



Research Article

LOAN DISBURSEMENT PATTERN OF THE HISAR DISTRICT CENTRAL CO-OPERATIVE BANK IN AGRICULTURE SECTOR

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Abstract- The objectives of present study were to examine the loan disbursement pattern of The Hisar District Central Co-operative Bank, in Agriculture sector. The study was conducted in Hisar district. In Hisar district, there are nine branches of District Central Co-operative Bank namely Hansi, Barwala, Narunand, Agroha, Arya Nagar, Mandi Adampur, Ukalana, DAC Hisar and Sisai. Hisar district was purposely selected due to easy accessibility. The primary data was obtained from the loanee farmers. List of loanee of Hisar block were prepared from selected bank branch and then 80 farmers were selected randomly and categorized in two categories. Category-I up to Rs. 3 lakhs and category-II more than Rs. 3 lakhs advances. Tabular analysis was done to solve this problem. Data presented in all branches shows that increment in total loan advanced (from 2000-01 to 2012-13) by District Central Co-operative Bank was maximum in Mandi Adampur branch and it was lowest in Narnaund branch of DCCBs Hisar. Total loan advanced were divided into two group and first one was agriculture credit second was non agriculture credit. Total loan advanced given by overall average of selected branches of District Central Co-operative Bank Hisar was increased from Rs.13.26 crores during 2000-01 to Rs.19.19 crores during 2012-13.

Keywords- Agriculture loan, Loan disbursement, Utilization, Non agriculture loan and overdues.

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Introduction

Credit plays an important role for enhancing agricultural production by the various ways so credit is said to be the backbone of agriculture. The availability of an adequate amount of credit is of utmost importance. The cooperative credit structure consisting of two wings in Haryana, i.e., short term and long term. The short term credit structure is federal in character, with State Cooperative Bank(SCBs) as apex bank(HARCO in Haryana), District Cooperative Central Bank(DCCBs) at intermediate level and Primary Agricultural Credit Societies at the base level. The Haryana State Cooperative Agriculture and Rural Development Bank Ltd. (HSCARDB), was set up on 1st Nov. 1966. At the time of establishment, it was opened with only 7 PCARDBs in the State. At present, there are 19 DPCARDBs in the State with 87 PCARDBs branches. 87 Primary Cooperative Agriculture and Rural Development Banks functioning at tehsil and sub-tehsil level were providing agricultural and non-agricultural loans to the farmers, whereas the Haryana State Cooperative Agricultural and Rural Development Bank was providing the same at the state level. Initially the PCARDBs were financing agency in agriculture sector only. The main functions of District Central Co-operative Banks (DCCBs) are to provide finance to the primary credit societies, acceptance of deposits, granting of loans/advances, fixed deposit receipts, gold/bullion, goods and documents of title of goods, collection of bills, cheque, safe custody of valuables, agency services and work as balancing Centre for PACS.

Review of literature

Vishvanathan, (2005) Studied agricultural credit flow in India using secondary data for the period 1991-92 to 2004-05[1]. The study revealed that the annual growth

rate of agricultural credit was of the order of 15 per cent per annum over the year. It was noted that the quantum of credit increased was of the order of 32 per cent during 2004-05. It was due to vigorous expansion measures undertaken by the RBI to double the credit flow in last three years. He also analyzed the flow of institutional credit to agriculture and it was noted that the share of co-operatives in credit flow to agriculture declined from 49 per cent in 1991-92 to 27 per cent in 2004-05 whereas the growth in credit flow decelerated for commercial banks in respect of production credit, investment credit and total credit during the 1990s as compared to previous two decades. The share of production credit in value of input used in agriculture had gone up from 41.1 per cent in 1993-94 to 58.9 per cent in 1999-2000 due to the faster growth in production credit.

Mani, and Sinha, (2010) studied the credit absorption capacity per farm per annum of marginal, small, medium and large farmers [2]. They observed that the credit absorption capacity of them farmers was Rs. 32,563, Rs. 62,362, Rs. 1,31,853 and Rs. 1,98,049 in that order. The average credit observation capacity of a farmer across the land categories in Uttar Pradesh was noted to be Rs. 80,379. The farmers falling under various sub-categories (except the marginal farmers) could productively employ the above mentioned amount for crop production and generated sufficient income even to take care of their consumption needs. The marginal farmers needed to generate an additional income of Rs. 21,303 to satisfy family consumption need from some other source including wage labour. The estimate of maximum credit for consumption purpose for the various farm categories was arrived at by taking into account the net surplus left with the farmers after serving the short term credit loan.

