

“The Role of Agricultural Development Branches of State Bank of India in Assam with special reference to Barpeta District.”



AN ABSTRACT (A THESIS)

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(An Abstract)

Introduction:

Agriculture is the key sector of the Indian economy, which is still employing about 70% of our population. Apparently, in the country's development process, the importance of agriculture is both basic and vital. In order to supplement the required financial help for the agricultural sector, certain institutions have been nationalized in India in post independence era. The Commercial banks flow of credit to this sector was very negligible before nationalization of fourteen major banks and the cooperative institutions credit support to the peasants was also the minimum; therefore the peasants were and are still under the clutches of the village moneylenders who have been extorting the peasants to the hilt. To alliviate the sufferings of the peasants and to make agriculture a viable sector, institutions for rural credit have been built up. The need for sustained and rapid improvement in agricultural performance remains critical for India's future growth and poverty reduction. Raising of rural income and firm productivity are important not only from the economic point of view of accelerating growth but also for implications concerning human development. The Reserve Bank of India, after the nationalization of major Indian scheduled

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

Statement of the problem and significance of the study:

The State Bank of India in general and the Agricultural Development Branch of State Bank of India in particular is taken as the area of study. The State of Assam as in the case of other North Eastern State of India poses a few problems in the path of economic development. The backwardness of the state is also due to the non-adaptability of new

technology, to the traditional method of shifting cultivation, non-existing of too many industries, big or small, low level of consciousness among the rural people and above all non-acceptance of the banking facilities in the rural areas. On the other hand, the region has its potentiality in respect of various raw material availability of land with the scope for dairy farming as well as horticulture. Since the nationalization of State Bank of India has played a commendable role for the development of the agricultural sector, yet there seems to be great imbalance in respect of development of this sector in some areas of the state. So, the question generally crops up in the mind that the agriculturist of the interior villages could receive the facilities of the banks scheme. In coming years what are the expectations and feeling of the farmers regarding the banking schemes. Hence, an attempt is being made in the present study to examine the operational aspects of the existing banking schemes at grass root level as well as to know the real beneficiaries and non-beneficiaries under the various schemes of banking institutions. For this reason the Barpeta District has been selected as the area of field investigation.

Objectives of the study:

1. To study the nature and extent of credit flow of the Agricultural Development Branch of SBI in the study area;
2. To study the principles of granting assistance by Agriculture Development Branch for developing the region. (study area);
3. To analyse the achievement indicators such as outreach, impact, asset creation and increase of production under various schemes of Agricultural Development Branch of SBI in the study area;

4. To suggest measures to improve institutional framework of Agricultural Development Branch of SBI considering the needs of the rural society.

Queries investigated:

To achieve these above objectives, attempts will be made to solve the following research queries—

1. Whether the Agricultural Development Branch of State Bank of India has provided adequate financial support or not to the persons engaged in agriculture and allied activities in the study district;
2. Whether the rules and formalities for advancing loan to farmers ultimately force the agriculturist to depend more on costlier non-institutional sources of credit or not;
3. Whether there is console atmosphere from the lenders side as well as the borrower's side for promoting lending to rural indebtedness.

Review of Literature:

With a view to evaluating the objectives of the study, it was considered desirable to have an idea of the findings of some of the earlier research studies and the methods adopted therein. Such a review of literature connected with the working and performance of Commercial Banks in India and abroad as well as that of related financial institutions, it was hoped, would provide a basis for confirming the earlier findings or for contradicting them and thereby throw up points of departure for further studies. Some worthwhile studies relating to the present topic are being reviewed. Khusro Committee (1993) was constituted to review the

working of agricultural credit system in India in the year 1986 but the report was tabled in Parliament in the year 1993. It was of the opinion that the human resource development should be emphasized for improving the quality of agricultural credit system. It laid stress over the pre lending appraisal and strict monitoring of loans and recoveries. The committee was of the view that the norms and procedures related to rural lending should be reviewed and simplified. It opined that more autonomy should be given to the branch managers with respect to sanctioning of loans. The committee also suggested that information system should be improved in the banks. The crop insurance scheme should be started and a separate credit guarantee scheme should be formulated. It further recommended that the schemes, which are created for meeting the rural credit, such as IRDP etc. should be thoroughly reviewed. In most of the studies, analysis is based on ratio analysis. In order to evaluate the performance of the commercial banks some indicators are formulated and the results are derived accordingly. In other few studies in order to see the impact of various factors on banking indicators coefficient of correlation analysis is used.

