

A Critical Research Analysis of Agricultural Credit in Rajasthan with special Reference to Hanumangarh District

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ABSTRACT

Agriculture is the backbone of our Indian economy. As it plays an essential role in the development of the Indian economy. There are vast tracts of the desert in western Rajasthan, the ecological environment is semi-arid; in eastern Rajasthan, where rivers and a lush green cover are present, there is more rain, and the seasonal crops are plentiful.

This paper analyses A Critical Research Analysis of Agricultural Credit in Rajasthan with special reference to Hanumangarh district. Purpose wise flow of agricultural credit in Hanumangarh district during the year 2017-18, structure of cooperative institutions is also analyzed. It also throws a light on comparative financial position of Hanumangarh district from the year 2012-2017. The study finds and concludes that agricultural credit in India has significantly improved the rural economy.

1. General Profile of Hanumangarh District

Hanumangarh is one of the districts of Rajasthan. It was newly created in 1994. Before 1947, Hanumangarh was part of Sri Ganganagar. The district is situated in the northern most region of the state and forms an Indo Gangatic plain. The district is located between 28.7 to 29.7 latitude and 73.8 to 75.30 North longitudes. It is bounded on the south by Charu district, on the North- East by Punjab and Haryana and on the North and West by Sriganganagar district. It has 7 Sub Divisions, 7 Tehsils, 7 Panchayat Samities, 1906 Revenue Village and 6 Nagar Palikas.

The Ghaggar River locally known as Nali is an ephemeral one and here north east to south west courses near Hanumangarh. It sometimes gets flooded during the monsoon.

The main irrigation canals are as under.

1. Bhakhra Canal Project.
2. Indira Gandhi Canal Project.
3. Ghaggar Flood Control Project.
4. Nohar Feeder Project.
5. Sidhmukh Canal Project.

Total area sown in the district is continuously increasing. The irrigated area is increasing resulting in increase of double cropped area. The major crops grown in Kharif Season in the Rice, Bajra other Kharif Pulses, Cotton, Sugarcane and guar seeds and in Rabi season the major crops grown are wheat, Barley, Mustard and Taramira.

2. Main Objective of Research work

1. To discuss about agricultural credit flow in Hanumangarh District.
2. To find out the progress of loan advances, recovery of overdues etc in the agriculture sector.
3. To offer healthy suggestions for improving of recovery of loan.

3. Main Assumption and Hypotheses

The present study aims to test the following hypotheses:

- a) There has been a positive relationship between assistance from co-operative institution and agricultural development in the District of Hanumangarh.
- b) It is presumed that the performance of Co-operative Institutions not only at the State level but also at the district level could be made effective by systematic and efficient planning and proper monitoring of the schemes.
- c) The reasons for overdues have been more of social nature than others.

4. Methodology

The data used in the study will be partly based upon the published information and some unpublished information will also be collected from the offices of the Co-operative Banks, RRBs, Commercial Banks and other agencies dealing with the development programmes of agriculture.

The study is restricted to Hanumangarh District. Farmers of the district have utilized services of various co-operative institutions. The research work is concentrated on facilities availed of by farmer from co-operative banks and other segments of co-operative movements.