Material and Methods

Hisar district of Haryana was purposely selected for the study. There are 9 blocks in the district and each blocks were selected for the present study because of because of (a) it is oldest Co-operative Bank in Haryana (b) it falls within the district of CCS HAU Hisar and easily approachable for data collection and frequent consultation with bank officials. The study was conducted in Hisar district. In Hisar district, there are nine branches of District Central Co-operative Bank namely Hansi, Barwala, Narunand, Agroha, Arya Nagar, Mandi Adampur, Ukalana, DAC Hisar and Sisai. Hisar district was purposely selected due to easy accessibility. The primary data was obtained from the loanee farmers. List of loanee of Hisar block were prepared from selected bank branch and then 80 farmers were selected randomly and categorized in two categories. Category-I up to Rs. 3 lakhs and category-II more than Rs. 3 lakhs advances

The functional structure of loan/patterns of loan disbursement has been studied in terms of short term, medium term and long term. The bank provides these loans for various agricultural activities. Short term loan given by the bank for mainly agricultural purpose and the medium term loan given by the both categories like as agricultural loan and non-agricultural loan but in case of long term loan has been not provided by the bank of District Central Co-operative. Tabular analysis was done to solve this objective.

Terms and concepts used in analysis

The definitions of some of the terms used in the discussion are given below

(a) Number of members

It represents the total number of members of district central co-operative banks inclusive of nominal members also.

(b) Number of borrowers

It represents the total number of borrower members (cultivators) of all the co-operative society affiliated to the banks.

(c) Number of borrowing societies

It represents the total number of co-operative credit society at the time of affiliation for the membership and also the share capital paid out by the borrower societies through loan, sanctioned.

(d) Reserve funds

Reserve funds represent the specific amount of profit of bank.

(e) Deposits

It is the most important source of the capital and is accumulated by accepting the savings. It includes all type of savings made by members, non-members and affiliated societies.

(f) Current deposits \ demand deposits

On current or demand deposits, the bank pays practically no interest. They can be withdrawn in part or in full at any time by issuing a cheque.

(g) Fixed or time deposit

Fixed deposit are so called that they are left for bank for a certain fixed period before the expiry of which they cannot be withdrawn expect after giving due notice on such deposits, banks pay high interest.

(h) Saving deposit

It can be withdrawn subjected to certain limitations regarding the amount withdrawn or the frequency of withdrawal.

(i) Short term loan

It is the loan, the period of which does not exceed 18 months. Crop loan is one of the essential features of short term loan.

(j) Medium Term Loan

It is the loan, the period of which does not exceed 60 months.

(k) Long term loan

It is the loan, the period of which is more than 5 years.

(l) Over dues

It is the part of outstanding loan which is not recovered with in specify period of time.

(m) Recovery

It is the part of loan repaid by the borrowers within the specific period of time.

(n) Defaulter

The borrower who does not repay the loan in time is called as a defaulter.

(o) Loan against term deposit

85% of short term loan is given from fixed deposit under non-agricultural sectors.

(p) Owned Capital

Owned capital includes share capital, deposits from members and funds like reserve fund, building fund, bad debt fund, charity fund, depreciation fund and agricultural stabilization fund.

(q) Working capital

Consists of owned capital excluding special funds, deposits and borrowings from land development banks, state cooperative banks/control cooperative banks, government, RBI, etc. Thus, it is total of all liabilities.

(r) Outstanding

The entire amount left with the borrower for realization on a particular date is called as outstanding. It includes amount of loan during the previous year and advances made during that year less repayment made during that year (excluding interest).

(s) Bad and doubtful debts

Parts of the overdues loan become bad and doubtful debt when there is no hope of getting the loan back after certain prescribed time. According to the procedures of cooperative in the state, loan which is overdue for 3 years or more is treated as bad debts.

(t) Demand

The term demand for the year may be defined to means loans and advances, which were due for recovery during year i.e. till 31st march of the year.

Result and Discussion

Total loan advanced was calculated for all nine branches of district cooperative bank of Hisar district namely Hansi, Barwala, Narunand, Agroha, Arya Nagar, Mandi Adampur, Ukalana, DAC Hisar and Sisai. Data presented in all branches shows that increment in total loan advanced (from 2000-01 to 2012-13) by District Central Co-operative Bank was maximum in Mandi Adampur branch and it was lowest in Narnaund branch of DCCBs Hisar.

