It is not possible to eradicate bribe completely but it may be reduced. Corrupt officials should be treated strictly to the extent of termination of their services and honest officials should be rewarded in the form of promotions, special increments and other benefits. In other words both the banks should provide loans adequately, timely and at a cheaper rate.

Fifth, both the banks at present are providing the consumption loan only for some durable goods. Out of total households 73 percent; 71 percent from PNB and 75 percent from CCB, suggested that banks should also provide loans for social functions. The main reason for misutilisation of loans is the scarcity of resources to meet social functions under this head loans are given to the weaker sections for productive purposes with some consumption component and house construction so that productive efficiency does not suffer to the lack of adequate maintenance income.

Six, it has also been observed that the number of bank branches in the rural areas are inadequate. In case of both the bank PNB as well as CCB has been operating in, on an average 6 & 8 village respectively per branch in rural area of district Jhajjar. So that there is requirement in rural areas to open more bank branches by both the banks.

Seventh, it is observed that, number of defaulters has been increasing. Out of total households 48.80 percent (41.90 percent from PNB and 55.71 percent from CCB households) are bank defaulters. Due to high percentage of bank defaulters, recovery of bank loan is very low. Out of total household only 51.19 percent are repaying their bank loans. PNB has relatively higher percent (58.10%) of the repaying household in comparison to CCB (44.29percent) in district Jhajjar. And the main cause of the low recovery rate is mainly the highest growth rate (48.36%) of NPAs in comparison to PNB (9.50 %) in Haryana. It is not good signal for bank's future.

For the rural development it is necessary to reduce the percentage of bank defaulters, NPAs and they should increase the bank recovery. To increase the bank recovery government should also under-taken the CCB under new NPAs Ordinance as PNB and other commercial banks are being considered and banks should implement this Ordinance as soon as possible. Further, in case of genuine difficulties from unforeseen calamities such as crop failures and sickness or death in the family, failure of business, the grace period for the repayment should be granted. In such cases the short-term loans may be converted into long-terms.

The loan should also be given for the adoption of modern farm technology in agriculture as well as SSI, gardening and allied activities as daring. Due to increase in their bank loans in these sectors income of the rural households would also increase and the recovery of bank loan will be increased.

In the rural areas supply of electricity is not regular, which hampers the productive use of bank loans and the production of agriculture and other activities. So that govt. also made a procedure of regular supply of electricity.

The bank employees have genuinely complained that in case of recovery of loans, the government and their officials do not cooperate and help the bank employees in the process of the recovery of dues. Therefore, taking simple action like Jail of 14 days and some payment of bank loan the banks have been to punish only 13 percent of households. To prompt recovery of dues the state government should help the banks. One of the main reasons of non-taking action against the defaulters is that government provides protection to the known people. In this situation banks find themselves helpless to take any legal action against the influential peoples.

Out of total 29 percent households suggested that govt. interference must be abolished for the bright future of the banks, particularly CCB; and banks may be independent for taking any decision to increase the bank recovery.

Eight; in case of bank recovery it is necessary that most of the recovery should come from the new income generation and not from the new loans and sold assets. It is noted that only 17.62 percent to total sample households repaid the bank loans from new income. While in case of repaid the bank loan from new income 21.43 and 13.81 percent household's comes from the PNB and CCB respectively. While 16.91 percent to total sample households; 12.39 percent from PNB and 21.43 percent from CCB, households repaid the loans from the new loans. It is a very dangerous situation for the banks.

For the rural development it is necessary to increase the contribution of new income and asset generation in the recovery of bank loans. So that banks should increase productive job opportunities, which are to be created in rural areas through development of agriculture, allied activities, irrigation facilities, rural infrastructure and promotion of village and cottage industries (SSI).

