



E-ISSN: 2278-4136
P-ISSN: 2349-8234
JPP 2019; 8(5): 1906-1910
Received: 21-07-2019
Accepted: 25-08-2019

Kiran V Bochare

Department of Agricultural
Economics and Statistics,
Shri Shivaji Agriculture College,
Amravati, Maharashtra, India

DH Ulemale

Department of Agricultural
Economics and Statistics,
Shri Shivaji Agriculture College,
Amravati, Maharashtra, India

Priyanka A Agam

Department of Agricultural
Economics and Statistics,
Shri Shivaji Agriculture College,
Amravati, Maharashtra, India

SN Ingle

Department of Agricultural
Economics and Statistics,
Shri Shivaji Agriculture College,
Amravati, Maharashtra, India

Corresponding Author:

Kiran V Bochare

Department of Agricultural
Economics and Statistics,
Shri Shivaji Agriculture College,
Amravati, Maharashtra, India

Performance of the lead bank in Amravati district

Kiran V Bochare, DH Ulemale, Priyanka A Agam and SN Ingle

Abstract

The area of study was the whole of Amravati district which was served by the Central Bank of India as the lead bank. The study showed an overall significant growth in total number of branches, total deposits and advances, number of borrowers, under lead bank in Amravati district. It is clear that the performance of lead bank with respect to these indicators was satisfactory.

The study of overdues against farmers of different size groups indicates that the higher amount of overdues was observed in the medium group of farm followed by small and large farmers.

Keywords: lead bank, agricultural advances, deposits, over dues, borrowers, defaulters

Introduction

Lead bank is a unique model formulated by the RBI to reduce regional and sectorial imbalances existing in the economy. Even with remarkable progress after nationalization of commercial banks, a wide gap had existed between demand and supply of credit.

Lead bank scheme was introduced by Reserve Bank of India in 1969 in pursuance of the recommendations of the study group headed by Prof. D. R. Gadgil (Gadgil study group) on the organizational framework for implementation of the social objectives and the committee of bankers on branch expansion programme of public sector banks chaired by Shri F. K. F. Nariman to have an area approach II for targeted and focused banking. The main objective of the scheme is to coordinate the activities of banks and other developmental agencies through various forms in order to enhance banking facility to rural areas and priority sectors.

The lead bank which is allotted a specific district is supposed to play the role of consortium leader of all the banking and financial institutions. The first task of a lead bank is to conduct a survey in the district to evolve an action plan for opening branches. Each lead bank is to prepare district credit plan covering all possible bankable projects in the district and allocate credit plan targets among various banks and financial institutions in the district. So that the lead bank scheme implements the credit plans with the help of various financial agencies including commercial banks and monitors the overall performance. This study tries to explore and to know the various lead bank activities in the district.

The present study was undertaken with following objectives.

1. To evaluate the performance of the Lead bank of Amravati district.
2. To study the deposits, financing process and cases of defaults.
3. To study the pattern of repayment and over dues of crop loan for different size group of farmers.

Methodology

The present study aimed at studying the performance of lead bank of Amravati district over the period of 10 years from 2008-09 to 2017-18. This chapter deals with the selection of area, methods collection of data and its sources, procedures used for analyzing the collected data.

1. Selection of the area

For present study, lead bank of Amravati was purposively selected. In Amravati district 14 tahsil in which agriculture is main sector. This sector requires more credit for increase in production and lead bank provide an adequate credit requirement to agriculture sector. Therefore lead bank of Amravati district was selected for present study lead bank scheme.

2. Research database

The secondary data on different performance indicator of the lead bank were collected from different sources. The method used for the collection of data and its sources are described below.

2.1 Methods applied for collection of data

The required data were collected in order to cover the different aspects of the study to fulfill the requirements of the objectives by giving personal visit to lead bank.

