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A Study on Co-operative Bank in Financing Agricultural Sector in Nagaland

Shuya Keviu^{1*}, Sharma Amod² and Nakhro Rokoneituo³

¹ Deputy Project Director (ATMA-Nagaland), Department of Agricultural Economics, Nagaland University, SASRD, Medziphema: Campus, Medziphema-797 106, Nagaland.

² Assoc. Prof., Department of Agricultural Economics, Nagaland University, SASRD, Medziphema: Campus, Medziphema-797 106, Nagaland.

³ Assoc. Prof., Department of Agricultural Economics, Nagaland University, SASRD, Medziphema: Campus, Medziphema-797 106, Nagaland.

* Corresponding Author. E-mail: kevimailbox@gmail.com

Abstract: A study on co-operative bank in financing agricultural sector in Nagaland was conducted during 2009–2012 in Dimapur district of Nagaland, to examine the banking scenario and the status of co-operative bank and also to study the different agricultural loan received by the farmers and their repayment performance taking 60 numbers of respondents as beneficiaries. Findings reveals that 19 Commercial Banks with 93 branches, 1 Regional Rural Bank with 9 branches and 1 Co-operative Bank with 21 branches with a total of 123 bank branches operating in Nagaland. The current network of banking in the state is however far from being adequate. Most of the branches are situated in the commercial hubs and failed to reach the areas where they are needed the most, the rural areas. Under different enterprise, the maximum amount disbursed per loanee was found highest under animal husbandry with an average amount of ₹ 63,969.70, followed by agriculture with ₹ 57,685.71 and then by fishery with ₹ 48,890. Under the mode of repayment, partial repayment was found to be dominant with 81.67 per cent. The balance due for repayment was found to increase with the increase in the farm size, which indicates that, the marginal farmers was found better in repayment of loan than the small and medium size farmers.

Key words: Bank, Co-operative, Dimapur, Loan, Nagaland, Repayment.

INTRODUCTION

Agriculture is the mainstay of Indian economy not only in terms of contribution to the gross domestic product but also the people dependent upon it. Approximately 15.7 per cent (at current price) of the GDP is contributed by agriculture and allied sector, with about 52.1 per cent of the country's population dependent on this sector and accounts for about 12 per cent share of the country's exports (Anonymous, 2010)¹. The future growth of the domestic economy, to a large extent, will depend on the robust performance of the agricultural sector. The contribution of the banking and financial sector to the current economic growth of the Indian economy is very significant. However, the access of banking services to the rural agriculturist and the common man in general is not as promising. The role of banks in rural upliftment and the effectiveness of banks as a tool for socio-economic, and over all development of the rural people consists of a broad spectrum. The success or failures of any enterprises depends to a large extent on availability of finance.

Agriculture along with livestock rearing and other allied agricultural activities is a common aspect seen in most tribal houses of India and plays an important part, especially in the lives of the North-Eastern Hill Region people. Since agricultural operations are seasonal, family labour may become ideal, leading to decreased labour efficiency and unemployment problems. Agriculture and allied activities helps to supplement the farm income as well as utilizes the surplus resources of the farm. To remove or suppress such problems, one important measure is financing them to take up productive enterprises through banking sectors.

Keeping in view the present study was conducted with the following specific objectives:

1. To study banking scenario and the status of Co-operative Bank in Nagaland
2. To study agricultural loan received by the farmers and their repayment performance

RESEARCH METHODOLOGY

The present study was conducted in Dimapur district of Nagaland state during the year 2009-12. The research was conducted using primary data collected during the field survey work (Shuya, *et. al.*; 2012). A stratified random sampling method was adopted for the present study. In the first stage, out of total four blocks in Dimapur district; two blocks viz Dhansiripar and Medziphema were selected randomly, then a complete list of villages pertaining to each selected block were obtained from the block offices and three villages from each block were selected by random technique. Finally, six villages were selected in the second stage and lastly out of six villages, ten beneficiaries' respondents from each village were selected by stratified random sampling techniques. A total of 60 numbers of borrowers were selected and interviewed with the help of pre-tested structured schedule. Secondary data related to banking status in the state, amount of loan advances to the selected borrowers under different activities was collected from the concerned banks operating in the selected blocks, District Agriculture Office, Block Offices, District Statistical Office and other related offices.

