

**ROLE OF PRAGJYOTISH GAONLIA BANK  
IN RURAL DEVELOPMENT  
: A CASE STUDY**

**DISSERTATION SUBMITTED TO THE  
I S C D, IN FULLFILMENT OF THE  
REQUIREMENTS AS A RAJIV GANDHI  
SCHOLAR.**

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*Supervisor*

Dr. K.K. Barman ( Reader )  
Deptt. of Economics  
Gauhati University  
Guwahati— 14

*Submitted by*

Kumud Ch. Bordoloi  
Junior Short-Term Fellow,  
Institute of Social Change  
and Development,  
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1993-94

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*K. Kumud Ch. Bordoloi*  
( KUMUD CH. BORDOLOI ).

## : ROLE OF PRAGJYOTISH GAONLIA BANK IN RURAL DEVELOPMENT :

### : A CASE STUDY :

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#### INTRODUCTION.:

The history of commercial banking on modern lines has been almost wholly one of financing urban production and trade. Rural credit was left in the hands of the moneylenders and even after forty-five years of Independence no perceptible change has taken place in regard to rural financing. A new hope was generated when the major commercial banks were nationalised in 1969, but there were still areas of weakness and areas which had not been covered by institutional financing. Neither the Co-Operatives nor the commercial banks have in any big way succeeded in providing credit <sup>on</sup> ~~at~~ the scale needed for the rural community, particularly the weaker sections consisting of small and marginal farmers, landless labourers, tenant farmers, artisans, schedule caste and scheduled tribes and small entrepreneurs.

In fact, the credit gap in the rural areas continues to be large. Till to day, the weaker sections are highly dependent on Non-Institutional agencies for their credit needs.

In the light of the above context, an analysis of the performance of PRAGJYOTISH GAONLIA BANK, the oldest Regional Rural Bank in Assam is highly significant in alleviating the rural poverty.

<sup>Even though</sup> Assam endowed with immense potentialities of resources, still remains backward in comparison to most of the States in the country. Low level of agriculture <sup>al</sup> productivity, absence of rural industrialisation, high level of illiteracy among the rural communities, absence of well-integrated banking system, and above

all the poverty of the people hinder the economic prosperity of rural areas in the State. Therefore, financing <sup>to</sup> the priority sectors including agriculture, small-scale industries, ~~retail~~ trade and small entrepreneurs is highly useful in the context of rural development.

The Pragjyotish Gaonlia Bank (PGB) that came into being in 1976, also aims at <sup>ing</sup> to generate a self sustaining process of development in the rural areas within the specified districts, by mobilising the rural savings <sup>for</sup> the purpose of <sup>meeting</sup> credit requirements, especially of the weaker sections of rural population. Since the year of establishment, the bank (PGB) has been extending credit facilities to a large number of people including scheduled castes, scheduled tribes, small and marginal farmers, artisans and backward classes <sup>people</sup> etc.

#### OBJECTIVES OF THE PROJECT.:

The project has the following objectives.:-

1. to examine the pattern and quantum of advances <sup>to</sup> on agriculture and small scale industries (SSI) sectors across the various sections of the people belonging to weaker sections during the period 1989 to 1993.
2. to examine the extend <sup>of</sup> savings mobilisation.
3. to examine the extend <sup>of</sup> rural savings supplied to the weaker sections in the form of credit through two selected branches of PGB in Nalbari district.
4. to make an investigation <sup>in</sup> to the problems of PGB. The organizational, operational and the problem of mounting overdues will be studied in depth.

#### HYPOTHESES.:

The hypotheses of the project are as follows.:-

1. that the PGB has benefited the really poor in the rural areas.

2. that the PGB has reduced the existing credit gap in the rural areas.
3. that the agriculture and SSI sectors are having adequate credit from PGB.
4. that the PGB has mobilised more savings from the rural elite.

#### RESEARCH DESIGN AND METHODOLOGY.:

The study is based on both primary and secondary data. The secondary data have been collected from various sources published regularly by the NABARD, PGB and state level Bankers Committee of Assam and primary data have been collected by field investigation. Two branches of PGB were selected purposively - One from interior village and the another from semi-urban area in Kamrup district.

The selection of households was based on random sample method from the list of loanees and 20 percent of the total loanee households was selected for detailed investigation. Respondents were served with schedules for eliciting necessary informations.

#### TOOLS USED IN THE COLLECTION OF DATA.:

The case study is based on primary data collected from the selected beneficiaries by direct interview method.

The Schedules were prepared to obtain the required information from the select beneficiaries.

