

## AN EMPIRICAL STUDY OF CREDIT FACILITY AND ITS RECOVERY TECHNIQUES AT PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK LTD, DEVANAHALLI

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**Abstract**—The banking activities developed any such way that now it has come to be a sizeable subject. It has got big system of guidelines, rules, and tactics. In a developing country like India, it is far to see the improvement of era in banking zone which include automated of bills, ATM's, credit card. The banking capabilities end up a powerful force after the primary decade of 20<sup>th</sup> century. To understand the records of contemporary banking in India, one has to refer to the "English enterprise homes" hooked up by East India Corporation. Those business enterprise houses have been essentially trading firms and wearing on banking commercial enterprise as part of their own capital they failed and vanished from the scene for the duration of the 1/3 decade of 18th century. Those banks also are called "Presidency Banks" and they functioned properly as impartial units. Over the past part of 19th century and early segment of 20th century, the "Swadeshi motion" triggered the establishment of some of banks with Indian control. In 1920, the "Imperial bank of India Act" turned into passed for amalgamating the three Presidency Banks. As such, the "Imperial financial institution of India" become mounted in 1921. It became given strength to hold government finances and control the public debt. The branches of the financial institution were functioning as clearing homes. However, it turned into not legal to trouble currency. Conclusion was Bank has accomplished especially nicely in Grapes segment, that is well supported through higher production of grapes and reimbursement. Customer relationships were maintained, and rural people got benefitted immensely from loans at low interest rates with additional discounts. Also played pivotal role in agriculture and rural development. The study has helped a lot in obtaining and gaining substantial of information on credit performance analysis being adopted in bank.

**Keywords**—Banking, Co-operative Bank, Credit Facility, Loans, Rural Development.

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### INTRODUCTION

Within the beyond economic development became unknown. Consequently, using money for getting and the promoting was very a lot constrained. With the development of communication economic progress and the spread of science and boom of financial and political institution, using money is also accelerated. Alongside the usage of cash, the use of credit score gadgets also developed.

Finance is the lifestyles of residing system. Credit score is the part of banking. Without credit score facilities banking grows to be incomplete. Banking is started inside the form of credit score (loans). Now it is gowned as a massive commercial pastime, it obtained all business sports in gift current sports in the present world.

The banking sports evolved any such way that now it has come to be a sizeable challenge. It has been given big gadget of guidelines, guidelines, and techniques. In growing us of a like India, it's far to peer the improvement of generation in banking sector inclusive of automated of accounts, ATM"s, credit card and many others.

The foundation of present day economic institutions can be traced to antiquity, where the person used to just accept cash within the shape of deposits and lend it to people who needed for assembly their necessities which may be budget friendly or social. As instances advanced, the bankruptcy of monetary transaction also changed. Infect the innovation in the fields of delivery and communications, improvement of power and production has resulted within the sphere of banking.

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Most of the developing international locations are predominantly agriculture primarily based where 65% of the people exercise agriculture as their important occupation. Agriculture wishes good enough economic aid through the institutions. The growing nations do no longer have good enough capital to guide such establishments. Manifestly there's necessary for mobilizing the aid. The farmers or every other non-industrial entrepreneur, small scale industrialists want to mobilize the capital. This form of mobilization is possible handiest through co-operatives in growing nations.

Co-operative Corporation is one of the important units inside the procedure of development especially in developing international locations; the co-operative zone performs a pivotal position inside the mobilization of resource like capital. India is a growing use where big percentage of farmers are small and marginal who are unable to mobilize the required capital to fulfill their need like buying agricultural inputs. to fulfill such needs co-operative credit score turns into important.

Co-operation refers to an institutional framework to prepare self-help amongst those who participate in it. In popular such an enterprise includes men and women of small method. Unable to stand effective market forces like competition, these human beings get to acquire and prepare themselves market forces like opposition, these human beings get to accumulate themselves into co-operatives. They pool their resources and there through make bigger them beyond what they would be if used one after the other. Those susceptible characters via this organization accumulate electricity to perform tasks which they could no longer be capable of do in any other case.

In different phrases of 5th plan Draft the co-operation represents institutionalization of the precept and impulse of material useful resource. It has the benefit of combining freedom and possibility for the small guy with the benefit of huge scale control and company. Co-operation is consequently without difficulty proper to result in the favored socio-monetary modifications within the context of the present situations within the country.

