

Investment Credit Utilization in Agriculture and Allied Sectors with Reference to Gujarat SCARDB

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Abstract

The Gujarat State Cooperative Agriculture & Rural Development Bank Ltd. (GSCARDB), also called as Kheti Bank is Long Term Rural Cooperative Credit Structure (LTRCCS) functioning as Unitary Structure which operates with state level registered head office, 17 district offices and 176 branches at Taluka headquarters covering entire Gujarat State. The contributions of GSCARD Bank to the development of agriculture in Gujarat have been notable. The purpose of this research study is to understand the performance of GSCARD Bank during the last decade and to know more about the impact of credit disbursed to loan beneficiaries, mainly farmers in Gujarat State. Also, the study focused on problems of borrowers regarding credit facilities of GSCARD Bank and to observe the causes of defaults in repayment of loans. Also, the study focused on socio-economic status of the borrowers of GSCARD Bank, after availing agriculture finance. This study also covers the perceptions of Branch Managers regarding the performance of GSCARD Bank. Both primary research and secondary research data collection have been used to collect the required data for achieving the above-mentioned objectives using structured questionnaires. Loan details, re-payment, default amount, perceptions about bank, interest rate, impact on various aspects related to the farmer, overall rating on the services of GSCARD Bank, satisfaction level with the bank and suggestions for improvement of services of GSCARD Bank were the major parameters of the study. The Branch Managers were encouraged to share more details about loan sanctioning, approval, disbursement, support required from head office and suggestions for improving the services of GSCARD Bank.

The study concludes that the financial health of GSCARD bank is improving in recent times, as the profits and number of shareholders are increasing. The bank played a significant role in providing loans for agriculture and rural development. Loan defaults arise mainly due to

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diversion of funds for consumption, failure of monsoons, increase in input cost for farmers, decline in prices, and expecting loan waiver scheme. Better loan utilization resulted in increased yield, income, savings, social status, new purchases etc. GSCARD Bank has to create more awareness about the brand and its loan schemes. The bank can go for accreditation rating by accredited agencies for better reach and industry recognition. Appropriate security arrangements must also be made for loan sanctioning by the bank. Knowledge on advanced farming techniques can be provided to the members of the bank to improve their agricultural activities for high yield and thus increase in income. The loan policy of the bank should be revised and made simple. The accounting policy of the bank must be revised from its current hybrid system to mercantile system with uniformity for all branches. Core banking solutions for computerization of branch operations can strengthen the working of bank. The management of the bank should approach NABARD, State Government and Central Government for seeking cooperation for further improvements in activities and performance of the bank. Management can frame new policies for provision of loan facilities and deposit mobilization services at the doorstep of farmers.

Keywords: *Investment Credit, Utilization, Performance Evaluation, Term Loans, ARDB*

Agriculture plays a crucial role in the Indian economy, in addition as primary source of providing food and employment to a very large segment of the population. "Agricultural Credit" can be classified on the basis of purposes for which the farmers raise the credit from different credit institutions. They are development credit, production credit, marketing credit and consumer credit. Development credit or investment credit is required by the farmer to make investments on the farms such as the purchase of land, agricultural implements and machinery, development of minor irrigation, land reclamation, land levelling, construction of farm sheds, horticulture, development of dairy etc. The term or the period of the loan is the common basis of classifying the agricultural credit. On the basis of the period of the loan, it can be classified into three categories namely, Short Term Loans for 12 months period, Medium-Term Loans for more than one year to five years and the long-term loans are given for a period of five years to twenty years.

The Gujarat State Co-operative Agriculture and Rural Development Bank Ltd. (GSCARDB) is an apex institution in the co-operative sector in the State

of Gujarat for providing investment finance for the development of agriculture and allied activities. The bank registered growth in loan advances as well as recovery and profit during the year 2021-22 and 2022-23. Overdue and NPA were also reduced compared to previous years. The Board of Directors declared twenty percent dividend for its members, which is highest in 72 years of establishment of GSCARD Bank. Since inception till 31-03-2023 the bank disbursed Rs.4818.78 crores for various purposes of loan. The advances of the bank grew from Rs.550 crore (2021-22) to Rs.642 crores as on 31st March 2023. The own fund and share capital of the bank stood respectively at Rs.618 crore and Rs 47 crores in the financial year 2022-23. The bank's gross profit increased from Rs.55.73 crore (2021-22) to Rs.106 crores in the financial year 2022-23 and the bank earned a net profit the tune of Rs.51.19 crore. This research study focuses on the Performance Evaluation and Impact Analysis of Credit Disbursed by Agriculture and Rural Development Bank in Gujarat State.

1. Review of Literature

(1) Role of Agricultural Development Banks/Co-Op Banks in Rural Areas;

Seibel (2000), in his paper on finance and development, international monetary fund, Washington D.C. concluded that agricultural development banks were established to extend credit and other financial services to customers considered non-credit worthy by the commercial banking sector. Although frequently unprofitable, they play an important role in the fight against rural poverty.

Shanmugharaj (2005), in his research study on utilization of credit facility by borrowers of primary cooperative agricultural rural development banks in Salem and Namakkal districts stated that co-operatives are distributing credit in many angles such as period wise, purpose wise, security wise at cheaper rate of interest and with certain consideration for the people of weaker section. They play a vital role in promoting agriculture, sericulture, handicrafts and poultry. In a wider sense, co-operative growth has thus become an effective stimulant to economic growth.

Soni and Harjinder Pal (2012), on role of cooperative bank in agricultural credit: a study based on Chhattisgarh have observed that the co-operative banking sector is one of the main partners of Indian banking structure, the co-operative banks have more reach to the rural India, through their huge network of credit societies in the institutional credit structure. The

co-operative sector has played a key role in the economy of the country and has always been recognized as an integral part of our national economy.

(2) Challenges, Overdue, Loan Recovery and Defaults Scenario

Mehta and Sidhu (1971), in their article on a study of impact of medium and long-term loans on short-term credit needs of the Punjab farmers, have stated that the elasticity of medium-term investment with respect to short term investment was very low and non- significant in none of the cases studied. The study findings indicated that loans given for long-term investment had significantly increased the requirements of short-term loans.

Srivastava (1984), in his Ph.D. research study on role of bank credit in agricultural growth: a case study of city block of district Mirzapur examined the socio-psychological characterization of borrowers found that still there is conservative attitude among good number of farmers towards the bank loan and borrowings. Further some borrowers have taken loans for filthy reasons. It is was found that majority of farmers are not familiar with various banking facilities and they have been introduced to bank either through their fellow farmers or through village-level workers. Thus, it indicates lack of proper rapport with farmers by bank-officials. The non-availability of adequate amount of credit in proper time with minimum formalities are constraints for farmers.