**Some Suggestions for Co-operative Bank:**

1. The study finds that as on 31st march 2002 CCB has relatively higher number (20 and 14) of employees per branch in comparison to PNB (14 and 11) in Haryana as well as district Jhajjar respectively. While on the above said time period, PNB has relatively higher transaction (Rs.149 Lakh and Rs.158.80 Lakh) per employee in comparison to CCB (Rs.66.70 Lakh and Rs.146.30 Lakh) in Haryana as well as district Jhajjar, respectively. It shows low productivity of CCB employees in comparison to PNB. So that CCB may increase the productivity of employees by adopting new technology and reducing excess staffing.
2. In case of PNB all bank branches in urban areas are fully computerized and in rural areas all branches are partially computerized. If CCB wants to increase the productivity, efficiency of employees, saving the time and money, better services and to make themselves in competition CCB must to adopt new technology.
3. As regards to Co-operative credit agencies, particularly in the DCCBs and SCBs; the elections are fought on political party lines. Often, the state government supercedes the elected bodies when another party comes into power. The party in power/ruling party meddles with appointments in Co-operatives. In Haryana Co-operative banks 101 employees of state govt. are appointed as on 31<sup>st</sup> Dec. 2003 on deputation. And in the Co-operative banks dual control system are found. These banks come under the co-operative registrar (state govt.) and on the other hand they had to (meet) fulfill and obey the instruction of RBI. So that increasing the efficiency of these banks government interference must be abolished and they should obey the rules and regulations and control of RBI only. If these steps should not be taken, these banks could not make an ideal bank.
4. The study found that 58 percent beneficiaries of CCB complained against the bribe taken by bank employees and 27 percent accepted that they have given bribe for the bank loans. It shows that there is a lack of honest employees and majority of them is corrupt. So that, for the bright future of Co-operative movement, honest foresighted, cautious, capable, diligent men of knowledge with sufficient training, good salary and with a missionary spirit of selfless service are required for the success of the movement.
5. The study finds that, CCB has relatively lower percentage (41.29%) of repaying the bank loans in comparison to PNB (58.10%). And the CCB has relatively higher percentage (55.71%) of bank defaulters in comparison to PNB (41.90%). It is an alarming bell for the CCB for the bright future of these banks they must increase the recovery and reduce the defaulters and NPAs (48.36%), which is greater than the national average of NPAs (16.00%). So that CCB should also be empowered to deal with bank defaulters strictly.
6. The study finds that 14 percent of CCB beneficiaries complained against the lack of resources. There should be a provision as they can get cheap and direct finance from the RBI and NABARD. In case of co-operative, NABARD and RBI provide the finance to SCB, and SCBs provides to DDCB. SCB make it costly because they increase the rate of interest. This difference between SCB and DCCB are found 2 percent.
7. The study finds that CCB has relatively higher (Rs.0.052) per rupee borrowing cost in comparison to PNB (Rs.0.048). It is necessary for the CCB to reduce the borrowing cost.
8. The study also shows that a beneficiary of CCB has relatively low (Rs.0.277) per rupee asset generation in comparison to PNB (Rs.0.341). The CCB are required to make efforts to monitor loan utilization properly, and new assets could be generated. It is necessary to enhance the bank recovery.
9. According the RBI, out of total 419 banks, 16 DCCB in Haryana have not got license till 31st Dec 2003, but they are functioning. It is a dangerous situation for the CCB. It is noticeable that



CCB are running in loss and some are in the situations that they can be closed at any time. Mainly, because their liabilities are greater than their assets. It comes in the case of Dujana branch in year 2003. It has reamed the faith of the people from the co-operative banks. Therefore, to win the faith of the people enhancement in the recovery is required. Government should take a decision to include Co-operative banks in the new NPAs ordinance and implement it strictly as soon as possible.

### **Area for Further Research**

As stated in the study, the development of rural areas depend on the proper utilization of bank loans in productive activities like new asset generation and augmenting production from the existing assets which in turn would increase the production, income and employment in rural areas. If adequate infrastructure were not available then misutilistion of bank loans as well as scarcity of resources would enhance. Therefore debts would prove burden some instead of beneficial to borrowers. The results and implications of the study have been confined within the boundaries of its objectives. However, the results of the study point to a few imperative areas, which require further research. Overall households leave an urgent need to investigate the operation of the overall bank recovery, NPAs and repayment methods of all the banks, which have been adopted. Another need is left to investigate whether the farmers are in the loan trap or not because recently many suicide cases of farmers have appeared in the state like Tamil Nadu, Karnataka, Andhra Pradesh and Punjab. The reason for their suicide is pointed out as failure of crops and huge amount of bank loans. Whether farmers are in the clutches of the bank and weather compel them to take such decisions.

### **CONCLUSION:**

The concept of rural development is very broad. We cannot consider all the components of rural development in present study. Mainly, because, it is a comparative study of the role of PNB and CCB's in rural development. So, there are some limitations of present study. Therefore we have taken some indicators for rural development, which are mentioned earlier. On the basis of these indicators we will draw conclusions of our study. In principle, if the deposits, advances, C-D ratio, recovery rate, bank profit, bank business and profit per employees, asset, income and employment generation, proper utilisation of bank loan, diversion of mis-utilised bank loan in productive activities, recovery of bank loan particular from new income etc. are increasing, and the size of NPAs, recovery from new loans and sold assets, defaulters, and borrowing cost particularly bribe to bank employees are decreasing, it would show the higher contribution of banks in rural development.

Apart this, if the borrowing cost of bank loan, NPAs, bank defaulters and recovery from new loans and sold assets have low proportion then rural development will be enhanced, and if above said indicators have the higher proportion (growth rate) bank could not recycle the huge loans, consequently growth of rural development will be decreased.