#### COVERAGE OF THE STUDY.:

1. Units of Study.:- PRAGJYOTISH GAONLIA BANK (PGB).
2. Units of study.:- PGB and its two branches.

3. Locals of study.:- In the district of KAMRUP - One branch was selected from interior village, i.e. RAMDIA BRANCH and the remaining one from semi-urban area i.e. KULHATI SECHAMUKH BRANCH.
4. Sampling frame.:- for the selection of branches, criterion like location of branch, data of establishment, its coverage, population pattern, nearness to urban areas, socio-economic infrastructure, livelihood pattern of population etc. were considered and thereafter, two branches were selected purposively taking into consideration all the factors indicated.

In regard to the selection of household (beneficiaries), lists were collected from the concern<sup>ed</sup> branches and twenty percent of the household was selected at random from the lists of loanees, and the required information were gathered from them by direct interview method. Schedules were supplied to the sample units for eliciting necessary information.

#### SIGNIFICANCE AND IMPORTANCE OF THE STUDY.:

The study is quite significant, because the Co-Operatives are incapable of shouldering the full responsibility of meeting the credit requirements of the rural sector, particularly in view of <sup>modern</sup> technological improvements in production, processing and marketing involving a larger demand for credit.

Removal of poverty and reduction in inequalities of income and wealth are the two principal goals in Indian Planning. Unless the potential resources in the rural areas and manpower resources are utilized through the massive use of

CHAPTER II.

rural development programmes, alleviation of poverty will be a myth. Financing to the priority sectors for the upliftment of the weaker section through the positive and constructive reorganisation of the banking system is considered inevitable in this context.

Therefore, the study is relevant to the present problem and such type of regional study is beneficial to the country as a whole.

## CHAPTER II.

### INSTITUTIONAL CREDIT FOR RURAL DEVELOPMENT IN INDIA.

#### AN OVERVIEW.

#### Institutional Credit for Rural Development in India : An Overview.

So far, a number of studies have been made by various individuals and committees appointed by the Reserve Bank of India and Government of India from time to time to detect the problems prevailing in the credit system of the rural sector and to recommend suitable methods for extending and developing rural credit. In order to explore ways and means to develop banking facilities in rural areas, Government of India appointed Rural Banking Enquiry Committee which reported in 1950.

In the year 1951-52, the Rural Credit Survey was conducted by a committee appointed by the Reserve Bank of India. In 1954, the committee submitted its report which formulated an integrated scheme of rural credit based on the principles of state partnership at different levels, full Co-Ordination between credit and other economic activities and administration through trained and efficient personnel.

An important event in the history of Banking system in India is the establishment of the State Bank of India (SBI) in 1955 and nationalization of 14 major commercial banks in July 1969. Considering the inadequate branch expansion programme of Imperial Bank as recommended by the Rural Banking Enquiry Committee, the All India Rural Credit survey committee recommended for its nationalization in 1954.

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The Government of India accepted the recommendation that the Imperial Bank of India should be converted into the State Bank of India. The parliament gave effect to it by passing the State Bank of India Act., 1955.

The SBI was established to provide credit to the Rural sector. That is why, since its inception, the Bank is taking <sup>K</sup>been interest in it. In addition to the indirect finance provided to the rural sector through cooperatives, it also undertakes direct finance to agriculture through its rural branch offices. The bank has been increasing its net-work of offices in rural and semi-urban areas. Expansion of branches to the rural areas of the bank is remarkable. As on December 1993, total number of rural branches of the bank and <sup>its</sup> associates is 5,973 which is more than half of the total rural offices of Regional Rural Banks which accounts for 13,453 on the same date. Like wise, deposit received from the rural sector and credit given to it is also remarkable.

During the sixties, the Indian banking ~~had~~ system ~~had~~ made ~~a~~ good progress. But the response of the private sector banks to the multifarious economic needs of the community was slow, fitful and halting. Large <sup>parts</sup> areas of the country, particularly the rural and semi-urban <sup>areas</sup>, were ~~either~~ sparsely banked or not at all banked. The main sources of rural credit <sup>at that time</sup> were the money lenders, landlords and the richer section of the village community. While, large industries and big industrial and trading houses of the economy - had easy access to the banking facilities, many sectors of the economy, <sup>through</sup> ~~through~~ <sup>conducive</sup> to the production of goods and services useful to the community, were denied access to the banking funds. Thus, on the eve of nationalization, the commercial bank's operations

had essentially an urban bias and maximisation of profits was their main guiding principle. Therefore, with a view to achieving a wider spread of banking facilities and bringing about a change in the lending pattern by directing increasing volume of credit flow to the desired sectors and making the banks an effective instrument of economic development, the scheme of social control over banks was introduced by the Government of India in early 1968. However, social control over banks marked only a transitory stage; it was later followed by the nationalization of 14 major Indian banks on July, 19th, 1969. After that, 6 more private sector banks were nationalized on April 15th, 1980 and taking into account the SBI and its seven subsidiaries, which were already in the public sector, about 90 percent of the commercial banking is now operating in the public sector.