Renjitha (2004), has conducted the study on “Loan Recovery Management in Primary Co-operative Agricultural and Rural Development Banks in Kerala” to examine the effectiveness of the existing loan recovery management of Primary Co-operative Agricultural and Rural Development Banks in Kerala and to identify the factors influencing recovery. The study was conducted among four PCARDBs of Ernakulum and Thrissur district. The sample size included eighty respondents i.e., twenty borrowers from each bank at random, of which fifteen were defaulters and five were non-defaulters or prompt repayers. Ten officials (including secretaries and BODs) from each bank were also interviewed to collect information on the effectiveness of the loan recovery system of the banks. Secondary data on selected performance indicators of the banks were also used for the study.

Over-dues above four years were growing tremendously in all the banks. Most of the females were found to be prompt re-payers. In spite of having better education, the borrowers were creating huge over-dues. This indicated the existence of willful defaulters. This highlights the fact that, even after having sufficient income, they were deliberately making overdues because of

the inefficient loan recovery management of the bank. The study revealed that procedural delays, lack of adequate securities to hypothecate, misutilization of loans and inadequate income restricted the borrowers from getting timely loans. It was further observed that defective loaning policy, conspicuous consumption and illness of family members as well as hope for write-off policy were the other reasons behind non-repayment by borrowers.

The loan amount was mainly diverted for meeting ceremonial expenses, consumption needs and educational expenses of children. The most serious problem in obtaining a loan was revealed to be the procedural delay. According to the officials and employees of the banks, the reasons for poor recovery included lack of modern management techniques, lack of adequate staff training programs, lack of infrastructural facilities and inefficiency of the legal machinery for recovering dues from borrowers.

Narayana (2013), in his research work on a study of agriculture credit to the beneficiaries of the primary cooperative agriculture and rural development banks in Devanagere district, Karnataka, mentioned that the credit provided by PCARD Banks to the farmers in Davanagere District over a period of 10 years showed that there is good progress in the advances and loans outstanding. But the growth is not uniform across the taluks in Davanagere District. While only one taluk showed good progress another five taluks lagged behind in credit utilization. Davanagere district is a backward district in Karnataka, the farmers depend on PCARD Banks is more. The farmers depend on the vagaries of the monsoon. If the monsoon fails, they availed the loan and utility of the credit for cultivation of major crops failed. Hence, they are unable to repay the loan. Ultimately the loan recovery rate is poor in the district. This showed that the socio-economic conditions prevailing in the district influences the borrowing and repayment of the members. This in turn affected the profitability of the banks.

(3) Future Directions

Mohan (2006), in his research work on agricultural credit in India – status, issues and future agenda, mentioned that agricultural credit has played a vital role in supporting farm production in India. Though the outreach and amount of agricultural credit have increased over the years, several weaknesses have crept in which have affected the viability and sustainability of these institutions.

Samantaray (1998), in his doctoral research on an analysis of agricultural financing by cooperative agricultural and rural development banks of

Ganjam district examined that the structural weakness of the co-operative institutions is mainly attributed to the weak capital base which is functionally related to the low volume of owned funds and mobilized deposits. The capital base is to be strengthened by appropriate linking of shareholdings to borrowings at various levels and increased contribution to share capital. Also, to make the structure self-reliant and vibrant, deposit mobilization schemes are to be strengthened.

Nath (2016), in his article on review of agricultural credit committees and policy in India since the pre and post-independence period, reminded about Darling's (1925) statement that "the Indian peasant is born in debt, lives in debt and dies in debt". This article discussed the recommendations of various credit committees set up after independence in India. Some merits and demerits were also discussed. Although there are many credit policies which are mainly related to agricultural credit, the initial committees identified co-operative structure as the suitable way to link farmers to institutional credit. As a result, there has been a massive growth due to co-operative societies and banks under respective legislations. However, these co-operative societies became defunct due to excessive political interference.

Mishra and Mohapatra (2017), in their article on agriculture finance in India- an overview have pointed out that the institutional credit flow to agriculture has been increasing for the past four decades. The structure of the sources of credit has witnessed a clear shift and commercial banks have emerged as the major source of Institutional credit to agriculture.

2. Need for the Study and Research Gap:

The farmers face different types of problems in agriculture credit. There is a need to highlight the specific issues of Bank's loaning and recovery in the field of medium and long-term agriculture finance. Government of India has decided to enhance the farmers' income in the coming years.

The number of farmers is decreasing due to urbanizations, non-preference of agriculture as a business, low social status, increase in the level of education, other employment opportunities. This study will help to know the performance and impact of credit disbursed by the bank for further improvement and may be useful to GSCARD Bank management to frame the suitable policies to address the issues and challenges faced by bank and loan borrowers.

- No recent research studies were done in this particular area of research since more than three decades.
- Research reports available are mainly based on the published data, not on primary research data.
- There are not enough reports on Branch Managers' perceptions on performance of GSCARD Bank.

3. Objectives of the Study

- (1) To study and analyze the growth, performance, working pattern, problems and structure of State Co-operative Agriculture and Rural Development Bank (SCARDB) in Gujarat State.
- (2) To study the purpose, utilization, and impact of loans disbursed to the farmers by the GSCARD bank.
- (3) To identify the various problems of borrowers regarding credit facilities of GSCARD bank and to discover the causes of defaults in repayment of loans.
- (4) To study the socio-economic status of the borrowers of GSCARD Bank, after availing agriculture finance.
- (5) To understand the perceptions of Branch Managers regarding performance of GSCARD Bank.
- (6) To make recommendations on the basis of findings of the study to improve the overall performance and functioning of the bank.

4. Sources of Data and Research Design

Descriptive research design is used to obtain required information to systematically describe a phenomenon, situation or population. Hence, in this research study, as the objectives are clearly described here, the descriptive research design was followed. Both primary research and secondary research were followed for this study. The research is aimed at exploring the theoretical aspects of GSCARD Bank's loans and recovery, for which the qualitative, as well as quantitative information, are collected to meet the objectives of the present research. The relevant data were collected from both primary as well as secondary data sources.

Target Groups

For the primary research the following target groups were selected:

Group 1 : Bank's customers who are farmers who have taken loan from the GSCARD Bank and are regular loan re-payers (Loan Borrowers). Male and Female having more than 18 years of Age.

Group 2 : Bank's customers who are farmers who have taken loan from the GSCARD Bank and are Loan defaulters. Male and Female having more than 18 years of Age were considered.

Group 3 : Branch Managers of GSCARD Bank.