Pattern of credit mix by Mandi Adampur branch of DCCBs Hisar

Data presented in [Table-1] indicated that total loan advanced was given by Mandi Adampur branch of District Central Co-operative Bank Hisar was increased from Rs. 16.41 cores (2000-01) to Rs. 33.10 cores (2012-13).

However, fluctuations occurred in case of total loan advanced, maximum amount was observed during 2012-13 (Rs. 33.10 cores) and minimum amount was during 2000-01 (Rs. 16.41 cores). However, similar fluctuations were observed with short term loan also and the maximum amount was Rs. 2.55 cores during 2012-13 and minimum was Rs. 0.02 cores during 2000-01. Whereas percent share of agriculture credit was 0.14 percent during 2000-01 and 7.89 percent during 2012-13, but maximum and minimum share percent was during 2006-07 (8.20 percent) and during 2000-01 (0.14 percent). Data further revealed that total non-agriculture loan increased from Rs. 0.001 cores (2000-01) to Rs. 0.09 cores (2003-04) two

successive year and thereafter showed fluctuations till end (2012-13). However maximum and minimum amount recorded were Rs. 0.25 crores (2012-13) and Rs. 0.001 crores (2000-01). Data presented in [Table-1] indicated that similar trend was observed in case of share percent. Share percent increased from 0.01

percent during 2000-01 to 0.49 percent during 2003-04. However, the maximum and minimum percent value occurred in 2005-06 (1.07 percent) and 2000-01 (0.01 percent).

Table-1 Pattern of credit mix by Mandi Adampur branch of DCCBs Hisar in Haryana during 2000-01 to 2012-13 (Rs. In Crores)

Year	Total Loan Advanced	Agriculture Credit				Non Agriculture			
		S.T.	M.T	Total	Share%	S.T.	M.T	Total	Share%
2000-01	16.41	0.02 (86.96)	0.003 (13.04)	0.02 (100)	0.14	0.001 (100)	-	0.001 (100)	0.01
2001-02	19.13	0.32 (99.07)	0.003 (0.07)	0.32 (100)	1.69	0.01 (25.00)	0.03 (75.00)	0.04 (100)	0.21
2002-03	20.21	0.50 (99.01)	0.005 (0.99)	0.51 (100)	2.50	0.03 (42.86)	0.04 (57.14)	0.07 (100)	0.35
2003-04	18.42	0.50 (100)	-	0.50 (100)	2.71	0.03 (33.33)	0.06 (66.67)	0.09 (100)	0.49
2004-05	20.67	1.65 (99.64)	0.006 (0.36)	1.66 (100)	8.01	0.03 (33.33)	0.06 (66.67)	0.09 (100)	0.44
2005-06	26.25	2.05 (99.61)	0.008 (0.39)	2.06 (100)	7.84	0.20 (71.43)	0.08 (28.57)	0.28 (100)	1.07
2006-07	31.81	2.60 (99.69)	0.008 (0.31)	2.61 (100)	8.20	0.09 (52.94)	0.08 (47.06)	0.17 (100)	0.53
2007-08	29.52	2.29 (99.65)	0.008 (0.35)	2.30 (100)	7.78	0.05 (41.67)	0.07 (58.33)	0.12 (100)	0.41
2008-09	26.18	1.96 (99.49)	0.01 (0.51)	1.97 (100)	7.52	0.01 (14.29)	0.06 (85.71)	0.07 (100)	0.27
2009-10	26.14	1.94 (99.49)	0.01 (0.51)	1.95 (100)	7.46	0.006 (6.25)	0.09 (93.75)	0.10 (100)	0.37
2010-11	27.55	2.10 (99.62)	0.008 (0.38)	2.11 (100)	7.65	0.04 (30.77)	0.09 (69.23)	0.13 (100)	0.47
2011-12	30.88	2.41 (99.99)	0.0002 (0.01)	2.41 (100)	7.81	0.09 (50.00)	0.09 (50.00)	0.18 (100)	0.58
2012-13	33.1	2.55 (97.70)	0.06 (2.30)	2.61 (100)	7.89	0.15 (60.00)	0.10 (40.00)	0.25 (100)	0.76

Note: Figure in parenthesis indicates the percentage to total

Pattern of credit mix by Narnaund branch of DCCBs Hisar

Data presented in [Table-2] indicated that total loan advanced was given by

Narnaund branch of District Central Co-operative Bank Hisar was fluctuated from Rs. 20.89 crores (2000-01) to Rs. 21.19 crores (2012-13).