2.2 Data requirements and sources of data

The secondary data pertaining to period of 10 years from 2008-09 to 2017-18 on different performance indicators of the lead bank the information was collected according to various objectives. The data were mainly related to branch expansions, sector wise advances made, deposit mobilization, overdues, total loan advanced (short term, medium term and long term loan) status of overdues against the borrowers of different size group of land holdings viz. small (0.01-2 ha), medium (2.01 to 4 ha) and large (>4.01ha), defaulters and problem of financing institutions were collected for the present study.

3. Analytical framework

3.1 Tabular analysis

Tabular methods of data analysis were employed to evaluate the performance of lead bank in Amravati district over the period of 10 years. The percentage change over the years regarding various development indicators were computed for lead bank for 10 years i.e. 2008-09 to 2017-18.

3.2 Growth function

To assess the growth of lead bank in Amravati as regards the different performance indicator during the period of under study, the growth rate (%) were calculated with a view to analyze the growth of lead bank

$$\text{Growth rate (\%)} = (b / \bar{y}) \times 100$$

Where,

b = regression coefficient

\bar{y} = mean based on dependent variable

For studying the growth in advances made & deposit mobilization the regression analysis of the following simple linear type was used i.e.

$$Y = a + bX$$

Where,

Y = dependent variable (Advances/deposits)

a = intercept of constant

b = trend of regression coefficient

X = independent variable (Time in years)

Results and Discussion

1. Performance of lead bank in Amravati district.

1.1 Estimates of credit targets

In the district credit plans, the sector wise tentative estimates

were made for the economy of Amravati district. These estimates were intended to give a broad idea about the extent of working of the credit institutions. The credit target of agriculture sector was estimated to Rs.2542.87 crore (75.04 per cent) for the duration of 2008-2011, the credit targets of industrial and service sectors were estimated to Rs.148.93 crore (4.39 per cent) and Rs.696.83 crore (20.56 per cent) respectively for the same period.

The credit targets for the period 2012-2014 were revised and fixed at Rs.4075.59 crore (79.49 per cent), Rs.188.44 crore (3.67 per cent) and Rs.862.74 crore (16.82 per cent) for agriculture, industry and service sectors respectively looking to the potential of the districts to absorb the credit for productive purpose. For credit plan relating to the period 2015-2018, the credit targets again were revised upward and fixed at Rs.9649.04 crore, (63.94 per cent) Rs.965.7 crore (6.35 per cent) and Rs.4474.95 crore (29.46 per cent) for agriculture, industry and service sector respectively. Out of the total credit targets fixed for the district during the three periods, the percentage share of agriculture was on the increase in second period and also decline in next period whereas the proportions of the industry and service sectors was the increase. The credit targets in per cent presented in table 5.1

Table 1: Plan period wise/sector wise credit target fixed by lead bank (Rs. In crore)

Sector	2008-11		2012-14		2015-18	
	Amount	Percent	Amount	Percent	Amount	Percent
Agri.	2542.87	75.04	4075.59	79.49	9649.04	63.52
Industry	148.93	4.39	188.44	3.67	965.7	6.35
Service	696.83	20.56	862.74	16.82	4474.95	29.46
Total	3388.63	100	5126.77	100	15189.69	100

Source: Annual report of central bank of India. (D.C.P)

1.2 Gap between targets fixed and actual disbursement

As against the credit targets for the specified three periods plans, the credit supplied for agriculture sector was 84.72 per cent in 2008-2011 period, 86.10 per cent in 2012-2014 period and 61.24 per cent in the period of 2015-2018. During the entire three-credit plan periods of the lead bank performance the achievements was higher as compared to target fixed for disbursement of credit in the 2012-14 plan period and lower in 2015-18 plan period in district. This was made possible by the banking sector due to their efforts made for supply of credit for rapid development of the district economy. Although, due to underestimation of credit absorption capacity on the one hand and over demand by borrowers for development purpose with higher demand in agriculture sector on the other hand achievements exceeds targets in the district are given in table 5.2.