RESULTS AND DISCUSSION

As on 31st March 2012, there were 19 Commercial Banks with 93 branches, 1 Regional Rural Bank with 9 branches and 1 Co-operative Bank with 21 branches with a total of 123 bank branches operating in Nagaland. At present there are 52 bank branches located in rural areas and 71 in semi-urban areas. Data showed that there is a least growth in the bank branches in the past few years as seen in Table 1. The current network of banking in the state is however far from being adequate. Out of the 74 Rural Development blocks in Nagaland, 32 Blocks are still un-banked. The people living in the un-banked areas have to travel a long way to the nearest banks. The bank branches failed to reach the areas where they are needed the most, the rural areas. Most of the Banks are situated in the commercial

Table 1
Bank branch network in Nagaland (in numbers)

| Year ↓ | Agency → | CBs | RRB | Co-op Bank | Total |
|------------|------------|-----|-----|------------|-------|
| 31-03-2012 | Rural | 50 | 1 | 1 | 52 |
| | Semi Urban | 43 | 8 | 20 | 71 |
| | Total | 93 | 9 | 21 | 123 |
| 31-03-2011 | Rural | 43 | 3 | 11 | 57 |
| | Semi Urban | 39 | 5 | 10 | 54 |
| | Total | 82 | 8 | 21 | 111 |
| 31-03-2010 | Rural | 38 | 5 | 12 | 55 |
| | Semi Urban | 39 | 5 | 10 | 54 |
| | Total | 77 | 10 | 22 | 109 |
| 31-03-2009 | Rural | 38 | 5 | 12 | 55 |
| | Semi Urban | 36 | 5 | 10 | 51 |
| | Total | 74 | 10 | 22 | 106 |
| 31-03-2008 | Rural | 38 | 5 | 12 | 55 |
| | Semi Urban | 33 | 3 | 9 | 45 |
| | Total | 71 | 8 | 21 | 100 |

hubs like Dimapur, Kohima, Mokokchung and Wokha as given in Table 2.

The status of loan and advances from NABARD in Nagaland over the past years is given in Table 3. The total loans and advances outstanding as on March 2012 was found out to be ₹ 1,72,451 lakhs, which was also the highest ever recorded in terms of amount. Examination of the table showed that there is an increase in the overall growth rate from 10.34 per cent in 2010-11 to 16.10 in 2011-12. The major share of advances during the year 2011-12 was released to the Commercial Banks followed by the RRB and then the SCB. The agency-wise break-up indicates that the SCB has the highest growth rate of 59.79 per cent, followed by the RRB with growth rate of 50.00 per cent and then the CBs with a growth rate of 13.25 per cent.

A total of 16,800 numbers of Kisan Credit Card were fixed under the Annual Credit Plan with a credit sanction of ¹ 3,926.15 lakhs during the financial year

Table 2
District-wise distribution of bank branches in Nagaland (in numbers)

| Year ↓ | Districts → | Dim | Koh | Tue | Zun | Mkg | Wok | Phe | Mon | Kip | Per | Lon | Total |
|------------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| 31-03-2011 | CBs | 28 | 16 | 4 | 5 | 10 | 6 | 5 | 4 | 1 | 2 | 1 | 82 |
| | RRB | 2 | 3 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 8 |
| | SCB | 5 | 4 | 1 | 1 | 3 | 1 | 3 | 1 | 1 | 1 | 0 | 21 |
| | Total | 35 | 23 | 5 | 7 | 14 | 8 | 8 | 5 | 2 | 3 | 1 | 111 |
| 31-03-2010 | CBs | 26 | 14 | 4 | 5 | 10 | 6 | 5 | 4 | 1 | 2 | 1 | 78 |
| | RRB | 2 | 3 | 0 | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 10 |
| | SCB | 5 | 4 | 1 | 1 | 3 | 1 | 3 | 1 | 1 | 1 | 0 | 21 |
| | Total | 33 | 21 | 5 | 8 | 14 | 8 | 9 | 5 | 2 | 3 | 1 | 109 |
| 31-03-2009 | CBs | 25 | 14 | 4 | 4 | 9 | 6 | 5 | 3 | 1 | 2 | 1 | 74 |
| | RRB | 2 | 3 | 0 | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 10 |
| | SCB | 4 | 4 | 1 | 2 | 3 | 1 | 3 | 1 | 1 | 1 | 0 | 21 |
| | Total | 31 | 21 | 5 | 8 | 13 | 8 | 9 | 4 | 2 | 3 | 1 | 105 |
| 31-03-2008 | CBs | 23 | 13 | 4 | 4 | 9 | 6 | 5 | 3 | 1 | 2 | 1 | 71 |
| | RRB | 2 | 3 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 8 |
| | SCB | 4 | 4 | 1 | 1 | 3 | 1 | 3 | 1 | 1 | 1 | 0 | 20 |
| | Total | 29 | 20 | 5 | 6 | 13 | 8 | 8 | 4 | 2 | 3 | 1 | 99 |