5. Meaning and Definitions of Co-operative Institutions

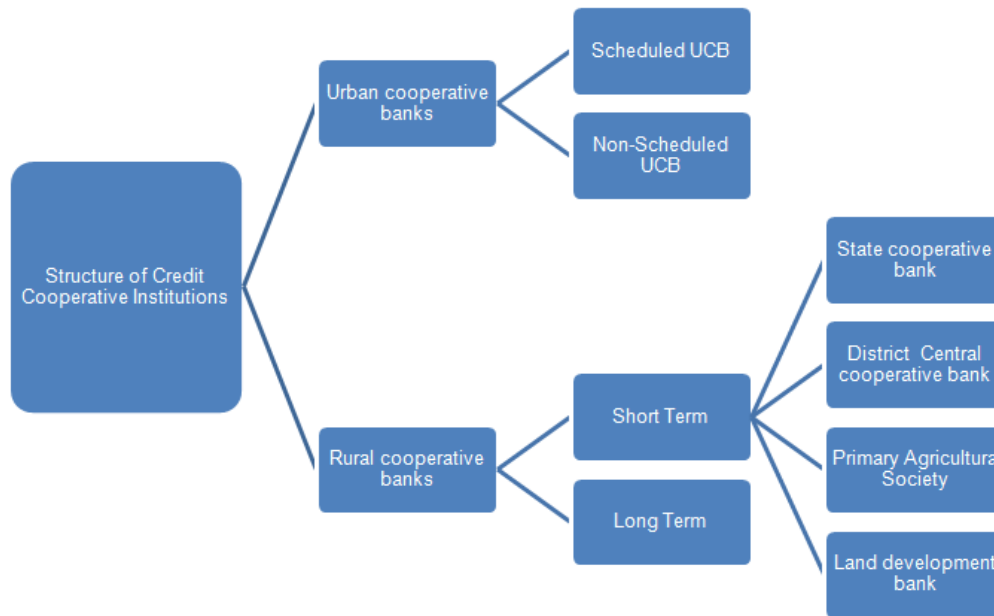
A cooperative is an autonomous association of people, voluntarily united to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled company. The goal of a cooperative society is to promote the economic interests of common peasants. The membership association is based on equality. Today's cooperative is formed to achieve development. In other words, cooperatives are set up to

provide loans for agricultural inputs, such as acquiring tools, manure, digging well, etc.

6. Credit Structure of Co-operative Banking in India

Co-operative credit society form the base on which the entire structure of the co-operative credit organization is based. The co-operative credit structure in India consists of two parts, one engaged in short and medium term credit and the other in long term credit. The former, in each state, is a three tier structure. The Primary Agricultural Co-operative Credit Societies at the village level for the base. They federate into Central Co-operative Banks at the district level, which in turn federate into apex bank at the State level, which serving the

entire State. The apex or State Co-operative Bank in each state is closely linked to the Reserve Bank of India which provides consideration financial assistance to co-operative credit structure. The long term credit structure is based for the moment on a two tier structure. At the apex level in each state there is a Central Land Development Bank, while at the bottom there are Primary Land Development Banks. Cooperative banks in India are registered under the Cooperative Companies Act 1956. The cooperative bank is also regulated by the RBI. They are governed by the "Banking Regulation Act", 1949 and the "Banking Laws (cooperative society) Act", 1965.



7. Rajasthan State Co-operative Bank

The main objective of RSCB is to serve as a balancing center for all cooperative banks and societies in the state and also to provide short term loan for agriculture & village development, all types of loans related to agriculture, loans for non-agricultural activities, personal loan, educational loan, employment loan etc.

• Short term loan distribution

1. According to Indian government policy as on 01-04-2006 the distribution of short term agricultural loan in the form of Kisan Credit Card in the state by 29 Central Cooperative Bank & Village Cooperative Societies to the farmers amount of Rs. 3 lakh @ 7% per annum.
2. In the 2017-2018 budget, those farmers which have paid loan on time upto Rs. 3 lakh the government has reduced the interest rate to 3%.
3. Those Village Cooperatives Societies which acted as Mini Bank can provide loans to farmers at their level to fulfill the demands of farmers.
4. Those Village Cooperatives Societies which cannot provide seed & manure to farmers at proper time. Now can provide cash to farmers to purchase seeds, manure & fertilizers.

5. Providing immediately new loans to those farmers who have paid their outstanding loans with interest.
6. In 2017-18 budget it was estimated to provide loans to farmers of Rs. 15000 Crores and as on 31-08-2017 2115485 farmers were provided with loan.