The main objective of Bank nationalization was "to meet progressively and serve better the developmental needs of the economy in conformity with the national policy and objectives." The banks were, therefore called upon to play a developmental agency role. In this new role, they were assigned a variety of socio-economic <sup>roles removing</sup> in regional disparities in banking facilities and diversion of bank credit to the hitherto neglected <sup>but</sup> productive sectors of the economy identified by the Gadgil Committee viz., agriculture, small scale industries, road and water transport operators, professionals, self employed persons, exports etc.

In the year 1975, along with other developmental programmes, the Government of India also aimed at devising alternative agencies to liquidate rural indebtedness and to provide institutional credit to landless labourers, rural artisans and

(Cont d. P/9).

small and marginal farmers. A working group by the Government of India under the chairmanship of M. Narashimhan investigated the problem in detail and on the recommendation of the Group of Regional Rural Bank<sup>an</sup> Ordinance came into force with immediate effect from 26th September, 1975. After that, the Regional Rural Banks Act. was passed in 1976 giving legal form to the ordinance. Thus, the Regional Rural Banks (RRBs) came into being in the banking system to look after the credit needs of the priority sector.

The Regional Rural Banks have made ~~a~~ tremendous progress during the last 18 years. Initially there were only 5 RRBs as on 2nd October, 1975. By June 1983, there were 142 RRBs functioning in 21 states with 6,420 branches. As on December, 1993 there were all together 14,567 branches of which 13,453<sup>were</sup> rural, 943 semi-urban, 169 urban and 2 metropolitan. Now, there are altogether 196 RRBs operating in the country.

Credit given by the RRBs also increased rapidly during the time. By June, 1983 the RRBs had advanced Rs. 552 crores by way of short term credit to the weaker section of the community in rural areas out of the total loans of Rs. 624 crores. Against this, by December 1993, the total amount of credit of RRBs <sup>was</sup> Rs. 4925.98 Crores of which Rs. 549.92 crores<sup>were</sup> semi-urban and <sup>was</sup> Rs. 131.26 Crores<sup>were</sup> urban/Metropolitan credit.

#### MULTI - AGENCY APPROACH.:

The banking sector of India comprises ~~of~~ public sector Banks, foreign banks, urban Co-Operative banks, Private sector banks, Regional Rural Banks and Co-Operative banks. During the last 24 years, the Indian banking system has played a dynamic

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role in accelerating economic growth and in the successful implementation of the Five year Plans. The results in regard to deposit mobilisation and development of the same for <sup>directed</sup> ~~div~~ <sup>credit</sup> ~~rsive~~ activities are noteworthy.

Lending to the priority sector for its development was one of the objectives of banks nationalization. The concept of priority sector lending was evolved to ensure that the assistance from the banking system flowed in an increasing measure to the vital sectors of the economy and according to national priorities. This concept has been reviewed by the Govt. of India and RBI from time to time and banks have been directed to canalise their lending accordingly. In November, 1974, the public sector banks were advised that their priority sector lending should reach a level of not less than one third of the outstanding credit by March, 1979. Later Private sector banks were also asked to fulfil this obligation. In March, 1980, the banks were advised to raise the priority sector advances from 33  $\frac{1}{3}$  percent to 40% by March 1985. In achieving this overall target, the banks were asked to ensure that their direct advances to agriculture should be at least 15% of net bank credit by March, 1985 and 16% by March, 1987. Further, banks' advances to the weaker sections of the society i.e. small and marginal farmers, agricultural labourers, Artisans, village and cottage industry, Scheduled Castes and Scheduled tribes, should be 25% of their total priority sector advances or 10% of net bank credit. Thus at the end of March, 1986, scheduled commercial banks priority sector advances totalled Rs. 21,584 Crores accounting for 40.9% of net bank credit. In June, 1969, their share in net bank credit was just 14.0%. According to provisional data, direct advances to agriculture constituted 15.3% and those to weaker sections 10.2%

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of the total as at the end of December 1985.

Agriculture and rural development have remained a top priority concerns of planners in India. This is because a vast majority of the Indian population resides in rural areas and is engaged in agriculture and allied activities. Despite the significance of the agriculture sector in the Indian economy, scheduled commercial bank's loans to it amounted to only Rs. 188 Crores in Jan. 1969. Of this direct advances to the agriculture amounted to only Rs. 64 Crores. As at the end of March 1986, however total agricultural advances of the banks were of the order of Rs. 9,071 crores, about three-fourths of these being direct advances.