If we see the performance of banks on the basis of secondary data, we conclude that in case of rural Haryana, excluding bank deposit, profit and NPAs, PNB is performing better in growth rate of bank advances, advances to weaker section and agriculture, bank recovery etc. In case of C-D ratio PNB could not achieve the national goal as 60. While C-D ratio for CCB have relatively higher than the national goal. At present C-D ratio for PNB is increasing so that, it is performing better in Haryana as well as district Jhajjar. As far as recovery rate, which is the main indicator to determine the bank performance, is concerned, that PNB is leading ahead to CCB. In case of CCB, ACGR of bank recovery has gone negative; it is an alarming bell for CCB. The policies on account off loans by Haryana govt. also played a significant role in enhancing the overdues (NPAs). It increased by 48.36 percent in the time period 1998-2002. So that it is a serious problem particularly CCB. Hence it is notable that CCB have relatively higher growth rate of per employee profit in comparison to PNB. The main reason for such

performance is that profit of Harco bank also included in it. CCB has relatively higher growth rate per employee transaction and profit in comparison to PNB, but if we see the absolute amount PNB has relatively higher transaction and profit per employee in comparison to CCB in Haryana as well as district Jhajjar.

Further, it is also clear that increase of deposit and advances to agriculture and weaker section, CCB are performing better than PNB in district Jhajjar. But in case of growth rate of total advances, bank targets and achievements under credit plan, PNB is performing better than CCB. While in absolute amount in agriculture and C-D ratio CCB is performing better in comparison to PNB.

Apart this the study finds that PNB has been performing better in the asset, income and employment generation, proper utilisation of bank loan, diversion of mis-utilised bank loan in productive use, repayment of bank loan from new income etc. in comparison to CCB. These indicators show the higher contribution of PNB in rural development in Haryana.

In nutshell, we can say that PNB has been contributing relatively more in the growth rate of rural development in comparison to CCB. At the same time we should not forget the role played by CCB in the development of agriculture as well as rural development may improve if above said suggestions are implemented properly in the CCBs.

Though the credit is only one of the components of rural credit delivery system designed to bring about rapid socio-economic changes along with rural development, it is never the less a very crucial component. A component is as important as the right dose of medicine for a patient. The illness is a sign of deficiency in the body, which has to be remedied. For the patient's recovery the right dose of medicine at the right time is vital. Too much medicine can be harmful while too little can delay recovery. And for this, the patient has to trust the doctor implicit. A poor patient cannot afford costly medicines and if the medicine is not taken he/she may die.

Similarly, credit has to be administered in the right doses, at the right cost (interest + borrowing cost) and at the right time. If this is not done, there is a chance of the project failing. Also, the borrower has to trust the banker's prescription with the banker too trusting the borrower for repayment. These confidence-building measures are must for any rural credit delivery system to perform efficiently.

At last on the basis of above information's we may conclude that PNB is performing better in rural Haryana as well as district Jhajjar in comparison to CCB. Therefore, PNB has relatively higher contribution in rural development in comparison to CCB in rural areas.

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## Questionnaire

### Part – (A)

1. Brief introduction of the Borrowers:

- (a) Name (b) Age
- (c) Village (d) Block
- (e) District (f) Educational Qualification: -
- (i) Under matric (ii) matric
- (iii) Above matric (10+2), Graduate and above.

2. Statement of borrower's economic status: -

- (a) No of family member. Total Male Female
- (b) Monthly/Annually Income of family Rs. \_\_\_\_\_.
- (c) Main source of family Income. \_\_\_\_\_.
- (d) Total land \_\_\_\_\_ Irrigated \_\_\_\_\_ Un-irrigated.
- (e) Do you engage your self in allied activities viz. Poultry, Piggery, Dairy, Sheep and Goat rearing and any other agricultural based Industry etc? If yes, give name \_\_\_\_\_ .

### Part –(B)

Need of credit and other statements.

3. Source of information, borrowing to bank loan:

- (a) Friend (b) Parthian of village
- (c) Bank employees (d) any other source

4. Sources of borrowing & loan's position: -

Agency Amount. Rate of Interest Purpose Time.

(Cash/Cheque)

- (i) CCB
- (ii) PNB
- (iii) RSBs.
- (iv) RRB
- (v) Private moneylenders.
- (vi) Friends/Relative.
- (vii) Others

Total.

5. Procedure of obtaining loan from the bank

Agency No. Of Date of Date of Most helped

Visits Application receipt person.

- (i) CCB

(ii) PNB

(iii) PSBs

(iv) RRB

(v) Private moneylenders

(vi) Friends/Relative

(vii) Others

6. Were you treated well by the employees when visited the bank, First time? Yes/No.

If No, what type of problem came with you \_\_\_\_\_.

7. Did you think that the procedure of taking loan is difficult and time consuming? Yes /No

If yes, what should be done to make it easy \_\_\_\_\_.