Distribution of Short Term Loan

| Year | Short term loan distribution | |
|---------|------------------------------|--------------------|
| | No. of farmers benefitted | Amount (in crore) |
| 2012-13 | 2653559 | 11215.91 |
| 2013-14 | 3161924 | 16830.54 |
| 2014-15 | 2921626 | 16017.36 |
| 2015-16 | 2602586 | 15441.85 |
| 2016-17 | 2332335 | 13540.46 |

• Medium Term loan distribution

Distribution of Medium Term Agricultural loan

| Year | Total loan distributed (in lakhs) |
|---------|------------------------------------|
| 2013-14 | 31793.40 |
| 2014-15 | 36368.28 |
| 2015-16 | 44651.87 |
| 2016-17 | 43258.30 |
| 2017-18 | 28058.01 |

• **Loans:**

Total demand of Loan & Repayment of Loan

| Year (July- June) | Total demand for loan (in lakhs) | Total Repayment of loan (in lakhs) | % of Repayment of loan |
|--------------------|-----------------------------------|-------------------------------------|------------------------|
| 2012-13 | 1254251.05 | 1168745.05 | 93.18 |
| 2013-14 | 1784145.10 | 1611678.64 | 90.33 |
| 2014-15 | 1814739.89 | 1637718.10 | 90.25 |
| 2015-16 | 1778367.70 | 1478142.87 | 83.12 |
| 2016-17 | 1717278.31 | 1413565.10 | 82.31 |

8. District central co-operative banks

District Central Co-operative Banks (DCCBs) occupy the middle level position in the three tier co-operative credit structure of the country. In the beginning of the formation of PACSs, they could not function effectively without gaining financial support from an outside agency. The formation of DCCBs was thus a felt need for mutual help. The Co-operative Societies Act of 1912 permitted the registration of DCCBs. Even before the enactment of this Act, some DCCBs were established to cater to the needs of primary societies. In 1906, forerunner of the first DCCB was established as a primary society in Uttar Pradesh. At Ajmer in Rajasthan the first DCCB was established in 1910. But the first full-fledged DCCB as per the provisions of the Act of 1912 was started in Jabalpur District of the Central Province.

The objectives of the DCCBs are:

- To finance the primary societies for agricultural purposes.
- To attract local deposits.
- To develop and extend banking facilities in rural areas and make the people banking minded.
- To provide a safe place for investing the reserves of the primary societies.
- To develop the co-operative movement in the district and act as a friend, philosopher and guide and;
- To supervise the working and management of the affiliated societies.

9. Primary Agricultural Credit Societies (PACSs)

The cooperative structure in centre, state and district consists of different constituents. At the bottom of this structure are the primary societies are related to agriculture and credit. Primary Agricultural Credit Societies provide short term and medium term loans, loans granted to agricultural for the productive purposes only. These societies raise funds through share capital, entrance fees, reserves, deposits, loans, income from investment and loans etc. In short, the broad futures of the Primary Co-operative Societies i.e. assessment of the credit needs, disbursement of credit to members, recovery of credit and promote the economic interests of the members. Rs.196992.00 crores is proposed for the 12th Five Year Plan 2012-17. This includes gross budgetary support of Rs. 130084.32 crores and Internal & Extra Budgetary Resources (IEBR) of Rs. 66907.68 crores. Under IEBR distribution of short, medium and long term loan through Cooperative Institutions is of Rs.50885.00 crores.

10. Land Development Bank

The Land development banks are structured in a three tiers as; State level, central level and primary level to meet the long-term credit requirements of farmers for development purposes. The state development banks supervise the primary development banks of the territory located in the districts and state areas of the state. They are governed by both the state government and the Reserve Bank of India.

Recently, the supervision of land development banks was taken over by the National Bank of Agriculture and Rural Development (NABARD). The sources of financing for these banks are the obligations entered into by the central and state governments. These banks do not accept deposits from the general public.

There is only one central bank for territorial development in each state and a primary development bank at the district level. Therefore, it is normally assumed that a state has many primary development banks in several districts. The Primary Territorial Development Banks are affiliated to the Central Bank of Territorial Development in the state. However, in states like Himachal Pradesh and West Bengal, there is a mixed type of LDB that combines the characteristics of the unitary and federal structure. Under the federal structure, banks for the development of primary territory deal directly with farmers and the central bank for land development deals with the main banks for land development. However, under a single structure, the state may have more than one central bank for territorial development and enter into direct agreements with farmers. In some cases, the Central Bank for Special Development has its branches throughout the State and does direct business with farmers.