#### R.D. PROGRAMME.:

Equity and social justice, inter alia, constitute the guiding principles of our Five Year Plans and these are sought to be prompted through increased emphasis on rural development and extending assistance to the weaker sections of the society. Banks are contributing their mite to agriculture and rural development by extending support to (i) 20 Point programme; (ii) Integrated Rural Development Programme; (iii) Self Employment Scheme for Educated Unemployed youth and (iv) Self Employment Programme for the Urban Poor.

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### CHAPTER III.

#### INSTITUTIONAL RURAL CREDIT AGENCIES IN ASSAM.

##### A GLIMPS OF ASSAM.:-

The State Assam is located in the NORTH EASTERN REGION of the Indian Union, <sup>It lies</sup> between latitudes 24° North and 28° North, and longitudes 89° 46' East and 95° 55' East. Assam can be divided into 3 physical divisions.:

- (a) The Brahmapurta <sup>a</sup>Velly.
- (b) Hills Districts. (2) and
- (c) The Barak <sup>a</sup>~~Velly~~ <sup>e</sup>~~Velly~~.

The state Assam comprises ~~of~~ 23 Dist. <sup>a</sup>riacts, 714 Gaon Panchayats, 135 Development Blocks, 21,995 inhabited villages and 93 towns. Assam is the heart of the whole North Eastern Region of India <sup>because it is the</sup> local point of the transportation and the communication <sup>the</sup> serving <sup>for</sup> its neighbouring States.

Assam's land area constitutes 2.4 percent of the total land area of the country. With the area of 78523.0 Km., its population is 224.1 lacs.<sup>1</sup>. Thus the density of population is 286 per square Km. The average agricultural land holding is extremely small and fragmented into tiny plots which acts as a serious handicap for economic development.

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1. Census of India, 1991, Final Population totals series 1, Paper No. 1 of 1992.

More than 70% of the population depends on agriculture.

BASIS FEATURES OF THE ECONOMY OF ASSAM.:-

As an underdeveloped economy, all basic features of the Indian economy are also <sup>found</sup> seen in case of the economy of Assam. ~~Due to~~ Regional disparities prevailing in the <sup>there is</sup> process of development of the Nation, <sup>credit for</sup> sufficient pressure for development has not been ~~falling upon~~ Assam. As <sup>a</sup> result ~~some features of~~ the economy of Assam are still underdeveloped even after four decades of Planning.

Assam is rich in natural resources. But unfortunately most of the resources <sup>have not yet been</sup> are not still harnessed. Sufficient industries have not grown up, hence the amount of ~~State~~ income, per capita income and the rate of increase of the both are also much below ~~in comparison to~~ the national level.

Another salient feature of the economy is over population. According to the census report of 1981 and 1991, the density of population per square Kilometre in India was 216 and 274 respectively, whereas, in Assam it was 254 and 286 respectively. It implies that the average density of population in Assam is much higher than <sup>all</sup> India.

The rate of the growth of population in Assam is also very high. When ~~on~~<sup>the</sup> average, ~~the~~ growth rate of population during 1971 ~~to~~ 1981 was 24.75 percent in India, then it was 36.09 per cent in Assam. According to 1991 census report, the annual growth rate of population in Assam during 1981 ~~to~~ 1991 was 2.17 percent, but All India growth rate during that period was 2.14 percent. It ~~should be~~<sup>is</sup> worth mentioning that the reason behind the higher growth rate of population ~~and~~<sup>is</sup> migration from abroad rather than the natural growth.

In case of infrastructural facilities, Assam has been ~~accorded~~<sup>occupied</sup> in the last position ~~comparing~~<sup>among all the</sup> to the other states of the country. Poor transportation facilities, less per capita power consumption, small per capita doctor population, insufficient hospital and other medical facilities etc. may be described as ~~the responsible factors and as remble on the~~<sup>for slow pace of development.</sup> path of development.

Apart from these, the increasing unemployment problem lower productivity in agriculture, natural calamities, i.e., flood, drought, higher and unstable price level etc. are also important features of the Assam Economy.

TABLE NO. 1.

The present pattern of branch network of scheduled commercial banks in Assam, Data as on 31-3-94.

RURAL CREDIT AGENCIES IN ASSAM.:-

| Sl. No. | Name of Banks.         | Rural. | Semi-Urban. | Urban. | Total. |
|---------|------------------------|--------|-------------|--------|--------|
| 1.      | Bank of India.         | 4      | 2           | 2      | 8      |
| 2.      | Central Bank.          | 5      | 2           | 6      | 13     |
| 3.      | General Bank of India. | 10     | 2           | 15     | 27     |
| 4.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 5.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 6.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 7.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 8.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 9.      | State Bank of India.   | 10     | 2           | 15     | 27     |
| 10.     | State Bank of India.   | 10     | 2           | 15     | 27     |

In the main, commercial banks, Regional Rural Banks and Primary Agricultural <sup>co-operative</sup> credit societies are the organised institutions for rural credit in Assam. But the major portion of the rural credit is still in the hands of the Village money lenders.