For this study, the data was collected by using the following approaches.

- Survey questionnaires
- Observation through personal visits

Secondary Data Sources

The following secondary sources were referred for the study.

- Annual reports of the GSCARD Bank
- Reports, Books, Journals, Magazines, Periodicals, etc.
- NCARDB Federation Annual reports
- Published Statistical Data

· Internet – websites

5. Research Methodology - Sampling Design:

- Gujarat State was selected for this research as GSCARD Bank operates in this State across various districts and talukas.
- Data collection from GSCARDB branches and their loan beneficiaries.
- This study was conducted in six districts of the Gujarat State. One developed district and one underdeveloped/less developed district were selected from three regional parts of the State. This constituted Sampling Frame for the study.

- The area of the study is chosen purposefully to cover representation of the whole State.
- Two districts were selected from the North Gujarat region. Two districts were selected from the Lower Middle and South Gujarat and two districts from Saurashtra - Kutchh region. Hence, six districts from the State of Gujarat were selected for the study.
- Around 60 branches are functioning under the selected six districts. So, 50% of this i.e., 30 branches were selected and 15 who regularly repay loans, and 7 loan defaulters from each selected branch were selected. Thus, 450 loan borrowers and 210 loan defaulters were selected. The list of beneficiaries of loans (borrowers) and loan defaulters were collected from the respective bank Branch Manager on duty.
- The criteria for selection of respondents includes the farmers who own Agriculture land, farmers who had availed Cash credit loans, Krishi Vikas Loan (KVL) and other long term loans from branches of GSCARD Bank.
- After the regional stratification, within each region, all the branches of GSCARD Bank were listed. Further, the bank branches were selected randomly using random number generation. Further, the loan borrowers who paid loan timely and those who are defaulters were selected using random number generation. Thus, selection is done based on Stratified Random Sampling method.
- While selecting the respondents, due consideration was given to have a representation of different districts and branches of the bank with different loan purposes and tenure of the loan.
- For analyzing the structure of overdues, age-wise and purpose-wise classification of overdue is taken from the records of the branches and head office of the bank.
- To analyze the impact of credit, respondents whose loan accounts are regularly paid or closed were selected.
- To find out the causes of overdue and non-payment of loans the primary data was collected from the 210 defaulters.

- To understand Branch Managers' perception regarding the performance of GSCARD Bank, the primary data was collected from Branch Managers of GSCARD Bank branches in the study areas.

Parameters used for selection of loan borrowers as respondents:

The parameters used for selection of loan borrowers were:

- Borrowers who had taken loan during 2010 to 2020
- Borrowers who had taken more number of loans,
- Borrowers with different loan tenure i.e., short term, medium term and long-term loans,
- Borrowers from different land size holdings, such as small, marginal, medium and large size land holdings
- Borrowers of different community and caste
- Borrowers from local branch committee of the bank
- Other parameters which cover diversity in selection of borrowers.

For Loan defaulters:

- All above parameters.
- Borrowers who were defaulters of loan.

Sample Size Calculation:

Considerations for Sample Size Formula: Regular loan payers

1. Population Size: Regular re-payers, the population is nearly 20,000 as per GSCARD Bank records.
2. The sample size calculation formula to arrive 450 borrowers among the regular loan re-payers' is given below.

The targeted respondents are among the regular re-payer's loan borrowers of different loan disbursed by bank. The loan borrowers of GSCARD Bank from various branches of the bank in Gujarat state are covered in the survey to get more focused responses towards the impact of the loan taken. So, the samples are highly representative of the respective population.

The sample size of 450 was arrived using formula for sample size calculation when the population is around 20,000 regular loan re-payers.

Considerations for Sample Size Formula: Loan defaulters

- The sample size of loan defaulter is fixed as 210, considering approximately 50% of sample size of regular re-payer among loan borrowers. Considering the availability, access, willingness to respond to the survey and data collection period, this sample size was fixed at 210 loan defaulters, which spread across the Gujarat State in the selected branches in the study areas. Here again, purposive sampling approach was followed.

Considerations for Sample Size Formula: Branch Managers

- The primary data was collected from Branch Managers of selected 30 branches of the GSCARD Bank through a pre-structured questionnaire. All the 30 Branch Managers covered in the area of study were contacted using purposive sampling approach. Here it is 100% survey coverage was done as it was mandatory to contact these Branch Managers.

Information Areas covered in the Questionnaires

Loan Borrowers Questionnaire & Defaulters Questionnaire:

The details from loan borrowers was collected on various aspects such as:

- Demographics, Category of farmers
- Cultivation method, Crops cultivated, Income and sources
- Source of knowledge about GSCARD Bank
- Loan borrowing details, Awareness on various Loan Schemes of GSCARD Bank
- Inspection process by bank officials, Loan sanction process, Loan purpose and Loan taken details
- Utilization of loans
- Challenges in borrowing the loan
- Repayment/Security/Rate of interest

- Satisfaction level with the Bank, Rating of Overall performance.

Loan Defaulters:

Details were collected from defaulters on the following aspects:

- Overdue details, actions taken by Bank Manager to recover the loan
- Reasons/causes for Over-dues
- Scope for further improvement of bank operations
- Satisfaction level with the branch
- Rating of Overall performance.

Bank Managers Questionnaire:

Details were collected on the following aspects:

- Demographics, Service experience
- Major purposes of loan, Difficulty in lending
- Follow up measures, Loan recovery details
- Loan schemes for Agriculture & Rural development purpose
- Policy changes, Loan Provision and Process of GSCARDB.

6. Results and Discussion:

The collected survey data is analyzed using descriptive analysis, cross tabulation and statistical methods. Some analyses are carried out on the secondary research data as well. The analysis results are presented in detail in data analysis section. Interpretation and conclusions were made for each analysis performed.

6.1 Results and Discussion: Structure, growth, working pattern, performance and problems of Gujarat SCARDB.**Structure of GSCARDB:**

GSCARD Bank is an apex institution in the co-operative credit sector in the State of Gujarat for providing investment finance for the development of

agriculture, allied to agriculture and non-farm sector activities. There are no PCARDBs in the Gujarat State. The GSCARDB Ltd., has 176 Branches and 17 District Offices spread over the 251 Talukas /blocks and 33 Districts of Gujarat State.

- Established in 1951, GSCARD Bank (also called Kheti Bank) has a unitary structure. Members of the Board of Directors for its management are elected at the state level.
- Bank provides investment credit facility for various purposes to its members including Short term “Cash Credit Loan”, Medium Term “Krishi Vikas Loan”, and Long Term Loans for numerous purposes.
- There were 550 total employees as on March 31, 2020 (with 320 regular staff and 230 fixed pay employees on a contract basis). All fixed pay employees have since been job confirmed in regular grade and recruitment of qualified and experienced staff was made during the year 2021-22 at higher and middle level management, All employees' related issues have been sorted out including pay revision. Current staff strength is 621.