There are many Land Development Bank like:

- Rajasthan Rajya Sahakari Bhoomi Vikas Bank Ltd.
- Indian Farmers Fertilizers Cooperative Ltd. (IFFCO)
- Krishak Bharti Co-Operative Ltd. (KRIBHCO)
- National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED)
- National Federation of State Cooperative Banks Ltd. (NAFSCOB)

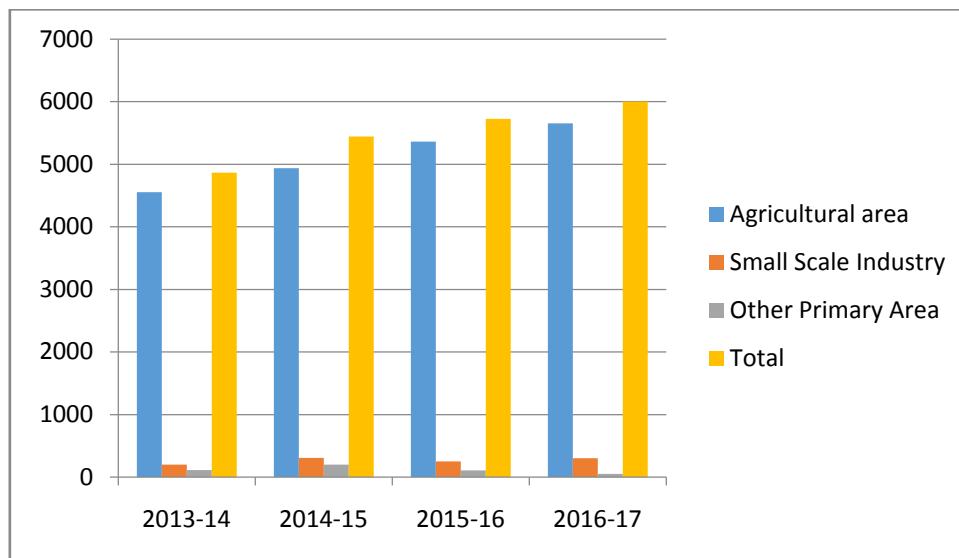
State Level Institutions working in Rajasthan

- Rajasthan State Co-operative Marketing Federation Ltd. (RAJFED)
- Rajasthan Rajya Sahakari Spinning and Ginning Mills Federation Ltd. (SPINFED)
- The Rajasthan State Cooperative Tilham Utpadak Sangh Ltd. (Tilam Sangh)

• Annual Credit Plan Achievement

11. Flow of Agricultural Credit in Hanumangarh District

| (Amount in Crores) | | up to 31-03-2017 | | | |
|--------------------|----------------|------------------|----------------|----------------|--|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | |
| AGR | 4553.34 | 4938.86 | 5365.13 | 5652.87 | |
| SSI | 199.22 | 308.42 | 250.89 | 301.39 | |
| OPS | 113.88 | 197.65 | 107.76 | 48.70 | |
| Total | 4866.44 | 5444.93 | 5723.78 | 6002.96 | |



Source: Lead Bank Report

In Annual Credit Plan target achieved in different area:-

1. Agricultural Area (AGR)

In agricultural area the target was Rs. 6932.55 crore as against the target achieved by loan distribution of Rs.122.63%.

2. Small Scale Industry (SSI)

As the target set was of Rs.377crore as against the target achieved by loan distribution of Rs. 125.08%.

3. Other Primary Area (OPS)

As the target set was of Rs. 595.60crore as against the target achieved by loan distribution of Rs. 48.70crore as 8.17% of the target achieved.

In this way the overall target of Rs.7901.55crore as against the target achieved by loan distribution of Rs.6002.96crore as 131.62% of the target achieved.