Methodology of the study:

The study is based on both primary and secondary data collection. The primary data have been collected from the Agricultural Development Branch of SBI, respective Block Development Offices and direct field survey in the study area.

The secondary information have been collected from Action Plan / Credit Plans of the respective branches, published reports, journals, various committee reports, recommendations and internet.

The methodology for the present research work is descriptive, analytical and factual in nature. The study covered the past ten years i.e. 2001-2002 to 2010-2011. The study is confined to the 04 blocks out of 12 blocks i. e. four blocks from one sub division (i.e. Barpeta Sub division) of the Barpeta district to have an empirical analysis of beneficiaries of the branch. In this regard, 300 samples have been taken into consideration. Out of 300, 200 samples have been taken as beneficiaries randomly (50 from each block) from the list of beneficiaries collected from the SBI, Howly ADB (Barpeta) and 100 non-beneficiaries sample were randomly selected (25 from each block) during the time of field survey . For this purpose a schedule has been served for collecting relevant data from the concerned bank as well as the beneficiaries and non beneficiaries of the bank. After collecting all the relevant facts statistical test has been initiated made to find out the co-efficient of correlation of different financial information to arrive at the objectives for which study is undertaken.

Chapter Management

Keeping in view the objectives of the present study, the work is divided into six (6) chapters including Introduction and Findings and Recommendations.

Chapter 1: Introduction

This chapter covers the significance, objectives, utility, scope and limitations of the study, the methodology adopted, review of literature and profile of the Barpeta district.

Chapter 2: Establishment of SBI and its Organizational Structure

The second chapter briefly discussed historical background, objectives, and functions of SBI etc.

Chapter 3: SBI and Agricultural Development

This chapter presents the impact of SBI for agricultural development and allocation of ADB of SBI in Assam as well as in Barpeta District.

Chapter 4: Review of Policies and Procedures

The fourth chapter is devoted to analyse policy of agricultural lending and various schemes operated by SBI.

Chapter 5: Analysis and Interpretation of Data

The fifth chapter is covering up the financial performance of Howly ADB of SBI and also secondary and primary data have been analysed.

Chapter 6: Summary, Conclusion and Suggestions

The concluding chapter includes the findings of the study along with a few suggestions.

Limitations of the study:

The study contained some unavoidable limitations-

1. Since the data are obtained from more than one source, there may be some discrepancies between these two sources about the same variable.
2. There may be slight discrepancies between the sum of constituent items and the totals because of rounding off.

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

Findings:

The most problematic issue regarding the credit facilities of the banking institutions is the non-repayment of loans by some farmers. An impression has been created by local leaders in the minds of villagers that the loans given by banks are in the nature of 'government support' and therefore, need not be repaid. The local leadership has often been fanning this notion among the gullible borrowers to sub-serve their own vested interest, resulting in low recovery of advances. Political interference in loan melas encourages defaults by pressurising the bank officials to extend credit for unviable activities. At present, the Government has given powers to the banks to take action in civil courts against deliberate non repayment of bank loans. It is expected that there will be no problem in this matter in future. In the analysis of the field survey it can be termed that rural credit facilities greatly help the farmers of the Barpeta district by increasing their total amount of crop production as well as the mode of production itself. The surveyed data also reveals that all classes of farmers are being able to augment more income by availing bank loan facilities. Therefore, whatever has been learnt from the field experience it may safely be concluded that within a decade or so all the agriculturists of Barpeta district as well as of the state will be in a position to mechanise their process of farm activities provided the terms and conditions of the bank loans are liberalized.