Important Schemes of GSCARDB:

1. Krishi Vikas Loan' was introduced by Gujarat SCARDB to provide support to their existing borrowers for financing their other credit requirements. This is a purpose neutral loan product of up to Rs.3 lakh, now enhanced up to Rs.10 lakh.
2. Gujarat SCARDB has launched an accident insurance scheme for the benefit of its borrowers with a cover of Rs.2.00 lakh. In case of unfortunate death of the borrower, the proceeds of the insurance claim serve the purpose of clearing the dues of the borrower.
3. In order to encourage borrowers for timely repayment of dues, the bank provides an interest rebate of 2% on interest receivable.
4. With a view to protect the interests of the depositors; the bank has amended its bye-laws to provide for representation to its depositors on Board of GSCARDB.

Growth of GSCARDB:

- GSCARD bank has started achieving higher level of profits & increase in number of shareholders during the years 2017-18 to 2019-20. The demand and recovery of loans too increased in the year 2019-20.
- There were 6,74,685 shareholders as on March 31, 2020. The paid up share capital contribution was Rs.4450.97 lakh.
- The bank was having Rs.57086.39 lakh reserve fund as on 31 March, 2020.

Working Pattern and Performance of GSCARDB:

- The bank mainly provides investment finance for agriculture, allied to agriculture and non-farm sector purposes.
- Bank provides loans to the farmers for 300+ purposes, which relates to Agriculture, rural development activities and many Non-Farm Sector activities.
- In raising funds for credit operations, bank recorded about 9.8% weighted average growth in fixed deposits during ten-year period.
- Dividend paid to share-holding members at 12% remained same except for the years 2017-18 & 2018-19 at 10%. Highest dividend of 20% given to members during 2021-22.
- The financial health of GSCARDB during the ten-year period remained inconsistent.
- Fixed deposit outstanding was Rs.26711.86 lakh and the profit made by the bank was Rs. 2525.02 lakh at the end of the financial year 2019-20.
- Total loan disbursed since inception of the bank was Rs.427420.70 lakh at the end of 2019-20.
- The loan outstanding was Rs.56001.13 lakh as of March 31, 2020.
- Loan over-due had gradually decreased over the years.
- During the year 2022-23: GSCARD Bank has disbursed highest loan of Rs. 275.53 Cr., made highest recovery of Rs.276.63 Cr., highest gross profit Rs.106 Cr. and net profit Rs.51.19 Cr., zero net NPA, all 176

branches were in profit. Total Members are 2,93,311 having contributed Rs.47.07 Cr. towards share capital. Reserve Funds stood at Rs.612.75 Cr. Provisional/unaudited Balance Sheet and Profit & Loss Accounts were declared in Board of Directors Meeting held on 31st March 2023.

Reasons observed for low recovery of loans:

The reasons observed for low recovery were :

- Wilful defaults due to poor credit appraisal
- Lack of automation to assess the correct position of loans
- Poor maintenance of records and manual working
- non-conduct of exclusive recovery campaign in association with revenue officer
- inadequate staff for recovery and also non-adherence to the prescribed procedure by the staff of the branches for recovery of loans
- frequent follow-up visits were virtually absent

Problems / Challenges of GSCARDB:

The problems and challenges of GSCARDB are:

- GSCARDB is unable to maintain steady growth in deposits
- GSCARDB is unable to increase its lending consistently
- Loan outstanding remained stagnant, a major challenge for GSCARDB for sustainable viability
- Low level of recovery and mounting overdue
- High level of gross NPAs, Inadequate growth in loans and advances, Limited scope for raising deposits
- Non-availability of State Government guarantee for securing funding / refinance from NABARD
- Lack of skilled and professional staff – inadequacies of human resources

- Shortage of skilled staff
- Weak internal systems of checks and controls
- Resource crunch for expansion of credit business and diversification
- Non availability of interest subvention scheme
- No banking license, Non computerization of banks operations, No crop loan facilities, No facility of CIBIL/ No TransUnion Membership.

6.2 Results and Discussion : Loan Borrowers who are Regular loan repayers of GSCARDB.

Demographics of GSCARDB Borrowers:

The demographics of the borrowers are :

- 62% of borrowers have more than fifty-one years of age. 28% survey coverage is formed by borrowers of 41 to 50 years old.
- 87% of samples covered in the survey are male and the rest are female (13%).
- 46% borrowers are from Other Backward Class (OBC), followed by 36% from General category.
- 43% borrowers have high school level educational qualification, 39% have primary level of education. 88% borrowers have education below graduation.
- More than half (60.9%) of borrowers possess medium family size and 36% of respondents have large family size.
- More than half of borrowers (53%) have single earning member in the family which includes earning other than from agricultural activity. About 35% of borrowers have two earning members in their family.
- 94.9% loan borrowers of GSCARDB have Agriculture as their main occupation
- 63% of borrowers have 'Animal Husbandry' as their secondary occupation.

Agricultural Practices of GSCARDB Borrowers:

- 42% of borrowers are small farmers having 1.1 to 2 hectares of agricultural land, 32% are medium farmers having 2.1 to 4 hectares, followed by 11% of marginal farmers having up to 1 hectare of agricultural land.
- Nearly 72% of borrowers have more than 20 years of experience in agriculture related activities. More than half of borrowers (62%) have experience up to 30 years in agriculture.
- 61% of borrowers are member of village milk co-operative society, 57% are member of PACS,
- 70% of borrowers' follow traditional cultivation methods, while 30% of them follow modern techniques of cultivation.
- Major crops cultivated by the borrowers are Wheat (53%), Cotton (41%), Groundnut (34%), Castor (20%), Paddy (19%), Maize (17%), Sugarcane (16.7%), Bajra-Pearl Millet (14.2%).
- About 48% of borrowers have an annual income of Rs. 2 to 4 lakhs, followed by 31% of borrowers with Rs.1 to 2 lakhs. About 17% of borrowers have more than Rs.4 Lakh as their annual income.