Dim-Dimapur; Koh-Kohima; Tue-Tuensang; Zun-Zunheboto; Mkg-Mokokchung; Wok-Wokha Phe-Phek; Kip- Kiphire; Per-Peren; Lon-Longleng;

Table 3
Status of bank Loans and Advances from NABARD
in Nagaland (₹ in lakhs)

| Year ↓ | CBs | RRB | SCB | Total |
|-----------|------------------------|---------------------|----------------------|------------------------|
| 2011-2012 | 1,57,616.00 (13.25) | 1,611.00 (50.00) | 13,224.00 (59.79) | 1,72,451.00 (16.10) |
| 2010-2011 | 1,39,181.00 (9.72) | 1,074.00 (23.22) | 8,276.00 (20.07) | 1,48,531.00 (10.34) |
| 2009-2010 | 1,26,853.19 (18.62) | 871.62 (8.56) | 6,892.71 (2.28) | 1,34,617.52 (17.59) |
| 2008-2009 | 1,06,939.00 (23.68) | 802.91 (1.38) | 6,739.04 (12.34) | 1,14,480.95 (22.76) |
| 2007-2008 | 86,463.00 (35.18) | 792.00 (2.19) | 5,999.00 (8.13) | 93,254.00 (32.68) |

Figure in the parentheses indicates the growth rate in percentage.

2011-12 as given in Table 4. The highest achievement was made by the CBs whose achievement percentage was 59.71 per cent, followed by the SCB with 51.06 per cent achievement and the RRB with only 21.71 per cent achievement. The overall achievement was found out to be 55.40 per cent which is only half the mark of the total sanction amount and numbers.

The financial highlights and progress achieved during the past years is detailed under Table 5. It was observed that the SCB had an average working capital of ₹ 38,854.53 lakhs during the year 2011-12. The investment was seen to have a negative growth rate of -2.66 per cent, but the CD Ratio was recorded the highest over the years with 36.00 per cent during the year 2011-12 with a growth rate of 41.29 per cent which was a drastic improvement over

Table 4
Status of Kisan Credit Card (KCC) in Nagaland

| Year ↓ | Agency | Target (in nos.) | Achieved (in nos.) | Achievement (in %) | Credit Sanctioned (₹ in lakhs) |
|-----------|--------|---------------------|-----------------------|-----------------------|-----------------------------------|
| 2011-2012 | CBs | 16,800.00 | 10,032.00 | 59.71 | 3,926.15 |
| | RRB | 1,700.00 | 369.00 | 21.71 | 91.31 |
| | SCB | 3,500.00 | 1,787.00 | 51.06 | 233.56 |
| | Total | 22,000.00 | 12,188.00 | 55.40 | 4,251.02 |
| 2010-2011 | CBs | 8,400.00 | 3,092.00 | 36.81 | 1,072.00 |
| | RRB | 670.00 | 988.00 | 147.46 | 144.08 |
| | SCB | 1,730.00 | 1,959.00 | 113.24 | 278.25 |
| | Total | 10,800.00 | 6,039.00 | 55.92 | 1,494.33 |
| 2009-2010 | CBs | 8130.00 | 5,369.00 | 66.04 | 1,461.33 |
| | RRB | 450.00 | 561.00 | 124.67 | 114.90 |
| | SCB | 1,645.00 | 449.00 | 27.29 | 44.26 |
| | Total | 10,225.00 | 6,379.00 | 62.39 | 1,620.49 |
| 2008-2009 | CBs | 6,630.00 | 1,078.00 | 16.26 | 293.29 |
| | RRB | 1,200.00 | 249.00 | 20.75 | 61.85 |
| | SCB | 0.00 | 233.00 | - | 16.35 |
| | Total | 7,830.00 | 1,560.00 | 19.92 | 371.49 |
| 2007-2008 | CBs | 6,356.00 | 1,699.00 | 26.73 | 389.09 |
| | RRB | 387.00 | 59.00 | 15.25 | 14.75 |
| | SCB | 1,000.00 | 72.00 | 7.20 | 7.20 |
| | Total | 7,743.00 | 1,830.00 | 23.63 | 411.04 |