## **REVIEW OF LITERATURE**

**Suryawansi (1978):** in this paper „credit necessities availability and it Gaps“ found that massive farmers acquired a bigger proportion of loan advanced by means of unique monetary agencies and the proportion of co-operatives become the most. It was additionally observed that private money creditors were, nonetheless, playing an crucial role in supplying rural credit score and the proportion of borrowings from this supply changed into better in case of small farmers

**Kayaker (1983):** on this have a look at titled, “Willful Default in Loans of Co-operatives”, examined the traits in deposits, share capital, running capital, loans high-quality, advances, over dues and recoveries at the district level financing institutes. Socio-financial factors accountable in projecting and promoting destiny development within the operations and approaches of the co- operative credit establishments had been additionally taken into consideration to take a look at the specific progress made through central Co-operative financial institution of Parham District. The study discovered that the cropping depth, irrigation facility and working capital of the societies had been the foremost elements for explaining over dues at „primary agriculture credit score societies“ degree. The socio-economic elements had been now not answerable for growing over dues at the debtor’s level, however over dues were mainly established due to the non-financial factors in case of willful defaults.

**Kurulkar (1983):** in his posted paintings on the topic of „Agricultural Finance in Backward region“ stated obvious defects in the set-up of operative credit system. He pointed that out of the ten sample proprietors who received long-time period credit score from the co-operative banks, 30% could not comfy short-time period credit score. loss of quick-term or production credit score to the farmers who availed long-term credit score ended in lower output in step with acre, thereby resulting in over dues.

**Reddy (1985):** in his study titled, “Over dues Appraisal and management in Banking” analyzed the relationship among the lending and healing of on apex financial institution. His findings cautioned that the lending and recuperation of the apex financial institution had no longer been proportionate, i.e., both the apex financial institution could not meet the whole credit wishes of the number one banks or the latter couldn't borrow the budget from the apex bank. The primary banks have been constituted through human beings no longer for co-operative offerings but for his or her vested hobbies

**Jugale (1992):** on this book “Co-operative credit in India Agriculture” mentioned the social- financial effect of co-operative credit on agriculture region. In his look at, he discovered that the real achievement of co-operative credit score depends on achievements of the number one agriculture society (%) improvement banks (LDBs) at micro stage. The percent are entitled to disburse the short term and medium time loans whilst long term loans are being dispensed by LDBs. however, most of advantages of those credit score facilities are being harnessed by way of wealthy class of agriculture zone. Not simplest this, however they've also had a prime position to play within the governance of p.c. The

*An Empirical Study of Credit Facility and its Recovery Techniques at Primary Co-Operative Agriculture and Rural Development Bank Ltd, Devanahalli*

look at further concluded that these credit centers are especially answerable for transforming the cropping and land use patterns.

**Khan (1994):** in his file titled “Survey record on Farm credit score restoration of issues in Pakistan and viable solution” located that rural credit score may be very essential for the society and Federal bank for Co-operatives and other commercial Banks were assembly this need effectively. He concluded that banks want to be particularly vigilant in screening of candidates before the disbursement of credit with a purpose to lessen the non-payment and want to have strong pressures and assessments after the disbursement which will ensure the well timed restoration.

**Singh and Vishwajit (1994):** performed a study, titled, “A observe no Over dues of loans in Agriculture”, to look at the reimbursement performance of defaulters in three blocks of Agra district in Uttar Pradesh. They discovered that properly-to-do agriculture households accounted for a massive share of over dues. They accounted for 37 % of total defaulters and fifty-seven % of total over dues. total quantity of over dues and its relative proportion additionally increased at some point of the duration of have a look at. lack of proper supervision over the cease use of mortgage became diagnosed as a main cause for pass over-usage of credit which ends up in increase in over dues.

**Murthy and Saraswati (1996):** on this paper titled, “reducing Over-dues in credit Co- operatives: some options” evaluated the Quantitative progress made in respect of deliver of Institutional credit score. the use of the secondary information made available through RBI in Statistical Statements relating to Co-operative motion in India for a duration of 6 years from 1978 to 1983 and assessing the loaning regulations of Girijan Co-operative corporation, Visakhapatnam, the study concluded that the progress in admire of deliver of credit became extraordinary over the length of have a look at however the progress becomes less great if the significance of over dues became the alarmingly excessive percent of over dues. The examiner advised that making co-operatives as exclusive institutions of weaker sections, i.e., making them homogeneous could not result in decline in over-dues, as mere homogeneity was no longer a enough situation.