• District Credit Review for the Quarter ended 31.03.2017

Name of District - Hanumangarh

| Name of branch | Agriculture & Allied | | MSE | | Total Priority Sector | |
|---------------------|----------------------|----------------|---------------|---------------|-----------------------|----------------|
| | Target | Achievement | Target | Achievement | Target | Achievement |
| Commercial Bank | 4151.55 | 3921.51 | 301.00 | 300.68 | 4781.75 | 4264.43 |
| Regional Rural Bank | 855.00 | 745.83 | 36.00 | 0.07 | 965.00 | 748.90 |
| Co-operative Bank | 1926.00 | 985.53 | 40.00 | 0.64 | 2158.40 | 989.63 |
| Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 6932.55 | 5652.87 | 377.00 | 301.39 | 7905.15 | 6002.96 |

Source: Lead bank report

• PACS IN HANUMANGARH DISTRICT 2017-18

| PACS in Hanumangarh District at macro level | | | | | | | |
|---|---|-----|-----------------------------|---------------------------------|--------------------------|------------------------|-----------------------------|
| S.NO | Particulars | | Actual for the Year 2015-16 | Projection for the Year 2016-17 | Actual level for 2016-17 | Projection for 2017-18 | Growth for the Year 2017-18 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| A | General | | | | | | |
| 1 | Total no. of PACS | 211 | 220 | 211 | 215 | 4 | |
| 2 | No. of PACS having full time paid secretaries | 149 | 210 | 125 | 210 | 85 | |
| | Of which trained | 149 | 210 | 125 | 210 | 85 | |

| | | | | | | | |
|-----------|-----|---|----------|----------|----------|-----------|--------|
| | 3 | Total membership | 135000 | 160000 | 130000 | 160000 | 30000 |
| | 4 | Borrowing membership | 97000 | 130000 | 82490 | 130000 | 47510 |
| B. | | Business levels | | | | | |
| | 1 | Owned funds (total) | 2014.65 | 2245.00 | 2025.15 | 2245.00 | 21.60 |
| | i | Share capital | 1395.70 | 1600.00 | 1403.85 | 1600.00 | 13.97 |
| | | Of which from state govt. | 243.50 | 243.50 | 243.50 | 250.00 | 2.67 |
| | i | Reserve & other funds | 308.50 | 320.00 | 309.70 | 320.00 | 3.33 |
| | iii | Provisions | 310.45 | 325.00 | 311.60 | 325.00 | 4.30 |
| | 2 | Deposits | 14432.26 | 15000.00 | 15419.25 | 17000.00 | 10.25 |
| | 3 | Borrowings | 65109.12 | 65000.00 | 60432.14 | 75000.00 | 24.11 |
| | i | From CCB | 65109.12 | 65000.00 | 60432.14 | 75000.00 | 24.11 |
| | ii | From NABARD | 0 | 0 | 0 | 0 | |
| | iii | others | 0 | 0 | 0 | 0 | |
| | 4 | Loans Issued | | | | | |
| | i | Amount | 98082.52 | 90500.00 | 97593.79 | 110000.00 | 12.71 |
| | ii | No. of account | 100500 | 130000 | 82490 | 130000 | 57.59 |
| | 5 | Loans outstandings | | | | | |
| | i | Amount | 65109.12 | 66000.00 | 61326.74 | 79500.00 | 29.63 |
| | ii | No. of account | 76542 | 80000 | 82490 | 75000 | -9.08 |
| | 6 | Total working fund | 81556.03 | 82245.00 | 77876.54 | 94245.00 | 55.96 |
| C. | | CRAR | 7.80 | 9.23 | 10.50 | 9.23 | -12.10 |
| | 7 | Per PACS Loan business | 308.57 | 312.80 | 290.65 | 376.78 | 0.14 |
| D. | | Recovery performance | | | | | |
| | 1 | % of recovery to demand | | | | | |
| | | (April to march) overall | 63.96 | 96025 | 84.05 | 96.25 | 14.52 |
| | | a) Principal | 63.92 | 97.00 | 83.84 | 97.00 | 15.70 |
| | | b) Interest | 92.05 | 95.50 | 88.50 | 95.50 | 7.91 |
| | 2 | % of recovery to demand (July - June | 95.00 | 95.00 | 95.52 | 95.00 | 2.68 |
| | 2 | Total overdues (March end) | 2492.99 | 2080.00 | 2390.72 | 2080.00 | -36.70 |
| | | Term loan | 2317.59 | 1900.00 | 2150.56 | 1900.00 | -11.65 |
| | | Unrenewed C.C.&O.D. | 175.40 | 180.00 | 240.16 | 180.00 | -25.05 |
| | 3 | Overdues over 3 years (March end) | 77.50 | 75.00 | 75.90 | 75.00 | -1.19 |
| E. | | Classification of assets | 81556.03 | 82245.00 | 77876.54 | 94245.00 | |
| | 1 | Standred | 78951.67 | 79270.00 | 75423.47 | 91270.00 | 21.01 |
| | 2 | Sub standred | 1302.18 | 1487.50 | 1226.53 | 1487.50 | 21.28 |
| | 3 | Doubtful assets | 651.09 | 892.50 | 613.27 | 892.50 | 45.53 |
| | 4 | Loss assets | 651.09 | 595.00 | 613.27 | 595.00 | -2.98 |
| | 5 | Total impaired assets (2+3+4) | 2604.63 | 2975.00 | 2453.07 | 2975.00 | 21.28 |
| | 6 | Total impaired assets as % | | | | | |
| | a) | To total assets | 3.19 | 3.62 | 3.15 | 3.06 | -2.86 |
| | b) | To total loan outstanding | 4.00 | 4.51 | 4.00 | 5.00 | 25.00 |
| | 7 | Net NPA % | 5.75 | 4.00 | 5.75 | 4.00 | -30.43 |
| F. | | Cost & margins | | | | | |
| | | (as % to avg. working fund) | | | | | |
| | 1 | Avg. yield on assets | 7.40 | 7.85 | 7.55 | 7.65 | 0.10 |
| | 2 | Avg. cost of funds | 5.03 | 5.05 | 5.15 | 5.12 | -0.03 |
| | 3 | Financial margin (1-2) | 2.37 | 2.80 | 2.40 | 2.53 | 0.13 |
| | 4 | Misc. income | 0.06 | 0.15 | 0.06 | 0.08 | 0.02 |
| | 5 | Cost of management | 1.08 | 1.10 | 1.08 | 1.10 | 0.02 |