Table 5
Co-operative Bank performance in Nagaland (₹ in lakhs)

| <i>S. No.</i> | <i>Particulars</i> | <i>2007-08</i> | <i>2008-09</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> |
|---------------|----------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| 1. | <i>Membership Total Nos.</i> | | | | | |
| | (a) Co-operatives | 2,975 (1.22) | 3,029 (1.82) | 3,121 (3.04) | 3,427 (9.80) | 3,571 (4.20) |
| | (b) State Govt. | 1 (0.00) | 1 (0.00) | 1 (0.00) | 1 (0.00) | 1 (0.00) |
| | (c) Outside Co-operative fold | 6,662 (12.74) | 7,528 (13.00) | 7,962 (5.77) | 8,002 (0.50) | 9,578 (19.70) |
| | (d) Total Nos. | 9,638 (8.92) | 10,558 (9.55) | 11,084 (4.98) | 11,430 (3.12) | 13,150 (15.05) |
| 2. | <i>Source of Fund (in ₹)</i> | | | | | |
| | (a) Share Capital | 3,062.89 (1.80) | 3,117.49 (1.78) | 3,177.69 (1.93) | 3,290.08 (3.54) | 3,549.49 (7.88) |
| | (i) State Govt. | 2,652.21 (0.00) | 2,679.21 (1.02) | 2,679.21 (0.00) | 2,679.21 (0.00) | 2,724.21 (1.68) |
| | (ii) Co-op Institutions | 2,13.07 (2.86) | 218.72 (2.65) | 227.01 (3.79) | 251.15 (10.63) | 265.34 (5.65) |
| | (iii) Nominal Members | 197.61 (32.30) | 219.56 (11.11) | 271.47 (23.64) | 355.47 (30.94) | 555.69 (56.33) |
| | (iv) Share Capital Deposit | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 4.25 (0.00) | 4.25 (0.00) |
| | (b) Reserves (free) | 259.91 (36.39) | 315.34 (21.33) | 329.31 (4.43) | 356.77 (8.34) | 382.79 (7.29) |
| | (c) Own Funds | 3,322.80 (3.86) | 3,432.83 (3.31) | 3,507.00 (2.16) | 3,646.35 (3.97) | 3,932.28 (7.84) |
| | (d) Deposits (Total) | 18,726.34 (-28.67) | 22,597.41 (20.67) | 28,111.88 (24.40) | 32,310.50 (14.94) | 36,683.45 (13.53) |
| | (i) Current | 1,964.03 (24.09) | 2,234.62 (13.78) | 1,493.67 (-33.16) | 2,214.34 (48.25) | 2,454.38 (10.84) |
| | (ii) Savings | 9,966.02 (17.90) | 12,156.08 (21.98) | 15,480.35 (27.35) | 17,593.7 (13.65) | 20,349.13 (15.66) |
| | (iii) Demand Deposits (1 + 2) | 11,930.05 (18.87) | 14,390.70 (20.63) | 16,974.02 (17.95) | 19,808.04 (16.70) | 22,803.51 (15.12) |
| | (iv) Time Deposits (3 + 4) | 6,796.29 (9.93) | 8,206.71 (20.75) | 11,137.86 (35.72) | 12,502.46 (12.25) | 13,879.94 (11.02) |
| | (e) Borrowings (Total) | 89.67 (-47.71) | 74.39 (-17.04) | 515.47 (592.93) | 1,013.82 (96.68) | 1,027.98 (1.40) |
| | (i) NABARD (SAO) | 0.00 (0.00) | 0.00 (0.00) | 146.34 (0.00) | 200.00 (36.67) | 375.10 (87.55) |