**Malhotra (1998):** on this e-book „Agriculture Finance in Jammu & Kashmir made an in-intensity have a look at of agriculture finance referring to institutional resources. It supplies to look at in detail their role in presenting agricultural finance. Problems faced with the aid of the agriculturists in obtaining finance and likewise the issues confronted through the beneficiaries and institutions had been also studied. They have a look at found out that the troubles of the agriculturists relate to sureties and guarantors, insufficiency of credit, problem of value and profitability, problem of the use of budget, lack of knowledge as to phrases and situations of the loan taken, non- availability of credit in time, extra credit to huge Cultivators, tight reimbursement time table and corrupt practices of DRDA office. He also cautioned appropriate measures to triumph over these issues.

### **IMPORTANCE OF THE STUDY**

Agriculture occupies a position of fundamental significance within the Indian financial system. Carry the biggest industry within the agriculture gives the employment to round sixty-five % of the overall work force within the country, it contributes about 30% of the country wide income. Moreover, it offers uncooked cloth to agro industries including cotton textile, Jute, Sugar, Vanaspati industries which might be of the simple importance to the national financial system. Therefore, agriculture is a very vital part of our economic shape. Agriculture is a career which calls for finance is bad. An Indian farmer has to depend on credit. Due to irregularities and drought situation for previous couple of years the farmer’s debts had been improved. Moreover, farmers spent extra cash on non-productive activities as opposed to productive motive which include fertilizers, irrigation, and land improvement, and so on.

### **STATEMENT OF THE PROBLEM**

The study is carried out to find out solutions for existing credit facilities and recovery techniques issues at The Primary Co-Operative Agriculture and Rural Development Bank Ltd, Devanahalli and suggest process to improve upon existing techniques. It is necessary to study about credit facilities in the context of influencing factors such as rate of interest, duration, rules, and regulations of financial system.

### **NEED OF THE SYUDY**

The study to identify policies and procedure of credit facility and its recovery techniques at pld bank and to know loans providing for different purpose in different rate of interest and structure. It performs all the main banking functions of deposit mobilization, supply of credit and provision for remittance facilities.

## OBJECTIVES OF THE STUDY

1. To assess lending policies and limit of co-operative bank.
2. To examine the effect of lending on the NIMS and NPA of the co-operative bank.
3. To observe the growth and development on co-operative financial institution.

## SCOPE OF THE STUDY

To the other provision of the scheme, the trust undertake, in a relation to credit facilities extended to an eligible borrower from time to time by an eligible institution which has entered in to the necessary agreement for this purpose with the trust, to provide a guarantee on account of the said credit facilities.

The trust reserves the discretion to accept or reject any proposal referred by the lending institution which otherwise satisfies the norms scheme.

## LIMITATIONS OF THE STUDY

- The whole project is restricted to 6 weeks limited period.
- Time constraint is the serious limitation.
- The time constraint limits for in depth study.
- Some of the information is considered confidential and not available for the study.
- Access to confidentiality of information.

## RESEARCH METHODOLOGY

Studies technique is a manner of collecting records and records for the reason of making enterprise choices. This study consists of interviews, surveys, booklet studies, bank records, and this study technique ought to include each present and ancient fact. The technique used were descriptive and analytical in nature. Inclusive of the collection, remark and experiment end result. The manner to attain goal is primary and secondary facts.

### Sources of data collection

1. Primary data: remark and private interview with the bank officials, expert specialists and statutory credit score monitoring formed the source of primary information.
2. Secondary data: information includes annual reports, audit reports and journals, magazines.

## DATA ANALYSIS AND INTERPRETATION

**TABLE 1: PERCENTAGE OF MEMBER LOAN**

<i>Year</i>	<i>Amount disbursed</i>	<i>% of base of year 2016- 17</i>	<i>% to previous year</i>
2016-2017	583560.00	100	-
2017-2018	823550.00	141.13	41.13
2018-2019	917621.00	157.25	16.12
2019-2020	2068382.00	354.45	197.20

Interpretation:

From the above table keeping 2016-17 as base year below as the observation

- 1) We could see a positive movement of loan amount, which shows confidence of bank in providing incremental loans year on year.
- 2) The increment also shows demand for the loan in agriculture industry.
- 3) Shows bank's interest in development of agriculture industry for overall economy development though better production of agricultural products.