| | | | | | | | |
|----|-----------------|------------------------------------|--------|--------|--------|--------|---------|
| | 6 | Risk cost | 0.08 | 0.10 | 0.08 | 0.10 | 0.02 |
| | 7 | Net margin (3+4) – (5+6) | 1.27 | 1.75 | 1.30 | 1.41 | 0.11 |
| G | WORKING RESULTS | | | | | | |
| | 1 | PACS in profit | | | | | |
| | | no. | 211 | 220 | 211 | 225 | 14 |
| | | amt. | 700.13 | 973.56 | 468.07 | 650.55 | 182.48 |
| | 2 | PACS in loss | | | | | |
| | | no. | 0 | 0 | 12 | 10 | -2 |
| | | amt. | 0 | 0 | 0 | 0 | 0 |
| | 3 | No. of PACS with no profit no loss | 0 | 0 | 0 | 0 | 0 |
| | 4 | Accumulated losses | | | | | |
| | | no. | 12 | 10 | 12 | 10 | -2 |
| | | amt. | 14.98 | 13.50 | 14.98 | 13.50 | -1.48 |
| | 5 | Annual profit / loss | 700.13 | 850.00 | 750.40 | 637.05 | -113.35 |
| | 6 | Accumulated losses, if any | 14.98 | 13.50 | 0.00 | 13.50 | 13.50 |
| H. | PRODUCTIVITY | | | | | | |
| | | (Avg. for PACS in district) | | | | | |
| | 1 | per employee productivity | 547.36 | 391.64 | 623.01 | 448.79 | 0.66 |
| | 2 | per PACS productivity | 386.52 | 373.84 | 369.08 | 438.35 | 13.99 |

Source: HANUMANGARH KENDRIYA SAHKARI BANK LTD.