Borrowers Relationship with GSCARD BANK & Loan Details:

- Borrowers with smaller value loans (Rs.1.1 to 2 lakh and Rs.2.1 to 3 lakh) are found more (nearly 60%)
- 50% borrowers have animal husbandry i.e., Income from sell of milk as an additional source of income.
- Nearly 34% borrowers got awareness on loan products, loan application process and repayment period and other relevant schemes from the bank staff, 33% have stated that they themselves (own) knew it. For another 30% of borrowers, the friends and relatives have introduced them to the bank. The members of branch committee also played a role in creating awareness on GSCARD bank, as 13% of borrowers have mentioned about the branch committee.
- 31% of borrowers borrowed loan one time and another 30% have borrowed two times from GSCARD bank. About 23% have taken a loan three times.

- A majority of borrowers have taken medium term loan (64%), followed by 52% of borrowers have taken long term loan.
- 50% of borrowers have stated short term cash credit is mostly done in one to two weeks' time. The Krishi Vikas Loan takes usually two weeks' time for sanction (61%) while 52% loan borrowers reported that long term investment credit takes three to four weeks' time.

Aware of various loan schemes of GSCARDB By Borrowers : (Percentage of Responses)

The percentage of responses from the sample with respect to awareness of loan schemes of GSCARDB is as follows:

- Krishi Vikas Loan (Medium Term KVL) (91.8%)
- Tractors & Farm Mechanization Loan (76.2%)
- Rural Housing Loan/House Repairing Loan (69.8%)
- Dairy & Animal Husbandry Loan (66.7%)
- Cash Credit Loan (Short Term) (59.8%)
- Minor Irrigation i.e., Irrigation purposes loans (54.9%).

Loan Utilization by Borrowers of GSCARDB:

The utilization of the loan by borrowers is as follows:

- 94.9% borrowers have utilized the disbursed loan amount for the purpose it was borrowed.
- The major factors that affected the loan utilization are Market conditions, Weather condition, Drought, Inferior quality of agricultural inputs, Sickness in family, social factors and sanctioning time of the loan.

Impact of Loan Utilization on Borrowers of GSCARDB:

- 21% borrowers mentioned that the requirements for labour in agriculture were reduced by usage of farm mechanization.
- 92% mentioned about increase in agriculture yield and hence agricultural income. Agricultural yield / produce was reported to be decrease by none of the respondents.

- This led to increased savings in bank and cash on hand stated by 87% borrowers.
- 36% borrowers stated increase in their assets such as house, agricultural land etc.
- 26% borrowers reported increase in their additional income from business.
- 45% borrowers reported to have increase their other assets like two-wheeler, four-wheeler and tractors etc.
- 82% have seen increased in their social status.
- 78% have mentioned increased in their purchases of household electronics items.
- 80% of respondent borrowers replied that education in their family was increased after utilization of credit facilities from GSCARDB Bank.

Socio-economic status of the borrowers of GSCARDB:

After availing credit, the experiences of borrowers are as below:

- The majority (65%) borrowers have felt the loan amount was sufficient for the purpose and a portion (30%) felt that the loan was partially sufficient.
- In the case of loan insufficiency, the majority have taken loan from commercial banks.
- In the case of loan insufficiency, 57.6% respondents had borrowed from Nationalized / Commercial Banks. 30.4% respondents had not borrowed from outside but made own investment to meet the project cost, borrowed from other cooperative institutions is stated by 27.2% to meet the shortfall in loan amount. 18.4% have borrowed from friends and relatives.
- The overall study reveals that it shows positive impact of borrower's income, asset creation, membership in organizations, education and jobs in family, purchasing power etc. Thus, GSCARDB have played a significant role in improving overall position of borrowers and their socio-economic status.

Purpose of loan: The major purposes for which the loan is taken from GSCARDB:

- 65.6% borrowers have taken Krishi Vikas Loan
- 24% have taken loan for Rural Housing
- 18.7% has taken loan for payment of social debt
- 13.3% has taken loan for Animal Husbandry (Purchase of Cattles)
- 10.7% have taken loan for Farm Mechanization (Tractors etc.)
- 7% have taken Cash Credit loan, Other loan purposes for which loan was borrowed covers Minor irrigation, Two / Four wheelers vehicles loan, SRTO vehicles, non-farm sector purposes, construction of wells / Bore wells / Tube wells, Land levelling, Rural Go- downs, Cattle sheds, Farmhouse.

Major problems faced by borrowers from GSCARDB:

The major problem faced by borrowers was the high rate of interest, high value of land taken as security of loan, insufficient loan amount and Delay in loan sanction, cumbersome loan procedure. From the sample it was observed that :

- 51.6% of borrowers indicated that rate of interest on loan from GSCARD Bank is moderate while 46.4% of respondents have stated that rate of interest on loan is higher
- 37.6% borrowers mentioned that delay in loan was due to excessive documentation
- 30.9% borrowers replied that delay was due to paucity of the bank staff
- 25% borrowers mentioned that no delay occurred in sanction of loan and credit facility was available timely.

Major reasons for prompt repayment by borrowers of GSCARDB : (Percentage of Responses)

The major reasons for prompt repayment was :

- Good yield of crops (73%),
- Wanted to avoid becoming defaulter (social stigma) (58%),

- Good monsoon (55%), Remunerative prices for agricultural produce and milk (46%),
- worried about coercive recovery measures by bank (24%).
- Income from agriculture is the major source for repayment of loan, as stated by almost all the borrowers (100%).
- Additional sources for drawing funds for repayments of installment are: friends, relatives, co-operative societies and other sources.

The borrowers are satisfied with the following factors: (Percentage of Responses)

- Tenure of Loan (62%)
- Down payment amount (56%)
- Loan Amount (56%)
- Repayment Schedule (55%)
- Grace period (54%)
- Processing time of Loan (52%)
- Grievance Handling (53%)
- Rate of Interest (36%)
- Mode of Security for Loan (47%).

Role of GSCARDB in providing credit and its scope for improvement:

- A majority of borrowers (91%) have agreed that the bank played a significant role in providing credit for agriculture and rural development activities. However, 5% of borrowers remained neutral on this statement.
- 60.7% borrowers said that there is scope for improvement in services of GSCARD Bank, whereas 27.3% of respondents have denied for the scope for improvement.

6.3 Results and Discussion : Defaulters of GSCARDB

Demographics of Defaulters of GSCARDB:

The demographics of the defaulters is as follows:

- 70% of survey coverage of defaulters include aged farmers from 51 to 70 years and 30% defaulters are 31 to 50 years old.
- 90% samples covered in the defaulter's survey are male and the rest is female (10%).
- 20% defaulters are from Schedule Tribe (ST) and 46.7% defaulters are from Other Backward Caste (OBC). The coverage of General Category defaulters is found to be 25.2%.
- 9% defaulters are Illiterate. 61% defaulters have only primary level education. 30% defaulters have high school level education.
- 45.3% defaulters have medium family size, and 22% defaulters have large family.
- 55.2% defaulters have one earning member in their family, 36.7% defaulters have two earning members in their family.
- Defaulters among whom primary occupation as 'Agriculture' is dominated (97%) in the sample.
- 44% of defaulters have 'Animal Husbandry' as their secondary occupation. However, 53% defaulters have stated that they don't have any other secondary occupation.