Table 2: Period, institutional source-wise credit supply and gap Position

Year	2008-11		2012-14		2015-18	
	Target	Achievement	Target	Achievement	Target	Achievement
Agri.	2542.87	2145.87 (84.72)	4075	3508.81 (86.10)	9649.04	5909.64 (61.24)
Industry	148.93	174.41 (117)	188.44	166.45 (88.33)	965.71	1522.13 (157.61)
Service	696.83	643.06 (92.28)	862.8	1231.4 (142.72)	4474.95	4088.35 (91.36)

(Figure in the parentheses is percentage achievement)

2. Progress of banking facilities in Amravati district

Progress of banking facilities includes the expansion of total number of banks and their respective branches in various blocks of Amravati district.

2.1 Branch expansions under lead bank scheme

The Central Bank of India as the lead bank of the district was responsible to discharge the functions of the lead bank scheme in Amravati district. According to survey report at the time of lead bank survey were working in the 929 bank branches from year 2008-2011 and it increased to 956 during in year 2012-2014, in 2015-18 plan they are 1333 branches. This revealed that during the period of one decade the percentage in branch expansion was 40.0 per cent. The

comparative position of banking facilities in Amravati district as on December 2008 and December 2018 is presented in the Table 5.3

Table 3: Bank branch expansion in Amravati district

Year	No. of bank branches	Relative change
2008-11	929	0
2012-14	956	2.90
2015-2018	1333	39.43

2.1.1 Area wise branch expansion

The spread of banking facilities to urban, semi-urban and rural area of Amravati district under lead bank scheme was analysed for base year (2008) and current year (2018).

Table 4: Growth of banking facilities in different areas of Amravati District

Year	Urban			semi-urban			Rural			Total
	C	Co	P	C	Co	P	C	Co	P	
2008-09	79	9	4	43	7	1	87	72	3	305
Percent distribution	25.90	2.91	1.30	14.91	2.21	1.32	28.12	23.61	0.91	100
2017-18	91	13	4	53	11	1	97	70	5	345
percent distribution	26.37	3.70	1.11	15.36	3.12	0.20	28.11	20.28	1.41	100

Note-C-commercial bank, Co- co-operative bank, P-private bank

The data presented in table 5.4 revealed that the number of bank branches were higher in rural areas (52.64 per cent) as compared to urban (30.11 per cent) and semi-urban areas (18.44 per cent) during the 2008-09. Although the number of branches increased marginally during 2018 but the proportion of distribution of bank branches to urban, semi-urban and rural areas are identical for both the periods'.

2.1.2 Block wise branch expansions

Total number of banks and their branches for various blocks of Amravati district along with their absolute and relative change have been analysed and presented in Table 5.5. It can be observed from Table 5.6 that, the total numbers of banks in Amravati district were remained same for the current year (N=30) as they were in base year. However, those banks which were operating in 2008-09 (base year), As far as total number of branches are concerned, they have been increased from 305 (base year) to 345 (current year) showing per cent change of 13.11 per cent.

Out of fourteen blocks in Amravati district, we have noticed that Amravati block has maximum number of banks (30) and their branches (112) compared to other blocks. Total number of banks were remained same for the current year as compared to base year (30), showing no expansion but total number of branches have showed expansion from 105 to 112 with per cent increase of 6.66 per cent. In Morshi block, there is increase in total number of banks from 4 to 7 with per cent change of 75 per cent and their respective branches from 21 to 24 with per cent change of 14.28 per cent. In Warud block, banks have been increased from 8 to 12 (50 per cent) and their branches from 26 to 29 (11.53 per cent). Achalpur block has showed highest per cent growth in both, i.e.; total number of banks have been increased from 9 to 14 with per cent change of 55.55 per cent and total number of branches from 27 to 30 with per cent change of 11.11 per cent. However negative per cent growth in expansion of total number of banks have been noticed in some of the blocks such as Tivasa block, where the number has decreased from 8 to 7 in Dharani block 5 to 4 and in Nandgaon block 8 to 7.

Table 5: Total no. banks and their branches in different blocks of Amravati district.