Table-2 Pattern of credit mix by Narnaund branch of DCCBs Hisar in Haryana during 2000-01 to 2012-13 (Rs. In Crores)

Year	Total Loan Advanced	Agriculture Credit				Non Agriculture			
		S.T.	M.T	Total	Share%	S.T.	M.T	Total	Share%
2000-01	20.89	0.65 (100)	-	0.65 (100)	3.11	0.02 (67.67)	0.01 (33.33)	0.03 (100)	0.14
2001-02	19.56	0.98 (100)	-	0.98 (100)	5.01	0.05 (55.56)	0.04 (44.44)	0.09 (100)	0.46
2002-03	20.45	1.23 (100)	-	1.23 (100)	6.01	0.07 (100)	-	0.07 (100)	0.34
2003-04	18.75	1.41 (100)	-	1.41 (100)	7.52	0.08 (57.14)	0.06 (42.86)	0.14 (100)	0.75
2004-05	19.84	0.13 (100)	-	0.13 (100)	0.66	-	0.06 (100)	0.06 (100)	0.30
2005-06	24.01	1.7 (100)	-	1.7 (100)	7.08	0.17 (71.13)	0.069 (28.87)	0.24 (100)	1.00
2006-07	26.16	1.94 (100)	-	1.94 (100)	7.42	0.15 (68.18)	0.07 (31.82)	0.22 (100)	0.84
2007-08	16.68	1.27 (100)	-	1.27 (100)	7.61	0.05 (50.00)	0.05 (50.00)	0.10 (100)	0.60
2008-09	28.11	1.44 (100)	-	1.44 (100)	5.12	0.04 (44.44)	0.05 (55.56)	0.09 (100)	0.32
2009-10	17.41	1.45 (100)	-	1.45 (100)	8.33	0.02 (28.57)	0.05 (71.43)	0.07 (100)	0.40
2010-11	18.47	1.55 (100)	-	1.55 (100)	8.39	0.038 (38.78)	0.06 (61.22)	0.10 (100)	0.53
2011-12	20.32	1.7 (100)	-	1.7 (100)	8.37	0.04 (40.00)	0.06 (60.00)	0.10 (100)	0.49
2012-13	21.19	1.77 (100)	-	1.77 (100)	8.35	0.05 (41.67)	0.07 (58.33)	0.12 (100)	0.57

Note: Figure in parenthesis indicates the percentage to total

However, similar fluctuations were observed with short term loan also and the maximum amount was Rs.1.94 crores during 2006-07 and minimum was Rs.0.13 crores during 2004-05. Whereas percent share of agriculture credit was 3.11

percent during 2000-01 and 8.35 percent during 2012-13, but maximum and minimum share percent was during 2010-11 (8.39 percent) and during 2004-05 (0.66 percent). Data further revealed that total non-agriculture loan increased from

Rs.0.03 crores (2000-01) to Rs.0.12 crores (2012-13). However maximum and minimum amount recorded were Rs.0.24 crores (2005-06) and Rs.0.03 crores (2000-01). Data presented in [Table-2] indicated that similar trend was observed in case of share percent. Share percent ranged from 0.14 percent during 2000-01 to 0.57 percent during 2012-13. However, the maximum and minimum percent value occurred in 2005-06 (1.00 percent) and 2000-01 (0.14 percent).

Overall average credit mix of selected branches of DCCBs Hisar

It was revealed from the data [Table-3] that total loan advanced given by overall average of selected branches of District Central Co-operative Bank Hisar was increased from Rs.13.26 crores during 2000-01 to Rs.19.19 crores during 2012-13.

Table-3 Overall average credit mix of selected branches of DCCBs Hisar in Haryana during 2000-01 to 2012-13 (Rs. In Crores)