Agricultural Practices of GSCARDB Defaulters:

- 48% of defaulters are small farmers, 28% are medium farmers followed by 13 % marginal and large farmers occupy 11% of the survey coverage. 61% loan defaulters are marginal and small farmers.
- 76% of defaulters have more than 20 years of experience in agriculture related activities. Out of this 24% of defaulters have more than 35 years of experience in agriculture.
- 58.1% defaulters are member of PACS while 55.2% defaulters are members of Village Milk Cooperative Society.

- 79% defaulters follow traditional cultivation methods, while 21% follow modern techniques of cultivation.
- 47% defaulters have an annual income of Rs.1 to 2 Lakh, followed by 26% of defaulters with Rs. 2 to 4 Lakh as their annual income. Closer to 10% of defaulters have more than Rs.4 Lakh annual income.

Major actions taken by Branch Managers of GSCARD Bank for recovery of overdue loans (Percentage of Responses) :

Action taken by Branch Managers for the following reasons:

- For dishonoring of Post Dated Cheques actions under Negotiable Instrument Act. -138 Cases (85%)
- Aakhari Chetavani (Final Alert) Notice (67%)
- Legal notice through Advocate (65%)
- Issue of decree certificate from District Registrar GSCARD Bank (63%)
- Actions as per section 134 by Branch Manager under provision of Gujarat Co-operative Societies Act (60%)
- Publishing name of defaulters in leading newspapers (54%)

Major causes for overdue / defaults in GSCARDB: (From defaulters' segment) (Percentage of Responses)

The major causes for defaults as perceived by defaulters were:

- Domestic needs (71%)
- monsoon failure (63%)
- decrease in price of agricultural produce (53%)
- high input / maintenance cost (52%), inadequate income (46%)
- crop failure (31%)
- expectation of loan waiver scheme of the Government (27%).

6.4 Results and Discussion: Perceptions of Branch Managers of GSCARDB Demographics of GSCARDB Branch Managers:

The demographics of GSCARDB are as follows:

- 60% Branch Managers are more than 45 years old, of which 30% are more than 55 years old. Around 23% are 36 to 45 years old and the rest 17% are 25 to 35 years old.
- About 93% of Branch Managers are male and 7% are female managers.
- 63.3% Branch Managers are from General category. About 10% are SC, 3.4% are ST, and 23.3% are OBC (Other Backward Class).
- 83.3% Branch Managers are graduates, while around 16.7% are postgraduates.
- Nearly 27% Branch Managers have 26 to 30 years total service experience, followed by 21 to 25 years' service experience (23.3%). About 17% have up to 10 years' service experience.
- 30% have experience as branch manager up to 5 years. Portion occupied by managers with 11 to 15 years is 26.7% as branch manager experience. Overall, upto 15 years' experience occupied by around 77% branch managers covered.

The perceptions of Branch Managers on poor/low recovery of branches:

The following are the perceptions of the Branch managers on poor/low recovery of branches from borrowers:

- Low income of defaulters
- Limited staff availability in branches
- Corona pandemic affected agricultural activities
- Non availability of debt settlement scheme (OTS) for loan defaulters
- Reduction in crop production and market rates of agriculture produce
- Failure of crop due to locust attack, pink ball worms, thrips, aphids and crop damage by pigs

- Expectations of loan waiver or debt relief schemes from Government were the major reasons indicated by Branch Managers on poor recovery by branches

Suggestions from Branch Managers of GSCARDB to Improve the Loan Recovery:

Strict recovery actions may be taken against willful defaulters, Recovery through sales officer of bank under section-134 of Gujarat Cooperative Societies Act, 1961, Recovery of loan through auction of mortgage land, Timely and Continuous contact & communication with borrower, Maintaining mobile, telephonic contact with loan defaulters, Demand notices of installment and frequent follow up notices be given to borrower, Mobile application facility to borrower may be provided to know the installment date, amount and outstanding of loan and intimation of receipt to them on payment of installments, Reschedule of total loan outstanding with consent of the borrower, Over-due borrowers shall be contacted personally to convince them for payment of default loan, Actions like seize of vehicles, seal of house and sale of hypothecated assets as an additional security of loan given by member at the time of loan borrowing, Providing interest rebate facilities to borrowers, Explain to borrowers the advantages of regular loan payments and disadvantages of loan default, Issue legal notices to all the defaulters mentioning proposed actions to be taken according to hypothecation deed, mortgage deed and cooperative Acts and Rules, Publication of notices in leading newspapers with photographs and loan details of the willful loan defaulters, Chronic and heavy over-dues recovery can be carried out by appointing professional recovery agencies, At least one Guarantor who is a shareholder of the bank shall be taken for availing any loan facility from the bank, Settlement schemes shall be implemented for defaulters of more than six years.

Policy Changes Required to Strengthen the Performance of GSCARD Bank

- The loan approval procedure shall be made further easier and speedier.
- The loan policy of the bank shall be reviewed and revised every three years.
- Loan facilities and other services may be provided to farmers at their doorstep.

- Cash credit loan up to Rs.3 Lakh may be given to new / first time loan borrower.
- Short term tenure loans like crop loans (KCC) and other short period loans shall be initiated by the bank.
- GSCARD Bank's working shall be made fully computerized, and system based.
- Loans may be given considering land valuation and repaying capacity of borrowers.
- Full-fledged banking activity shall be performed by the bank with necessary permission from Government of India, NABARD and Reserve Bank of India.
- Loan limit of an individual borrower may be fixed as per his land holdings and further loan in sanctioned limit fixed by District Loan Committee may be approved at branch level instead of sending loan cases files to District offices.
- Documentation required for loan may be streamlined and minimized. Loan documents scanned copy may be kept at district office as well as head office of the bank.
- Borrowers may be made aware on the various loan purposes and schemes of the bank with wide publicity in social media, print media as well as electronic media.
- The Interest Rebate facility may be extended to the loan borrower to encourage regular payment of installments /loans.
- The infrastructure of the bank's branches may be renovated in a modernized way.
- Trans Union CIBIL / Credit report facility may be implemented soon in the bank.
- Customer relationship and customer care should be taken into consideration.
- Management Information system shall be further strengthened.
- Insurance of the full loan amount shall be taken to cover the risk of loan repayment.