COMMERCIAL BANKS IN ASSAM.:-

Commercial banks in Assam, prior to <sup>The</sup> nationalisation of 14 major banks in mid July, 1969, <sup>Commercial Banks in Assam</sup> were not at all developed, though banks are considered <sup>to be</sup> one of the most <sup>important</sup> deciding elements of the infrastructure <sup>facility for</sup> in the process of economic <sup>development</sup> propagation. After nationalisation, commercial banks <sup>have</sup> increased considerably. As on June, 1969, there were only 74 banks <sup>offices</sup> in the State. As on March, 1994, the total number of branches <sup>were</sup> in 1290, of which 884 <sup>were</sup> rural, 257 semi-urban and 149 urban. There are all together 26 scheduled commercial banks<sup>2</sup> (including Regional Rural Banks and Assam Co-Operative Apex Bank). The present position of branch network in the State has been exhibited in Table No.1.

2. According to State level Bankers committee meeting (SLBC) Report of 31-03-1994.

(Contd. P/16).

TABLE NO.-1.

The present <sup>position</sup> ~~population~~ of branch <sup>or</sup> Network of scheduled commercial banks in Assam. Data as on 31-3-94.

| Sl.No. | Name of Banks.                    | Rural. | Semi-Urban. | Urban. | Total. |
|--------|-----------------------------------|--------|-------------|--------|--------|
| 1.     | Allahabad Bank.                   | 39     | 17          | 4      | 60     |
| 2.     | Assam Co-Operative<br>Appex Bank. | 21     | 13          | 33     | 67     |
| 3.     | Bank of Boroda.                   | 6      | 3           | 3      | 12     |
| 4.     | Bank of India.                    | 4      | ---         | 2      | 6      |
| 5.     | Canara Bank.                      | 5      | 2           | 6      | 13     |
| 6.     | Central Bank of India.            | 59     | 26          | 15     | 100    |
| 7.     | Cach <sup>er</sup> Gramin Bank.   | 41     | 3           | ---    | 44     |
| 8.     | Indian Bank.                      | 5      | 8           | 4      | 17     |
| 9.     | Indian Overseas Bank.             | 5      | 1           | 2      | 8      |
| 10.    | Lakhimi Gaonlia Bank.             | 91     | 8           | 1      | 100    |
| 11.    | Punjab & Sindh Bank.              | ---    | 1           | 3      | 4      |
| 12.    | L.D.Rural Bank.                   | 40     | 3           | ---    | 43     |
| 13.    | Oriental Bank of India.           | ---    | ---         | 1      | 1      |
| 14.    | Pragjyotish Gaonlia<br>Bank.      | 153    | 18          | 1      | 172    |
| 15.    | Punjab National Bank.             | 29     | 9           | 5      | 43     |
| 16.    | Union Bank of India.              | 27     | 10          | 6      | 43     |
| 17.    | U.C.O. Bank.                      | 71     | 26          | 12     | 109    |
| 18.    | U.B.I.                            | 139    | 32          | 11     | 182    |
| 19.    | Syndicate Bank.                   | 2      | 2           | 1      | 5      |
| 20.    | Subansiri Gaonlia Bank.           | 41     | 4           | ---    | 45     |
| 21.    | S.B.I.                            | 100    | 68          | 32     | 200    |
| 22.    | S.B.B.J.                          | ---    | ---         | 1      | 1      |
| 23.    | Vijaya Bank.                      | ---    | 4           | 3      | 7      |
| 24.    | Federal Bank.                     | ---    | 4           | 1      | 5      |
| 25.    | Dena Bank.                        | ---    | 1           | 1      | 2      |
| 26.    | Andhra Bank.                      | ---    | ---         | 1      | 1      |
| Total  |                                   | :- 884 | 257         | 149    | 1290   |

Source: A State Level Bankers Committee meeting <sup>held</sup> on 31-3-94.

Report of the

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Though the branch network of commercial banks has ~~been~~ increased remarkably, yet there are still areas unbanked and the existing branches are not proportionate to the total population of the State. As on 31st. March 1994, average population per bank office (APBO) in Assam is 18,327.<sup>3</sup>

DEPOSIT MOBILISATION AND ADVANCES OF ~~S~~<sup>CHEDULED</sup>  
COMMERCIAL BANKS IN ASSAM.:

To assess the flow of funds it is necessary to examine the magnitudex of credit and deposit over time and space. Table No.2 <sup>shows</sup> presents the deposit and credit along with their ratios in respect of all scheduled commercial banks operating in Assam.

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3. SLBC Report 1994.