Sr. no	Name of block	Total no. of banks		Change		Total no of branches		Change	
		2008	2018	AC	RC	008	2018	AC	RC
1	Amravati	30	30	0	0	105	112	7	6.66
2	Bhatkuli	3	4	1	33.33	11	13	2	18.18
3	Nandgaon khandeshwar	8	7	-1	-12.5	13	15	2	15.38
4	Chandur (Rly)	3	5	2	66.66	10	12	2	20
5	Tivasa	8	7	-1	-12.5	15	17	3	20
6	Chandur bajar	6	8	2	33.33	19	22	3	15.78
7	Morshi	4	7	3	75	21	24	3	14.28
8	Warud	8	12	4	50	26	29	3	11.53
9	Achalpur	9	14	5	55.55	27	30	3	11.11
10	Daryapur	3	5	2	66.66	17	20	3	17.64
11	Anjangaon surji	5	7	2	40	15	18	3	20
12	Dharani	5	4	-1	-20	6	9	3	50
13	Chikhaldara	3	5	2	66.66	5	7	2	40
14	Dhamangaon (Rly)	6	7	1	16.66	15	17	2	13.33

Note: AC- Absolute change RC- Relative change

The data revealed that during 2008 the maximum number of branches was in Amravati block (34.42 per cent) followed by

Achalpur (8.85 per cent) and Warud (8.52 per cent). The lowest number of branches in Chikhaldara blocks (1.63 per

cent). During 2018 the numbers of branches were increased in all block branches. It can be concluded from the foregoing discussion that the lead bank achieved the success through continuous persuasion in district credit plan for opening of the bank offices in all the identified growth centers.

3. Mobilization of deposits

The analysis of data from the reporting banks regarding total deposits in Amravati district for the period from June 2008-09 to June 2017-18 revealed that the total deposits were on the rise from Rs.5140.23 crore in 2008-09 to Rs. 13444.26 crore in 2017-18 presented in table 5.10.

There was continuous increase in deposit from 2008-09 to 2017-18. The table 5.10 reveals the position of overall deposit mobilization in Amravati district as a whole and indicates the increase in deposit of the banks operation in the district.

Table 6: Total deposits with lead bank of Amravati district (Rs. In Crore)

Sr. No.	Year	Amount	Total deposits Percent increase over the base year 2008
1	2008-09	5140.23	0
2	2009-10	5540.9	7.79
3	2010-11	5890.72	6.31
4	2011-12	6344.5	7.70
5	2012-13	6812.62	7.37
6	2013-14	8318.29	22.10
7	2014-15	9182.83	10.39
8	2015-16	9590.39	4.43
9	2016-17	12996.86	35.51
10	2017-18	13444.26	3.44
Total	-	8326.16	-

3.1 Total agricultural loan disbursed by lead bank in Amravati district

The position of total loan disbursed by the lead bank during

Table 8: No. of borrowers according to size of holdings under lead bank of Amravati district (Central bank of India)

Year	Small		Medium		Large		Total	
	No.	percent	No.	percent	No.	percent	No.	percent
2008-09	310	39.24	255	32.27	225	28.48	790	100
2009-10	351	38.31	312	34.06	253	27.62	916	100
2010-11	467	37.27	389	31.04	397	31.68	1253	100
2011-12	546	39.30	410	29.51	433	31.17	1389	100
2012-13	642	41.25	485	31.16	429	27.57	1556	100
2013-14	716	38.24	598	31.94	558	29.80	1872	100
2014-15	967	37.81	754	29.48	836	32.69	2557	100
2015-16	1056	38.37	956	34.73	740	26.88	2752	100
2016-17	1247	38.84	1120	34.89	843	26.26	3210	100
2017-18	1487	39.63	1254	33.42	1011	26.94	3752	100
Total	7789	-	6533	-	5725	-	20047	-
Growth rate %	3.83	-	1.51*	-	1.37*	-	-	-

* Significant at 1 per cent probability level

4.1 Defaulters of lead bank

Table 5.15 shows the enquiry of defaulters according to size of land holding. The term repayment capacity is defined the excess of income over the payment and expenditures. The data shows that 5432 farmers were defaulters in which 59.94 per cent defaulters have the, repayment capacity but they are not depositing credits and 40.05 per cent were those numbers

2008-09 and 2017-18 depicted in table 5.13. During entire period of study it was observed that there is increase in loan disbursement from Rs. 520.02 Crore to Rs. 816.63 Crore. The amount of total loan outstanding was increase by 48.29 per cent between 2008-09 to 2017-18 in Amravati district.