**TABLE 2: PERCENTAGE OF GRAPES LOAN**

<i>Year</i>	<i>Amount</i>	<i>% of base of year 2016- 17</i>	<i>% to previous year</i>
2016-2017	50643725.00	100	-
2017-2018	31692550.00	62.58	-37.42
2018-2019	57919480.00	114.37	51.79
2019-2020	74294992.00	146.7	32.33

Interpretation:

From the above chart preserving 2016-2017 as base year below are the observations

- 1) We may want to see an intervening time spike in loan quantity allotted for grapes.
- 2) The intermediate increment indicates that the preceding year farmers needed to go through losses because of bad climate conditions.
- 3) Within the year 2016-17 farmers generated higher income out of grapes manufacturing, and went for lesser loan amount, that's indicative following the year 2016-17 and 2017-18. But inside the year 2018-19 and 2019-20 the proportion of grapes loan has improved.
- 4) Due to better earnings to farmers, the call for mortgage seems to be fluctuated.

**TABLE 3: PERCENTAGE OF LOAN ON TRACTOR SCHEME**

<i>Year</i>	<i>Amount</i>	<i>% of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	4058222.00	100	-
2017-2018	3257368.00	80.27	-19.73
2018-2019	3934961.00	96.97	16.70
2019-2020	2817343.00	69.44	-27.53

Interpretation:

- 1) Trend suggests decline in loan quantity for tractor.
- 2) Call for tractor loan is lowering from year to yr. So, the financial institution also reduces its mortgage quantity.
- 3) Because of apartment tractor facility now to be had within the vicinity, most of the farmers choice for this facility as opposed to proudly owning their very own tractors, there by means of impacting the loan demand.

**TABLE 4: PERCENTAGE OF VEHICLE LOAN**

<i>Year</i>	<i>Vehicle loan</i>	<i>%of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	28900.00	100	-
2017-2018	32550.00	112.63	12.63
2018-2019	40000.00	138.41	25.78
2019-2020	40000.00	138.41	0

Interpretation:

From the above desk maintaining 2016-20157 as base 12 months underneath are the statement

- 1) We will see there may be fine trend for car mortgage with the aid of bank to its customers
- 2) Call for vehicle loan seems increasing by way of 12 months on year.

**TABLE 5: PERCENTAGE OF DAIRY FORMING**

<i>Year</i>	<i>Amount</i>	<i>% of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	22630184.00	100	-
2017-2018	14793905.00	65.37	-34.63
2018-2019	22205831.00	98.12	32.75
2019-2020	26773553.00	118.3	20.18

Interpretation:

From the above desk preserve 2016-17 as base yr underneath are the observant

- 1) We can see there may be high-quality fashion for dairy farming mortgage through banks to its clients
- 2) Dairy farming are one time funding product, later farmers are required to maintain which does now not require huge investment and manufacturing is depending on supportive climate conditions, financial institution does now not fore see call for this reason reduced the amount enormous within the 12 months.

**TABLE 6: PERCENTAGE OF SERICULTURE SCHEME LOAN**

<i>Year</i>	<i>Sericulture loan</i>	<i>% of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	6985769.00	100	-
2017-2018	7461979.00	106.82	6.82
2018-2019	7461979.00	106.82	0
2019-2020	7788321.00	111.49	4.67

Interpretation:

- 1) Trend shows growing in loan amount for sericulture.
- 2) Because of sericulture facility now available in the place, most of the farmer's option for this facility instead of proudly owning their personal sericulture, there by way of impacting the loan demand.

**TABLE 7: PERCENTAGE OF LOAN ON SHEEP FORMING**

<i>Year</i>	<i>Sheep loan</i>	<i>% of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	6987540.00	100	-
2017-2018	7364500.00	105.12	5.12
2018-2019	7616300.00	108.72	3.60
2019-2020	8016300.00	114.44	5.72

Interpretation:

- 1) Trend suggests for sheep forming mortgage is slightly increased year on year.
- 2) Call for sheep forming loan is increase d because of extra demand in market.
- 3) Due to china silk import generation to expand the sheep forming to assist the agriculture.