The above table reveals that the credit deposit ratio is broadly downward. It is worth mentioning that except Cochin Gramin Bank, Indian Overseas Bank and Prudential Bank, the credit deposit ratio of most of the banks was below 50% in both the years. Overall credit deposit ratio of 49.83% in 1992 and 43.10% in 1994 are well below the all-India figure of 50% which a bank should maintain.

TABLE NO. - 2.

(Amounting Lakhs).

| Year.         | No. of Banks. | Total Deposits. | Total Advances. | Credit Ratio (%) |
|---------------|---------------|-----------------|-----------------|------------------|
| As on 30-6-92 | 27            | 2,62,695.97     | 1,30,911.50     | 49.83            |
| As on 31-3-94 | 26            | 3,35,923.77     | 1,44,782.94     | 43.10            |

Source.: SLBC Report of 31-3-94 and 24-9-92.

((Cont d.P/19)).

The above table reveals <sup>declining</sup> ~~that the~~ credit deposit ratio trends downward. It is <sup>a</sup> worth mentioning that except Cachar <sup>a</sup> Gramin Bank, Indian overseas Bank and Pragjyotish Gaonlia Bank, the credit deposit ratio of most of the banks was below 60% in both the years. Overall credit deposit ratio of 49.83% in 1992 and 43.10% in 1994 are much below ~~the~~ <sup>figure of</sup> all-India ~~norms~~ of 60% which a bank should maintain.

#### PRIORITY SECTOR ADVANCES.:

Although total bank deposits, advances and credit deposit ratios in Assam <sup>are</sup> ~~is~~ quite low, the proportion of advances to the priority sector is quite high, much higher than the minimum percentage of the total credit (at 40%) fixed by the Reserve Bank of India. Priority sector normally includes (a) Agriculture,

- (b) Small scale Industries-including units in industrial estates,
- (c) Road and water transport operators,
- (d) Retail trade,
- (e) Small business,
- (f) Professional and self-employment.

A considerable amount of these advances are for rural development. ~~The~~ <sup>shows</sup> Table No. 3 presents the amounts and percentages of advances to the priority sector in Assam.

TABLE NO.-3.

PRIORITY SECTOR ADVANCES OF ALL SCHEDULED COMMERCIAL BANKS IN ASSAM.:

| Year.   | Total Bank. | Total Advance. | Advances to Priority Sector. | Advances to Weaker Section. | % of (4) to (3) minimum 40% of T.A. | % of (5) to (4) 25% of PSA. | % of (5) to (3) minimum 10% of T.A. |
|---------|-------------|----------------|------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| 1       | 2           | 3              | 4                            | 5                           | 6                                   | 7                           | 8                                   |
| As on   |             |                |                              |                             |                                     |                             |                                     |
| 30-6-92 | 27          | 1,30,912.01    | 66,896.00                    | 25,036.00                   | 51.10                               | 37.43                       | 19.12                               |
| As on   |             |                |                              |                             |                                     |                             |                                     |
| 31-3-94 | 26          | 1,44,872.94    | 79,722.92                    | 32,031.43                   | 55.06                               | 40.18                       | 22.12                               |

Source.:- SLBC, Assam, 24-9-92 and 31-3-94.

(Contd.P/21).

POPULATION COVERED BY COMMERCIAL BANKS IN ASSAM.:

From the nationalization of 14 major commercial banks in July, 1969 till to day, number of bank offices has been increased<sup>ing</sup> and population per bank offices has been decreased<sup>ing</sup> considerably. The following table No. 4 shows the population per bank offices prior to nationalization and after nationalization.

TABLE NO.: 4.

Showing the bank branches and number of people served by each branch in Assam, 1951, as on 30th June, 1969 and in 1993.

(Population in thousand).

| Year.             | Total Population. | No. of Bank Office. | Population per Bank Office. |
|-------------------|-------------------|---------------------|-----------------------------|
| 1951<br>(Dec.)    | 8,029             | 41                  | 196                         |
| 1969<br>(30-6-69) | 10,838            | 74                  | 146                         |
| 1993<br>(June)    | 22,295            | 1,219               | 16                          |

Note.: 1. The table has been <sup>compiled</sup> completed from the "Current Banking Statistics" published by Ministry of Finance, Banking Division in September, 1979 ; "Report of trend and progress of Banking in India " 1992-93 (July-June)-RBI.

2. Population <sup>according</sup> ~~accounting~~ to census 1951, 1961 and 1991.

(Cont d. P/23).

CO-OPERATIVE SOCIETIES IN ASSAM.:

In assam, the Co-Operative societies Act. was passed in 1949. In 1973, Co-Operative Societies were re-organised at the village panchayat level and LAMPS (Large - sizes Adibasi Multipurpose Co-Operative Societies) were set up in hill districts. Now, there is atleast <sup>e</sup>one Co-Operative Society in every village panchayat. In fact, these are multipurpose societies. Apart from giving short term and medium term agricultural loans to small farmers, they are also taking part in public distribution system.