Contd. Table 5

| <i>S. No.</i> | <i>Particulars</i> | <i>2007-08</i> | <i>2008-09</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> |
|---------------|-----------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | (ii) NABARD (ARF) | 14.41 (-74.34) | 0.00 (0.00) | 300.00 (0.00) | 740.00 (146.67) | 580.00 (-21.62) |
| | (iii) NABARD (CDF) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 4.69 (0.00) | 3.75 (-20.04) |
| | (iv) Govt. of Nagaland | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| | (v) NSTFDC | 75.26 (0.00) | 74.39 (-1.16) | 69.13 (-7.07) | 69.13 (0.00) | 69.13 (0.00) |
| | (vi) Others | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| 3. | Working Capital (average in ₹) | 18,247.87 (12.47) | 21,885.60 (19.94) | 27,617.96 (26.19) | 33,784.80 (22.33) | 38,854.53 (15.01) |
| 4. | Cash and Bank Balances (in ₹) | 1,568.36 (117.93) | 2,284.94 (45.69) | 1,410.24 (-38.28) | 1,312.63 (-6.92) | 1,864.56 (42.05) |
| 5. | Investments (in ₹) | 10,920.74 (9.80) | 14,102.51 (29.14) | 20,607.77 (46.13) | 24,211.86 (17.49) | 23,568.54 (-2.66) |
| 6. | Advances (in ₹) | 5,919.28 (9.49) | 6,339.80 (7.10) | 6,892.81 (8.72) | 8,232.37 (19.43) | 13,209.04 (60.45) |
| 7. | C : D Ratio (in %) | 31.61 (-5.16) | 28.10 (-11.10) | 24.52 (-12.74) | 25.48 (3.92) | 36.00 (41.29) |
| 8. | Recovery performance (in %) | 56.91 (16.71) | 59.56 (4.66) | 59.88 (0.54) | 58.40 (-2.47) | 60.78 (4.08) |
| 9. | Overdues (in ₹) | 2,310.76 (1.05) | 2,096.51 (-9.27) | 2,096.67 (0.01) | 2,438.18 (16.29) | 2,753.13 (12.92) |
| 10. | Net Profit (+)/Loss (-) (in ₹) | 24.96 (-106.86) | -1,303.71 (-5,323.20) | 50.58 (-103.88) | 61.56 (21.71) | 87.47 (42.09) |
| 11. | Accumulated Losses (in ₹) | 3,217.70 (-0.77) | 4,521.41 (40.52) | 4,470.83 (-1.12) | 4,409.27 (-1.38) | 4,321.80 (-1.98) |

Figure in the parentheses indicates the growth rate in percentage.

the previous year (2010-11), with a growth rate of only 3.92 per cent. The recovery performance was also observed to have improved, with a recovery performance of 60.78 per cent. The overall Net Profit-Loss was found to be highest during the year 2011-12 with a net profit growth rate of 42.09 per cent. The accumulated loss during 2011-12 was found to be -1.98 and increasing since the year 2009-10 to the present year 2011-12.

The distribution of the annual flow of loan and advances during the past years showed that it is increasing year after year in an increasing order, as given in Table 6. The total flow of credit from the SCB reached a new height of ₹ 9,242.91 lakhs during the year 2011-12, while it was ₹ 4,762.74 lakhs during the year 2010-11. The flow of credit to the consumer loan was found highest, followed by cash credit, then agriculture and allied sector and then the SHG for medium term loan.

Table 6
Distribution of SCB annual flow of Loans and Advances (₹ in lakhs)

| S. No. | Purpose wise credit/ loan | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|--------|---------------------------------|----------|----------|----------|----------|----------|
| 1. | Kharif Crop | 169.43 | 168.65 | 177.42 | 255.24 | 280.11 |
| 2. | Rabi Crop | 16.13 | 23.53 | 26.43 | 6.49 | 24.10 |
| 3. | KCC | 10.54 | 17.04 | 89.39 | 227.76 | 268.99 |
| 4. | Piggery | 17.83 | 12.05 | 44.92 | 95.55 | 449.40 |
| 5. | Dairy | 13.05 | 4.65 | 5.25 | 2.10 | 8.30 |
| 6. | Fishery | 0.27 | 0.51 | 2.32 | 0.50 | 4.99 |
| 7. | Poultry | 5.18 | 1.44 | 3.83 | 10.10 | 1.20 |
| 8. | Other Allied purposes | 19.84 | 29.51 | 5.05 | 0 | 82.37 |
| 9. | SRTO | 78.84 | 89.84 | 228.80 | 285.76 | 519.49 |
| 10. | Rural Housing | 418.72 | 337.32 | 436.64 | 636.63 | 1,719.36 |
| 11. | SSI Units | 11.64 | 1.50 | 6.50 | 28.70 | 12.22 |
| 12. | Weaving | 0.00 | 0.00 | 0.00 | 3.00 | 0.00 |
| 13. | Business and N-agri loans | 72.29 | 92.71 | 45.53 | 312.43 | 65.79 |
| 14. | Consumer durables/ Service Loan | 775.93 | 841.80 | 561.34 | 1,019.63 | 3,530.36 |
| 15. | MT Loan to SHGs | 28.86 | 71.21 | 97.15 | 254.74 | 333.15 |
| 16. | Cash credit and Others | 1,628.42 | 1,816.52 | 1,652.55 | 1,624.11 | 1,943.08 |
| | Total | 3,266.97 | 3,508.28 | 3,383.12 | 4,762.74 | 9,242.91 |