- Well educated, talented staff employees be recruited for the smooth functioning of the bank.
- Attractive Fixed Deposits Schemes shall be launched by the bank for farmers as well as for the public.
- The internal checks and control system, maker and checker system in the bank etc. needs to be strengthened.
- Branches of the bank may function as Multi Service Centre's.

Branch Managers Satisfaction with GSCARD Bank:

50.0% of Branch Managers covered have expressed High Level Satisfaction.
40.0% Managers have stated that they are satisfied with the bank.
10.0% of them have expressed a neutral state of mind.

The Branch Managers of GSCARDB have significantly better perceptions on these aspects:

Appropriate security requirements of GSCARD Bank for loans sanctioning, Cash Credit Loans schemes meet the credit needs of the borrower appropriately, Head office provides sufficient support to the branches, Branches take care of post disbursements follow-up, for regular repayment of loans rebate on loan installment gives incentives, For sanctioning loan, GSCARDB adopts a right appraisal system, Head office allocates adequate funds to the branches for issuing

loans, Branches take care of loan pre- sanction visits, appropriate diversification in loan portfolio is available.

Branch Managers of GSCARDB have not perceived well on these aspects:

Stamp duty on registration of property to be mortgaged is appropriate, less rate of interest is charged on loans. Perception reported is not well because rates on interest on loans are higher as compared to commercial banks, Political interference does effect working of GSCARDB adversely. There may be interference, so they may not have well perception on this statement, GSCARDB is not facing any competition with other banks, GSCARDB adopts modern technologies and computerization, and adequate staff is available at GSCARDB to sanction the loans.

7. Policy Implications:

The policy implications emerging from the study are :

7.1 Awareness Creation

- More awareness on GSCARD Bank and its services and products can be created through frequent interactions with farmers and conducting free training, exposure, orientation programs on modern agricultural practices and about cooperatives.
- The people at large are not much aware of various schemes and products of bank, and its benefits. More awareness needs to be created about vehicle loans, rural housing loans, fixed deposit schemes, accidental death benefit scheme and non-farm sector loans etc. besides term loans for agricultural development.
- More needs to be done to educate members in order to involve them actively in the operations and development of the bank through print, electronic and social media. Borrowers being members and shareholders have a stake in a cooperative enterprise and its growth and success depend on their active participation and their involvement at various levels/capacities.
- Publication and large number circulation of GSCARDB's monthly newspaper and or newsletter relevant to the sector and useful to members & all concerned.

7.2 External Associations

- The bank can go for accreditation rating by accredited agencies. This will help them to network with other banks and financial institutions and borrow funds, if required.
- The bank may connect with advanced farming technique trainers to provide special training on agriculture to the farmers to improve their agricultural practices.

7.3 Loan Process and Sanction

- Loan borrowers are required to visit the bank branch multiple times to complete application formalities and for approval, sanction and disbursement. This can be reduced by clearly explaining all the

requirements (like land documents, identity documents, credentials etc.) of the bank to the loan seeker. This will save time and result in quick disposal of cases causing least inconvenience to the member-borrowers.

- Loan procedure needs to be reviewed constantly for simplification to make it borrower-friendly without compromising interests and needs of the bank.
- The time taken for loan sanctioning and disbursement can be reduced by improving computer skills of the staff.
- If there is poor yield or crop loss due to drought, excessive rain or natural calamities in certain areas, grace period for repayment of loan can be given to the borrowers.
- All types of grievance remedial measures should be attended promptly to improve the level of customer satisfaction and loyalty.
- Interest rebate facility for prompt and regular re-payers is suggested.
- Procedure for disposal of loan cases shall be reviewed periodically to reduce delays.
- The down payment amount required for the loan may be reduced from the current 15% limit of the loan amount.
- Loans of same or lesser amount may be provided to an existing borrower within the limit stated in the mortgage deed / mutation entry of land records.

7.4 Branch Level Measures

- Powers be given to branch managers for sanction of two-wheeler loans.
- Branch Managers be empowered to sanction loans for any specified purpose up to Rs. 2 Lakh.
- Loan repayment needs to be closely monitored. Sending SMS messages to alert member-borrowers to pay within specific date is desirable.
- The Branch Manager may be given powers to provide cash credit limit up to Rs. 2 lakhs to new or first-time loan borrower subject to eligibility.

- Powers to approve loans up to Rs.4 lakhs may be given to the branch committee.
- Interest rebate facility may be extended to the borrower to encourage prompt payment of dues.
- There is need to improve the branch infrastructure to provide a better look as a financial institution.

7.5 Overall Management and Policy Framing:

The bank needs to update manuals of policies and procedures of loan processing, supervision, recovery, handling of defaulters etc. periodically.

- The bank has to further examine competition scenario, technology up gradation, human resources needs and developments etc., taking into account changes to rural banking credit scenario and diversified loans portfolio.
- Short term tenure loans like crop loans (KCC) and other short period loans may be introduced at the earliest with a view to meet the needs of borrowers from a single window.
- Bank may consider involving a policy to cover the loan fully by insurance to minimize the risk of default in loan repayment.
- Converting ARDB as a full-fledged bank by obtaining Banking License from RBI should be the next step for providing credit and other banking products and services to the members of the bank in the rural sector. This will also meet the challenges of the competition in the market.
- Time period required to hold Branch Committee Meetings and District Loan Committee meeting needs to be reduced and time limit be fixed for the same to reduce delays in sanctioning of loans.
- Trans Union CIBIL/Credit report facility needs to be implemented soon in the bank.
- Effective customer relationship and customer care mechanism should be adopted for grievance remedy.
- Management Information system should be further strengthened.
- In the context of broad basing the operations, work practices, systems and procedures of commercial banks could be adopted wherever necessary.

- Borrowers may be encouraged to take animal husbandry as allied activity with agriculture so as to ensure additional source of income other than agriculture.
- Attractive term deposits schemes should be designed and launched by the bank so as to augment funds from farmers and the general public.
- The internal checks and control system, maker and checker system in the bank etc. needs to be strengthened.
- There is need to accelerate the process of computerization of operations of the bank at all levels which would also facilitate strengthening management information system and decision-making process.
- New and innovative schemes and products should be devised beneficial to the farmers and members.
- Cleansing of unrecoverable overdue / NPA to strengthen balance sheet by scaling down and writing off agricultural debts in selected cases of marginal and small farmers and of defaulters with poor resources in backward areas.

7.6 Business Development Plan for GSCARDB

GSCARDB shall prepare Business Development Plan (BDP) for next five years with yearly growth targets in key functional areas for each district taking into account their potential and capacity of business diversification and expansion in credit and non-credit areas while retaining their focus on long term financing.