RECENT POSITION OF CO-OPERATIVE SOCIETIES IN ASSAM.:

In 1980-81 there were 7,356 Co-Operative Societies in Assam with membership of 31.4 Lakhs, share capital of Rs. 163.6 Crores. <sup>Apart from</sup> Amongst the credit societies numbering 3,136, there is <sup>the</sup> one Assam Co-Operative Apex Bank, which is controlled by the Co-Operative department of the Govt. of Assam. There is also one Central Land Development Bank and 21 Primary land development Banks. The number of primary Agricultural Credit Societies <sup>is</sup> was 2647, ~~of~~ Primary Non-Agricultural Societies <sup>is</sup> 463 and ~~of primary Co-Operative Banks~~ 2.

Amongst the non credit societies numbering 4220, there are 3 suger mills, one Jute mill, two spinning mills, one cotton gining mill, two milk unions. The number of marketing societies

(Contd. P/24).

<sup>are</sup> were 58, Primary milk societies 123, Farming societies 390, Primary fishery societies 449, Whole sale consumers' societies 23, Primary consumers societies 382, Primary Housing societies 24, Primary Weavers Societies 1203, other Industrial Societies 391, Transport Societies 16, District Co-Operative unions 25 and other non-credit societies 1088. Moreover the State Govt. has also sponsored one STATEFED, one FISHFED, one HOUSEFED, one ARTFED.

As per the 3-tier system of Co-Operatives, these should be one Central Co-Operative Bank (CCB) in each district. But in Assam, ~~up to date~~, there is only one Central Co-Operative Bank in Sibsagar district and all other CCBs have been merged with the Appex Bank. As on 31st. July, 1994, there are 66 branches of Co-Operative Appex Bank in Assam. As on the same date total deposit of Appex Bank is Rs. 62,01,17,675.00 and the total credit given to the primary Agricultural credit societies is Rs. 50,41,12,450.00.

In spite of all these developments and the impressive number of different types of Co-Operative Societies, the Co-Operative movement in Assam is still very weak, particularly in providing credit to rural people, expanding marketing facilities and in building houses. The Multi-Purpose Societies which were linked with the Village Panchayats, even with their great prospect in distributing essential commodities to people and in offering facilities for marketing local products have not been able to achieve much.

CHAPTER IV.

NATIONAL RURAL BANK IN ASSAM, ITS PROGRESS AND  
ACHIEVEMENTS.

Main weakness appears to be the lack of leadership from the real Co-Operators and existence of political influence in the management of the Societies.

Since the inception of the Bank, they have been extending credit facilities to a large number of people including the weaker sections of the community i.e., Scheduled Tribes, Scheduled Caste, marginal farmers, rural artisans, and backward classes, small industrialists, retail traders, road transport operators, professionals and educated unemployed youth in 18 districts of Assam.

SPACE EXPANSION OF AREA IN ASSAM.

(Cont d. P/26).

There were altogether 111 branches of 5 Mills operating in 18 districts of Assam. The number has been increased to 406 in 1974.

(Cont d. P/27).

#### CHAPTER IV.

#### REGIONAL RURAL BANK IN ASSAM, ITS PROGRESS AND

#### ACHIEVEMENTS. :

In Assam, Regional Rural Banks were established in 1976 under the Regional Rural Banks Act, 1976. The first Regional Rural Bank in the strategic North-Eastern India, <sup>was</sup> namely, the Pragjyotish Gaonlia Bank, <sup>This</sup> was opened on 6th July 1976., with <sup>its</sup> head quarters at Nalbari. Thereafter 4 more RRBs were established. They are Chachar Gramin Bank, (head office at Silchar,) Lakhimi Gaonlia Bank (head office at Golaghat), Langpi Dehangi Rural Bank, (head office at Diphu) and Subansiri Gaonlia Bank ~~with its~~ (head office at Lakhimpur.)

Since the inception, of RRBs, ~~they have~~ been extending credit facilities to a large number of people including the weaker sections of the community i.e., Scheduled Tribes, Scheduled Castes, small and marginal farmers, rural artisans and backward classes, <sup>people</sup> small industrialists, retail traders, road transport operators, professionals and educated un-employed youths in <sup>the</sup> 16 districts of Assam.

#### BRANCH EXPANSION OF RRBs IN ASSAM.:

There were altogether 321 branches of 5 RRBs operating in 16 districts of Assam. The number has ~~been~~ increased to 404 in 1994.

(Cont d.F/27).

TABLE NO. - 6.