Recovery position of the State Cooperative Bank is given in Table 7. It was found out that there was a significantly increase in the recovery of the principal credit distributed from 58.40 per cent as on March 2011 to 60.78 per cent as on March 2012, which was also recorded as the highest ever recorded on recovery. The recovered principal during 2011-12 was found to be ₹ 4,266.24 lakhs with an overdue

Table 7
Recovery performance of the SCB (₹ in lakhs)

| S. No. | Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|--------|---------------------------------------|----------|----------|----------|----------|----------|
| 1. | Principal | | | | | |
| | (a) Recovery during the period | 3,051.87 | 308.76 | 3,128.93 | 3,423.18 | 4,266.24 |
| | (b) Demand for the period | 5,362.63 | 5,184.27 | 5,225.60 | 5,861.36 | 7,019.37 |
| | (c) Overdues at the end of the period | 2,310.76 | 4,875.51 | 2,096.67 | 2,438.18 | 2,753.13 |
| | (d) Recovery to demand (%) | 56.91 | 59.56 | 59.88 | 58.40 | 60.78 |
| 2. | Interest | | | | | |
| | (a) Collected during the period | 802.44 | 835.76 | 813.36 | 669.56 | 1,117.94 |
| | (b) Demand for the period | 1,742.33 | 1,686.16 | 1,665.93 | 1,690.83 | 2,289.48 |
| | (c) Overdues at the end of the period | 939.89 | 850.40 | 852.57 | 1,021.27 | 1,171.54 |
| | (d) Interest Recovery (%) | 46.06 | 49.57 | 48.82 | 39.60 | 48.83 |

amount of ₹ 2,753.13 lakhs. The highest interest amount recovered was also during the year 2011-12 amounting to ₹ 1,117.94 lakhs, with an overdue amount of ₹ 1,171.54 lakhs and interest recovery of 48.83 per cent.

The distribution of loan received by the borrowers is given in Table 8. Under Group I (Marginal farm size) there are ten (10) loanees who took loan for animal husbandry. Under Group II (Small size) there are 3 borrowers for agriculture, 15 for fishery and 22 for animal husbandry. Under

Group III (Medium Size) there are 4 agricultural loanees, 5 fishery loanees and 1 animal husbandry loanee. Categorizing the loanees under different enterprise, the maximum amount disbursed per loanee was found highest under animal husbandry with an average amount of ₹ 63,969.70, followed by agriculture with ₹ 57,685.71 and then by Fishery with ₹ 48,890.

The distribution of the borrowers' loan repayment is given in Table 9. The findings revealed that the borrowers as a whole borrowed an amount

Table 8
Distribution of loan received by the borrowers

| Groups | Sample Size | Agriculture | | Fishery | | Animal Husbandry | | Total Amount (in ₹) | Average per Group (in ₹) |
|------------------|-------------|-------------|---------------------|---------|---------------------|------------------|----------------------|----------------------|--------------------------|
| | | Nos. | Amount (in ₹) | Nos. | Amount (in ₹) | Nos. | Amount (in ₹) | | |
| <i>Borrowers</i> | | | | | | | | | |
| Group I | 10 | 0 | 0 (0.00) | 0 | 0 (0.00) | 10 | 6,20,100 (17.75) | 6,20,100 (17.75) | 62,010 |
| Group II | 40 | 3 | 1,86,300 (5.33) | 15 | 7,01,400 (20.08) | 22 | 14,18,300 (40.61) | 23,06,000 (66.03) | 57,650 |
| Group III | 10 | 4 | 2,17,500 (6.23) | 5 | 2,76,400 (7.91) | 1 | 72,600 (2.08) | 5,66,500 (16.22) | 56,650 |
| Total | 60 | 7 | 4,03,800 (11.56) | 20 | 9,77,800 (28.00) | 33 | 21,11,000 (60.44) | 34,92,600 (100) | 58,210 |
| Average | 1 | | 57,685.71 | | 48,890 | | 63,969.70 | - | - |

Figure in the parentheses represents the percentage.