The table also revealed that, the loan repayment decreased by 10.22 per cent therefore amount of total overdues increased by 21.19 per cent over the entire period of study.

Table 7: Position of agricultural loan disbursed by lead bank in Amravati district (Rs. In. crore)

Sr. no.	Indicators	Amravati district		
		Base year 2008-09	Current year 2017-18	per cent change
1	Total loan disbursed	520.02	816.63	57.03
2	Loan outstanding	936.14	1388.27	48.29
3	Repayment	339.91	305.14	-10.22
4	Overdues	448.31	543.34	21.19
5	percent of overdues to total loan disbursed	86.21	66.53	-
6	per cent of overdues to outstanding	47.88	39.13	-

4. The growth in membership/borrowers of lead bank

The member of Central Bank of India in Amravati district are classified in to three size group of land holding as small, medium and large. In the first group the member is one who has 0.01-2 ha land, second group of members consists of 2.01-4 ha and the last group of members of those who are representing the size >4 ha. Table 5.14 shows that the overall borrowers were increased gradually since the year 2008-09. An increasing pattern was found in all groups of farmers. The small, medium and large groups have maximum 31.57, 33.40 and 35.01 per cent members respectively during the study period of 2008-2018. Thus, maximum borrowers belonged to large followed by medium group farmers.

Table 9: No. of defaulters under different groups of holdings under lead bank of Amravati district (Central bank of India)

Size of land holding (ha)	Borrowers		Defaulters		willful defaulter		Non willful defaulters	
	No.	per cent	No.	per cent	No.	per cent	No.	per cent
Small	6330	31.57	1972	36.30	1130	34.7	842	38.69

Medium	6697	33.40	1891	34.81	1327	40.75	564	25.91
Large	7020	35.01	1569	28.88	799	24.53	770	35.38
Total	20047	100	5432	100	3256	100	2176	100

Conclusion

1. It can be concluded that under lead bank, total number of branches were increased substantially from its base year which is a good indicator of financial inclusion.
2. The total deposits also increased highly significantly which means that the saving capability of society is increasing.
3. It was concluded that bank showed poor performance in respect to loan recovery.
4. The overdues of lead bank were found higher due to defaults by borrowers and low amount of loan repayment.
5. In case of overdues, the small size group farmers were more responsible for accumulation of overdues followed by medium size group of farmers and large size group of farmers during entire period of study.

References

1. Borse MK, Birari KS, Autkar BN. Targets and achievements of institutional credit through lead bank of Akola District in Vidarbha region of Maharashtra. *Ind. J of Agril. Econ.* 2005; 60:393.
2. Chakraborty DK. Credit and the agricultural sector: Study of the North-Eastern India. *Indian J of Agril. Econ.* 2005; 60:390.
3. Chalam GV, Prasad A. Role of PACS in agriculture service-a case study of West Godavari district in Andhra Pradesh. *Ind. co. Rev.* 2003; 42(42):94-102.
4. Chaudhary K, Sharma M. Performance of Indian public sector banks and private sector banks: A comparative study. *Int. J of Inn. Man. &Tech.* 2011; 2(3):249-256.
5. Sukhvasi SK. Performance of lead bank scheme in Guntur district of Andhra Pradesh. *J of Res. com. & man.* 2014; 1(6):77-80.
6. Surendran A, Manoharan B. Performance of lead bank scheme in Virundhunagar district of Tamil Nadu. *J of Res. Com. &Man*, 2012, 1(6).
7. Thorat VA, Tilekar SN, Bagade SR. Determinants of borrowings from the Primary Agricultural Co-operative Credit Societies. *Ind. J of Agril. Econ.* 2005; 60:368.