7.7 Major suggestions and recommendations for GSCARDB and other SCARDBs

- Structural Reforms-needed changes:

The Government shall take urgent measures to revive and strengthen existing institutions in the structure.

- Professionalization of Management at all levels – including staff, elected management and member's education.
- Strengthening of owned funds – Share Capital – Reserves.
- Augmenting funds for lending operations – Refinance – Deposits – other borrowings.

- Diversification of loans portfolio – meeting the total credit needs of members. Investment in developing rural infrastructure for storage, marketing of crops/ produce, agro processing etc.
- Improving loan recovery – Linking credit with processing units and marketing agencies.
- Agency services for lending, supervision and recovery, besides mobilizing funds through deposits etc.
- Providing service products like Insurance for assets of borrowers, Accident Insurance, Life Insurance etc. on an agency basis to augment income from non-core business activities.
- Crop loans, transport vehicles, jewel loans, rural markets, consumption and social purposes loans like for festivals, financing life events like marriage, home furnishing, computer and other home appliances. Such loans for those with repaying capacity subject to loan limits and to those who were prompt re-payer of earlier loans.
- NABARD should extend refinance to GSCARDB and other SCARDBs without Government guarantee. SCBs and DCCBs may also channelize long term refinance of NABARD which they are getting without Government guarantee through SCARDBs and PCARDBs.
- Central government interest subvention scheme for crop loans and other credit linked subvention schemes should be extended to ARDBs also.
- ARDBs should be considered for Trans Union CIBIL membership which will help to include loans given by ARDBs in the data base and credit score reports of credit rating companies.
- Provision may be included in DICGC act to extend insurance coverage of Rs. 5 Lakh deposits of an individual depositor collected by ARDBs.
- The Central Government scheme for investment in the debentures of ARDBs which was in vogue till 2017-18 should be restored.
- The scheme finalized by Government of India for computerization of SCARDBs/PCARDBs needs to be implemented without delay.

- Reserve Bank of India needs to prescribe norms for licensing ARDBs as full-fledged banks as recommended by Capoor Committee (1999) and Vaidyanathan Task Force II (2006).
- Agricultural and Rural Development Banks (ARDBs) must extend more long-term loans to the agriculture sector, including for developing irrigation infrastructure, farm mechanizations, financing commercial farming systems, upgrading farm infrastructure, agriculture value chain financing, participation in agriculture infrastructure fund, financing households as an economic entity, shifting institutional credit to non-institutional credit and other infrastructure.
- NAFSCOB and NCARDBF/NAFCARD may jointly consider the possibility of collaboration between Short Term and Long-Term structures in advancing crop loans and long-term loans.
- State Governments may extend facilities of providing block guarantee, deposit insurance schemes, interest subvention schemes to borrowers of SCARDBs, subsidies under Government sponsored schemes, appointment of special recovery officers and extending Government grants for auction of mortgaged land for collection of overdue recovery from willful defaulters, amendments in Cooperative Societies Act for approval for diversification of loans-activities if any restrictions under State Cooperative Acts, etc.

8. Broad Conclusions :

GSCARDB as specialized term lending institutions in the rural credit field has bright prospects looking into the importance and priority given for agriculture and for rural economic development in the State. Though it is passing through difficult stages in its over eight decades of history, it can stay as major players in dispensing rural credit. To be competitive and efficient, there is no alternative but to convert GSCARDB as resource-based institutions catering to a variety of credit needs of rural sector. This calls for mobilizing deposits aggressively besides sourcing for augmentation of resources through other means. Diversification of credit and broadening of operations in non- traditional areas hold the key for developing the business in the coming years. The measures suggested are relevant to make the structure strong and viable. Various reforms envisaged in the economic

policies have thrown up new challenges and opportunities which the bank should take advantage of by strengthening the structure and by improving the operations. Identified structural weakness will have to be overcome by a package of measures which broadly cover structural reforms, resource augmentation, management, and human resource development and up gradation of technology and Management Information System in the bank.

In this research study an effort was made to find the performance evaluation and impact analysis of credit disbursed by GSCARD Bank (Kheti Bank) in Gujarat State. After understanding extensive literature review on related concepts and discussions with subject experts, the research study was conceptualized. As part of the design of study, opinions of experts from banking and co-operative sector were taken to design the survey questionnaires. Based on the primary and secondary research findings, the following conclusions are arrived.

- GSCARD Bank has a long history, and the people of Gujarat State are aware of its role.
- NABARD has provided long-term refinance support for investment in agricultural activities exclusively for Co-operative Banks and GSCARD Bank too benefitted from it.
- GSCARD Bank has laid down 'Loan Policy' to provide agricultural credit and other loans for the benefit of farming community.
- The financial position of GSCARD Bank is improving in the recent times.
- The bank faced challenges due to long period loan defaulters in the recent times.
- New bank branches are to be opened in rural areas to serve more farmers in the coming years more effectively.
- For specific loans, the bank takes 2-3 weeks for appraisal and other rectifications.
- Loan repayment practice is fairly good among the borrowers.
- There are factors that affect the proper utilization of loan taken and these factors are beyond GSCARD Bank's control. Example: Market and weather conditions, irrigation water scarcity, social factors etc.

- Better loan utilization resulted in increased yield, income, savings, social status, living standard etc.
- High interest rates, land security and inadequate loan amount are the major problems/challenges faced by the borrowers.
- Good level of rating for the services of GSCARD Bank, higher satisfaction level and willingness to avail credit in future from the bank, indicate that the GSCARD Bank's management is aware of the needs to improve the services of the branches through various measures.
- The defaulters have shown their willingness to repay the loan promptly is a good sign of measures adopted by the branch for recovery of loans.
- Full-fledged banking operations by adoptions of the latest information technology could improve the performance of the staff and also services of GSCARD Bank.
- Absence of loan sanctioning powers at branch level and shortage of staff in Bank's branches is a major constraint for delays in loan sanctioning.
- The borrowers have expectations of loan waiver or debt relief schemes of Government which affect recovery and delay repayment of loans.
- Planning for the achievement of targets is necessary at all levels. Action plans and monitoring shall be made continuously to review the progress. Development Action Plans may be implemented to strengthen the growth and performance.

Remedial measures are required to be taken in a time bound manner for the survival and continuance of such institutions, which promote development of the agricultural sector as well as rural economy. The bank should be enabled to serve the interests of the farmers and take care of their total credit needs by offering a package of credit products and services. Actionable points in this context are: Structural inflexibility, Financial Resources, Professional Management, Operations–Systems and Procedures, Reforms in Cooperative Laws, Mounting Overdue & NPAs.

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