Table 9
Distribution of borrowers' loan repayment

| Groups | Sample Size | Amount to be repaid (in ₹) | Interest rate | Amount Borrowed (in ₹) | Interest Amount (in ₹) | Amount paid (in ₹) | Balance (in ₹) |
|-----------|---------------|----------------------------|---------------|------------------------|------------------------|----------------------|----------------------|
| Group I | 10 (16.67) | 6,94,512.00 (100.00) | 12 | 6,20,100 (89.29) | 74,412 (10.71) | 3,06,000 (44.06) | 3,88,512 (55.94) |
| Group II | 40 (66.67) | 25,82,720 (100.00) | 12 | 23,06,000 (89.29) | 2,76,720 (10.71) | 9,39,000 (36.36) | 16,43,720 (63.64) |
| Group III | 10 (16.67) | 6,34,480 (100.00) | 12 | 5,66,500 (89.29) | 67,980 (10.71) | 2,26,000 (35.62) | 4,08,480 (64.38) |
| Total | 60 (100) | 39,11,712 (100.00) | 12 | 34,92,600 (89.29) | 4,19,112 (10.71) | 14,71,000 (37.61) | 24,40,712 (62.39) |

Figure in the parentheses represents the percentage.

of ₹ 34,92,600, with an additional interest amount of ₹ 4,19,112. The total amount due for repayment was found to be ₹ 39,11,712, out of which ₹ 14,71,000 (37.61 per cent) was paid and with a balance of ₹ 24,40,712.00 (62.39 per cent). Across the different Groups, Group I have a balance of 55.94 per cent, Group II with 63.64 per cent and Group III with 64.38 per cent. Under the mode of repayment, partial repayment was found to be dominant with 81.67 per cent. The balance due for repayment was found to increase with the increase in the farm size, which indicates that, the marginal farmers was found better in repayment of loan than the small and medium size farmers as given in Table 10.

Table 10
Distribution of borrowers' loan repayment

| Groups | Sample Size | Mode of payment | | |
|-----------|---------------|-----------------|---------------|--------------|
| | | Paid | Partial | Not Paid |
| Group I | 10 (16.67) | 0 (0.00) | 9 (15.00) | 1 (1.67) |
| Group II | 40 (66.67) | 2 (3.33) | 31 (51.67) | 7 (11.67) |
| Group III | 10 (16.67) | 0 (0.00) | 9 (15.00) | 1 (1.67) |
| Total | 60 (100) | 2 (3.33) | 49 (81.67) | 9 (15.00) |

Figure in the parentheses represents the percentage.

CONCLUSION

Agriculture is the mainstay of Indian economy in general not only in terms of contribution to the gross domestic product but also the people dependent upon it. The role of banks in rural upliftment and the effectiveness of banks as a tool for socio-economic, and over all development of the rural people consists of a broad spectrum. The success or failures of any enterprises depends to a large extent on availability of finance. The contribution of the banking and financial sector to the current economic growth of the Indian economy is very significant. However, the access of banking services

for the rural agriculturist and the common man in general is not as promising. Banking sector has to expand their reach to the remote and grass-root levels. There is a need to employ more staff for the functioning and expansion of the bank.

Slackness in recovery of loans, resulting in mounting overdues has created obstacle for other beneficiaries from getting the required amount. This points to the deficiencies in loaning policies, inadequate arrangements for supervision and weaknesses of internal management of the bank officials. Systematic efforts need to be made both by the State Government and by the bankers towards substantial reduction of overdues. Attention is also needed to incorporate and strengthening the recovery staff and other concerned departments.

Development programmes at block level with facilities and extension services must be strengthened in order to make the rural people aware, to set up enterprises efficiently in terms of increasing their income and employment, to enhance the production/productivity through the agriculture and allied enterprises to achieve self-sufficiency of the state in the days to come.

The bankers should make public through mass media about the type of loans and criteria's and also Self Help Groups and co-operative organisations should be encouraged by the co-operative banks even to the remote areas.

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