• Non-Performing Assets (NPAs)

Credit unions and banking institutions have functioned as an important channel for the development of rural credit and other services, particularly in rural areas. Through the cooperative banks are possible to reach the last man in the village. They provide finance to farmers at low interest rates and thus free them from the clutches of the creditor. But any

non-payment of the loan affects the operational efficiency and financial health of the bank.

Non-performing assets are a major concern of banks in India. The NPAs reflect the performance of the banks. A high level of NPA suggests a high probability of a large number of credit defaults affecting the profitability and capital of banks and also erodes the value of the asset. The growth of the NPA implies the need for provisions that reduce general earnings and shareholder value.

NPA Year 2017-18 (31.03.18)

| S.No | Branch name | No of members | Amt. | Actual | | Interest | |
|------|------------------|---------------|----------------|---------------|---------------|----------|---------------|
| | | | | Required | Achieved | Required | Achieved |
| 1 | Hanumangarh town | 64 | 180.88 | 30.83 | 31.60 | 0 | 4.52 |
| 2 | Rawatsar | 90 | 230.09 | 45.37 | 45.37 | 0 | 23.80 |
| 3 | Bhadra | 125 | 463.54 | 69.68 | 70.00 | 0 | 15.11 |
| 4 | Pilibanga | 72 | 134.71 | 24.74 | 28.78 | 0 | 5.63 |
| 5 | sanghria | 15 | 43.34 | 6.23 | 6.93 | 0 | 0.67 |
| 6 | Nohar | 95 | 332.96 | 42.10 | 42.11 | 0 | 19.94 |
| 7 | Hanumangarh jn. | 33 | 142.37 | 55.43 | 55.43 | 0 | 15.31 |
| 8 | Tibbi | 51 | 152.08 | 19.43 | 32.85 | 0 | 1.54 |
| 9 | Gogamadi | 29 | 75.72 | 11.61 | 19.55 | 0 | 0.58 |
| 10 | Pallu | 51 | 20.73 | 10.14 | 34.55 | 0 | 38.87 |
| 11 | Goluwala | 16 | 52.79 | 8.92 | 9.19 | 0 | 0.57 |
| 12 | Utradabas | 1 | 0.30 | 0.30 | 2.10 | 0 | 0.00 |
| 13 | Thaladka | 108 | 292.70 | 37.98 | 37.98 | 0 | 12.13 |
| 14 | Dungrana | 1 | 2.10 | 2.10 | 4.03 | 0 | 0.00 |
| 15 | Ninan | 22 | 73.66 | 11.02 | 15.72 | 0 | 0.00 |
| 16 | Gorkhana | 74 | 141.39 | 14.14 | 15.72 | 0 | |
| 17 | Head office | 4 | 5.39 | 4.74 | 20.64 | 0 | 0.00 |
| | Total | 851 | 2344.75 | 394.76 | 472.55 | 0 | 138.67 |

| | Provisions required | | | Provisions made | Excess of Provisions |
|--------------|---------------------|--|--|-----------------|----------------------|
| Actual | 394.76 | | | 472.55 | 77.79 |
| Interest | 0.00 | | | 138.67 | 138.67 |
| Total | 394.76 | | | 611.22 | 216.46 |

Source: HANUMANGARH KENDRIYA SAHKARI BANK LTD.

• A comparative study on financial progress for the last six years (2012-2017)

(Amount in Lakhs)