Year	Total Loan Advanced	Agriculture Credit				Non Agriculture			
		S.T.	M.T	Total	Share%	S.T.	M.T	Total	Share%
2000-01	13.26	0.39 (98.97)	0.004 (1.03)	0.39 (100)	2.97	0.017 (42.50)	0.024 (57.50)	0.04 (100)	0.31
2001-02	14.5	0.67 (98.52)	0.01 (1.47)	0.68 (100)	4.69	0.062 (36.47)	0.108 (63.52)	0.17 (100)	1.17
2002-03	15.56	0.84 (99.93)	0.0006 (0.07)	0.84 (100)	5.40	0.09 (36.00)	0.161 (64.40)	0.25 (100)	1.61
2003-04	14.79	0.98 (98.98)	0.013 (1.31)	0.99 (100)	6.71	0.08 (29.63)	0.19 (70.37)	0.27 (100)	1.83
2004-05	16	0.92 (67.64)	0.44 (32.35)	1.36 (100)	8.50	0.04 (14.81)	0.23 (85.18)	0.27 (100)	1.69
2005-06	20.65	1.38 (99.93)	0.001 (0.07)	1.38 (100)	6.69	0.28 (50.00)	0.28 (50.00)	0.56 (100)	2.71
2006-07	23.68	1.7 (99.76)	0.004 (0.24)	1.70 (100)	7.20	0.2 (36.36)	0.35 (63.63)	0.55 (100)	2.32
2007-08	16.23	1.23 (100)	0.0001 (0.00)	1.23 (100)	7.58	0.07 (46.67)	0.08 (53.33)	0.15 (100)	0.92
2008-09	16.86	1 (99.01)	0.01 (0.99)	1.01 (100)	5.99	0.05 (38.46)	0.08 (61.53)	0.13 (100)	0.77
2009-10	14.6	1.14 (100)	0.0001 (0.00)	1.14 (100)	7.81	0.02 (20.00)	0.08 (80.00)	0.10 (100)	0.68
2010-11	16.57	1.22 (100)	0.0001 (0.00)	1.22 (100)	7.36	0.08 (50.00)	0.08 (50.00)	0.16 (100)	0.97
2011-12	18.07	1.27 (100)	0.00001 (0.00)	1.27 (100)	7.03	0.07 (46.67)	0.077 (51.33)	0.15 (100)	0.81
2012-13	19.19	1.51 (99.96)	0.0006 (0.04)	1.51 (100)	7.87	0.05 (29.41)	0.12 (70.58)	0.17 (100)	0.89

Note: Figure in parenthesis indicates the percentage to total

Total loan advanced were divided into two group and first one was agriculture credit second was non agriculture credit. Agriculture loan was given in form of short term credit and medium term credit. Short term credit was increased from Rs.0.39 crores during 2000-01 to Rs.1.51 crores during 2012-13. Medium term credit ranged from Rs.0.004 crores (2000-01) to Rs.0.0006 crores (2012-13). In case of percentage share of agriculture credit to total loan advanced was increased from 2.97 percent in 2000-01 to 8.50 percent in 2004-05 thereafter fluctuations were found till end. In case of non-agriculture credit similar categories like as short term and medium term credit were established but share percentage was different according to data. However, short term credit ranged from Rs.0.017 crores during 2000-01 reached to Rs.0.05 crores during 2012-13. However, we examined that the data of medium term credit we got showed increasing trend. Medium credit amount increased from Rs.0.024 crores during 2000-01 to Rs.0.35 crores during 2006-07 thereafter fluctuations were found till end thereafter data were constant till end. In case of percentage share of non-agriculture credit to total loan advanced fluctuations from 0.31 percent during 2001-02 to 0.89 during 2012-13. The above findings of the study are also supported from the evidences of [Bansal, and Narwal, (1987) [3], Kumar, (1991) [4], Shaeena, and Pajitha, (1991) [5] and Makadia and Shiyani, (1992) [6] who reported that more than 50 percent of the respondents utilized the whole amount for productive purposes. For both categories combined 74.21 percent of the total loan amount was utilized for the specified purposes for which the loan was drawn.

Summary and Conclusion

Total loan advanced given by overall average of selected branches of District Central Co-operative Bank Hisar was increased from Rs.13.26 crores during 2000-01 to Rs.19.19 crores during 2012-13. Total loan advanced were divided into two group and first one was agriculture credit second was non agriculture credit. Agriculture loan was given in form of short term credit and medium term credit. Short term credit was increased from Rs.0.39 crores during 2000-01 to Rs.1.51

crores during 2012-13. Medium term credit ranged from Rs.0.004 crores (2000-01) to Rs.0.0006 crores (2012-13). In case of percentage share of agriculture credit to total loan advanced was increased from 2.97 percent in 2000-01 to 8.50 percent in 2004-05 thereafter fluctuations were found till end. In case of non-agriculture credit similar categories like as short term and medium term credit were established but share percentage was different according to data. However, short term credit ranged from Rs.0.017 crores during 2000-01 reached to Rs.0.05 crores during 2012-13. However, we examined that the data of medium term credit we got showed increasing trend. Medium credit amount increased from Rs.0.024 crores during 2000-01 to Rs.0.35 crores during 2006-07 thereafter fluctuations were found till end thereafter data were constant till end. In case of percentage share of non-agriculture credit to total loan advanced fluctuations from 0.31 percent during 2001-02 to 0.89 during 2012-13.

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