**TABLE 8: PERCENTAGE OF BUSINESS LOAN**

<i>Year</i>	<i>Business loan</i>	<i>% of base of year 2016-17</i>	<i>% to previous year</i>
2016-2017	15985.00	100	-
2017-2018	21827.00	136.55	36.55
2018-2019	21827.00	136.55	0
2019-2020	21827.00	136.55	0

Interpretation:

From the above table retaining 2016-17 as base year under are the observations

- 1) We can see there is nice fashion for enterprise mortgage by way of financial institution to its customers.
- 2) Within the chart we observe 2016-17 to 2017-18 there may be growing fashion line. And the remaining years the fashion line of business loan is constant.

### **FINDINGS**

1. Bank is performing properly in member's loan section.
2. Bank has accomplished especially nicely in Grapes segment, that is well supported through higher production of grapes and reimbursement.
3. Counter loan segment additionally indicates a healthful overall performance from loan allocation to healing attitude.
4. Tractor mortgage segment is displaying a various overall performance and decline in demand for tractor loan.
5. Mango mortgage suggests an excellent restoration percentage with cumulative previous years mortgage getting recovered as well.
6. Sericulture mortgage is stimulated by using market performance, as market is not always doing nicely the loan has visible a lower and recuperation is getting tough for financial institution.
7. Other agriculture loans indicate fluctuation in demand; however, recovery of loans is appearing nicely.
8. Hen zone indicates cyclic decline and growth in mortgage amount for rooster due to gestation period required to reproduce poultry. Recuperation additionally shows cyclic nature.
9. Financial institution is keeping a tab on call for loan and varying the amount in line with the call for, like in case of grapes and tractors, because the forecasted call for is reducing the allotted amount for them additionally reduced. Sericulture marketplace is not favorable for loans; for this reason, the amount has been decreased.
10. In preferred, for most of the rural sectors the mortgage quantity has been improved to support the farmers to enhance the manufacturing.
11. An agriculture mortgage is rather impacted through weather conditions, marketplace demand for the product. An awful climate would wreck the whole crop and a non- supportive marketplace could affect the earnings of farmers. Each having a direct impact on recuperation device and financial health of financial institution.

### **SUGGETIONS**

- Financial institution has to offer overall performance to schooling mortgage in rural and urban areas than concentrating completely too urban areas.
- The co-operative bank has to all so give attention to electronic mode of transactions.
- Financial institution ought to increase buying and selling earnings by means of increasing its operations by way of increasing its branches.
- New revolutionary modes of advertisement can be adopted in order that the people can be knowledgeable about the brand-new blessings provided with the aid of the financial institution.

- The bank has to provide diverse retail facilities inclusive of ATMS have to be enhanced to huge components to ease its depositors.
- The bank is recommended to increase the amount deposits with the aid of new customers with new schemes.
- The bank has to adopt the new healing approach that facilitates to acquire payment from debtors.
- Bank has to invest the capital in extraordinary portfolios for buying greater benefits, investments.
- It has counseled that the financial institution has to offer loans at lower interest rate.
- PLD bank need to put it up for sale more approximately its web sites in the mass media so people can advantage first-hand knowledge about its loans and comfort.
- The financial institution needs to increase trading income by way of increasing its operations.
- Phrases of charge of loans should be bendy so that the installment comes down and clients pay their loans often.
- The financial institution should keep close record ought to be maintained with customers so that banks can get entry to the financial strength.
- Target for restoration and reductions need to accept to the staff and their efforts ought to be suitable rewarded via manner of incentives

### **5.3 CONCLUSION:**

The co-operative bank has maintained excellent relationship with its clients. The bank presents top go back as a result the customers are attracted, the bank as to be had different centers which include deposits, loans, and budget.

The benefits to the contributors of co-operative banks are benefited to an extra extension low rate of make investments on provided by means of the co-operative financial institution. It maintains a mutual dating with clients. Subsequently their customers are glad about their services.

As average end might be that the co-operative financial institution has hit schemes with good reaction time and different records. New strategies, advertisement publishing in newspapers and so forth. it in order that most people can be train about the brand new presented through the financial institution.

To look at has helped a lot in acquiring and gaining vast of information on credit score performance analysis being followed in PLD bank.

Specifically, for the agricultural people this financial institution offers more centers to agriculture works for the purpose of the pleasurable the loan facility to rural human beings in PCA AND RD bank.

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