| S.No | Particulars | 31.03.2012 | 31.03.2013 | 31.03.2014 | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|------|---|------------|------------|------------|------------|------------|------------|
| 1 | Assets | 23860.00 | 28177.22 | 32256.52 | 34247.69 | 32921.26 | 36255.59 |
| 2 | Share capital | 1362.95 | 1746.77 | 2581.23 | 3070.10 | 3253.70 | 3661.55 |
| 3 | Accumulated profit and provision | 3234.07 | 3686.41 | 4187.35 | 4405.46 | 5465.14 | 4991.23 |
| 4 | Profit for the year | 350.68 | 451.41 | 203.34 | 233.01 | 166.89 | 174.31 |
| 5 | Outstanding loan | 33130.79 | 47926.84 | 74274.38 | 78274.73 | 76712.95 | 70360.91 |
| 6 | Investment | 18472.06 | 20246.64 | 23839.41 | 25832.92 | 23842.32 | 24479.20 |
| 7 | Working capital | 54197.69 | 72725.44 | 103130.09 | 103827.71 | 105538.57 | 100773.45 |
| 8 | Managerial cost | 772.84 | 1010.27 | 1182.74 | 992.99 | 735.18 | 520.52 |
| 9 | Ratio of Managerial cost to Working Capital | 1.65 | 1.69 | 1.15 | 0.96 | 0.69 | 1.17 |
| 10 | Accumulated Profits | 1506.17 | 1049.77 | 1249.72 | 1253.11 | 2234.63 | 15.9.11 |
| 11 | Loan distribution | 52488.00 | 78595.41 | 134570.07 | 124824.03 | 98991.08 | 110128.29 |
| 12 | Recovery of loan (%) | 98.84 | 99.35 | 99.42 | 98.52 | 80.48 | 90.99 |
| 13 | Total outstanding loan | 33130.79 | 47926.84 | 74274.38 | 78274.73 | 76712.95 | 70360.91 |
| 14 | NPA amount | 556.93 | 766.55 | 677.94 | 1306.89 | 1400.71 | 2167.68 |
| 15 | NPA % | 1.68 | 1.60 | 0.91 | 1.67 | 1.83 | 3.08 |
| 16 | CRSR | 10.92 | 8.88 | 7.58 | 7.99 | 9.65 | 10.01 |

Source: HANUMANGARH KENDRIYA SAHKARI BANK LTD.

12. Suggestions for improving Recovery of loans

The bank is managing its performing and non performing assets very well. But the reduction in recovery percentage needs to be taken care of. For successful management of recovery planning a time-bound programme involves the following steps:

1. Timely issue of demand notices for raising demand for recovery.
2. A well planned recovery campaign to be initiated well before due dates and recovery machinery fully geared up at the time of harvesting of crops.
3. The terms of recovery drive to be maintained throughout the year instead of initiating it towards the end of the year.
4. There should be regular follow-up with the customers and it is the banker's duty to ensure that there are no deviations of funds. This process can be taken at regular intervals.
5. Personal visits should be made after sanction and disbursement of credit and further close monitoring of

the operations of the accounts of borrowed units should be done periodically.

6. Frequent discussions with the staff in the branch and taking their suggestions for recovery of dues are required.
7. Assisting the borrowers in developing his/her entrepreneurial skill will not only establish a good relation between the borrowers but also help the bankers to keep a track of their funds.
8. If the delinquencies are due to reasons beyond the control of borrower which are namely draughts, floods, or other natural calamities, the banker should suitably restructure the loans taking into account the genuine difficulty of the borrowers.
9. Because there is a need for concern about the future profitability of the supply of banks. The bank is recommended to classify assets according to the prudential standards of the Reserve Bank of India and to set aside the prescribed amount of the fund as a reserve for the bank's future likelihood of concern.

The bank has to maintain strong relationship with the clients and conduct recovery camps for the effective recovery of loans. The bank should provide training and awareness programmes regarding the repayment of loans, effective use of funds, repercussions of non-payment etc., for effective utilization of available funds and for smooth recovery.

13. Conclusion

Co-operatives play a very important role in providing "medium-term" and "long-term" credits as when required by the farmers to purchase agricultural equipment, such as for tractors, installation of tubular tubes and soil development

work, etc. In India, 78% of farmers belong to the category of small and marginal farmers. They depend heavily on credit for their agricultural operations. These farmers will not be able to adopt modern agricultural practices unless they are backed by a system that ensures adequate and timely credit availability on reasonable terms and conditions. The credit in India is made available to the farmers through a multi-agency network consisting of cooperatives, commercial banks, regional rural banks and by government. However, cooperatives represent a large percentage of agricultural credit made available to farmers. Co-operatives function as centers of equilibrium by diverting funds from surplus societies to needy societies.

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