8. Cost of borrowing: -

Agency	Interest	Fair	Opportunity	Cost	Other	cost	Total	Cost	costnof	living	work.
Doctor/	Patwary										

Mediator/Bribe

(i) CCB

(ii) PNB

(iii) PSBs

(iv) RRB

(v) Private moneylenders.

(vi) Friends / Relative

(vii) Other.

9. Utilisation of loan: -

Agency	Proper used	Misused of	Activity in misuse
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Loan	(I)	(II)	(III)
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(i) CCB

(ii) PNB

(iii) PSBs

(iv) RRB

(v) Private moneylenders

(vi) Friends / Relative / other.

10. (a) Re-payment/Recovery of loan.

Agency	Regular/irregular	Balance	Amount of	Reason of
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Amount	Installment	Default
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(i) CCB

(ii) PNB

(iii) PSBs

(iv) RRB

(v) Private money lenders

(vi) Friends/Relative/others.

(b) Willful/non-willful defaulter.

11. In case of default, what steps did the bank against you take?

12. You generate any type of assets from the loan. Yes / No.

If yes, then which type of asset: -

(a) Asset generation

Agency Name of Asset Value Procedure of Purchase

(i) CCB

(ii) PNB

(iii) PSBs

(iv) RRB

(v) Private moneylenders

(vi) Friends/Relative/others.

(b) Income generation.

(i) Annual income before acquiring assets \_\_\_\_\_

(ii) Annual income after acquiring assets \_\_\_\_\_

(c) Employment generation. Yes/No.

(d) Any other impact on economic condition of borrowers.

13. Have you repaid the loan from the new income/new loan/sold asset/others?

14. (a) Have you enjoy the facility of credit card cards? Yes/No. If yes,

(i) Name of bank.

(ii) Limit of credit card.

(iii) Amount of use

(iv) Particular in use money.

(v) Rate of interest

(vi) Benefit

(b) If No, then why?

15. (a) What the services of banking in rural areas are satisfactory? Yes/No.

If No, which type of problem face by you \_\_\_\_\_.

(c) If yes, which bank provides better services? CCB/PNB.

(d) What type of services provide by said bank?

16. Do you want to take loan in future from bank? Yes/No.

(i) If yes, then why and from which bank \_\_\_\_\_.

(ii) If No, then why \_\_\_\_\_.

17. You have taken loan from private moneylenders. Yes /No

If yes, give the reason \_\_\_\_\_.

18. In your view what government or bank to improve the functioning/ services of banking in rural areas should do?

19. What do you think the future of banking in rural areas \_\_\_\_\_.

20. Any other suggestions / comments \_\_\_\_\_.

## ABOUT THE AUTHOR



**Dr. Jasbir Singh** is an eminent scholar in the field of Economics and Money & Banking. He (Associate Prof. (Dy. Director) in Maharaja Surajmal Institute under IP university) is M.A Economics (specialization in Money and Banking), M. A Rural Development, MBA in IBM, M Phil in Eco. Ph D in Eco (in Banking), from M. D. University, UGC/NET qualified and 23 years teaching experience in MDU as well as IP university. He has published more than 100 research papers in Scopus, ABDC, UGC Care, national and international journals.

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## ABOUT THE BOOK

The concept of rural development was applied in early Fifties in many countries to increase the per capita income of rural poor. India's economic development depends on the development of rural areas. In the early years, rural development was considered synonymous with the growth of agriculture and allied activities. Over the years, rural development has emerged as a strategy designed to improve the economic and social life of a group of the people, the rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural areas. India is a developing country and there is no doubt in this regard that Indian economy is rural dominated. In other words, we can say that India is a country of villages. According to the census 2001, 62 percent population lives in rural areas and a large number of rural people are still living below the poverty line (36%). The abject poverty, hunger, disease and human living conditions and the related problems of inequality and unemployment have been the well recognized the basic problems of rural economy since long time. So that, India's development means rural India's development and rural India's development is impossible without eradication of rural poverty. Even after seventy-five years of the independence we have failed to improve the living conditions of India's poor. The problem of deepening poverty has been the consequence of development strategies in which "We were laugh to take care of our GNP, since this would take care of poverty". But this did not happen. Our sustained growth is still accompanied by continuing poverty and the process of growth have tended to increase relative inequality. The poor even today are powerless, resource less and income less to earn their basic necessities of life. "What is at stake in rural India is not a fair share of the land but a fair share of income and employment, education and social status. The chief problem of rural poor is that landless labour is also capital less, skill less, education less and status less labour". Though huge public investment has been made on large number of rural development programme, yet these programmes could not cover all the sections and no significant improvement could be made in the living conditions of the poorest of the poor people in rural India. Rural development is not possible without the help of banking and financial sector. This book focuses on the role of banks in the development of rural areas.



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