BRANCH NETWORK OF RRBs IN ASSAM.:-Data as on 31st. March, 1994.:

| Sl. NO. | Name of the RRBs.          | Rural Branches. | Semi-Urban Branches. | Urban Branches. | Total Branches. |
|---------|----------------------------|-----------------|----------------------|-----------------|-----------------|
| 1.      | Cacher Gramin Bank.        | 41 Nos.         | 3 Nos.               | ---             | 44 Nos.         |
| 2.      | Lakhimi Gaonlia Bank.      | 91 "            | 8 "                  | 1 Nos.          | 100 "           |
| 3.      | Langpi Dehangi Rural Bank. | 40 "            | 3 "                  | ---             | 43 "            |
| 4.      | Pragjyotish Gaonlia Bank.  | 153 "           | 18 "                 | 1 Nos.          | 172 "           |
| 5.      | Subansiri Gaonlia Bank.    | 41 "            | 4 "                  | ---             | 45 "            |

Source.: SLBC meeting, 31/3/94.

There are 404 branches of RRBs of which 366<sup>are</sup> rural  
 36<sup>are</sup> Semi-Urban and 2<sup>are</sup> urban branches.

DEPOSIT, ADVANCES AND CREDIT DEPOSIT  
RATIO ON RRBS IN ASSAM. :

The major portion of the total branches of RRBS are situated in rural areas and giving credit facilities to the farmers for raising various types of crops, implement schemes allied to agriculture i.e. diary, piggery, poultry, etc. as well as to small entrepreneurs. A review of performance <sup>during</sup> of three years i.e., 1991, 1992 & 1993) of Regional Rural Banks in Assam has been given in the following table No. 7.

TABLE NO.- 7.

REVIEW OF PERFORMANCE OF REGIONAL RURAL BANKS (RRBs) IN ASSAM.:

(Amount in Rs. Lakhs).

| Sl. No.              | Name of the Banks.         | No. of Branches as on 1992-93 & 1994. | Deposit as on |          |          | Advances as on |          |          | Credit Deposit Ratio as on |         |         | Recovery as on |         |         |
|----------------------|----------------------------|---------------------------------------|---------------|----------|----------|----------------|----------|----------|----------------------------|---------|---------|----------------|---------|---------|
|                      |                            |                                       | 30.6.92       | 31.3.93  | 31.3.94  | 30.6.92        | 31.3.93  | 31.3.94  | 30.6.92                    | 31.3.93 | 31.3.94 | 30.6.92        | 31.3.93 | 31.3.94 |
| 1.                   | Langpi Dehangi Rural Bank. | 43                                    | 680.01        | 764.55   | 1349.62  | 508.69         | 573.83   | 618.90   | 75.10                      | 75.00   | 46.00   | N.A.           | 26.00   | 37.00   |
| 2.                   | Cacher Gramin Bank.        | 44                                    | 990.80        | 1042.60  | 1282.70  | 697.20         | 719.70   | 796.00   | 70.37                      | 69.04   | 62.00   | 27.63          | 21.00   | 10.00   |
| 3.                   | Lakhimi Gaonlia Bank.      | 100                                   | 3348.69       | 3950.93  | 5153.56  | 2314.88        | 2611.67  | 2859.93  | 69.00                      | 66.00   | 55.49   | 26.00          | 27.00   | 10.15   |
| 4.                   | Pragjyotish Gaonlia Bank.  | 172                                   | 7522.51       | 8217.94  | 12093.24 | 6237.33        | 7056.62  | 7984.28  | 82.92                      | 85.87   | 66.02   | 50.20          | 16.95   | 10.11   |
| 5.                   | Subansiri Gaonlia Bank.    | 45                                    | 1135.10       | 1227.00  | 1766.81  | 724.84         | 841.00   | 928.89   | 63.86                      | 69.00   | 53.00   | 18.30          | 23.00   | 12.41   |
| Total No. of RRBs.-5 |                            | 404                                   | 13677.11      | 15203.02 | 21645.98 | 10482.94       | 11802.82 | 13188.00 | 76.65                      | 77.63   | 60.93   | ---            | ---     | ---     |

N.A. :- Data not available.

Source.:- SLBC Meeting for Assam of 30.6.92 and 31.3.94.

(Contd. P/31).

Disaggregated analysis shows that the credit deposit ratio of the Regional Rural Banks (RRB) in Assam, compared to the overall credit deposit ratio of the banking sector is much higher, ranging from 60 to 100 percent as given in Table No. 5 for 1986 and it is ranging from 46 to 85.87 percent during the period of last June 1992 to 31st. March, 1994 as given in table No. 7.

Total deposit of the Regional Rural Banks <sup>on</sup> June, 1986 amounted to Rs. 38.4 Crores against advances of Rs. 27.5. Crores, the overall credit deposit ratio being 71.5 percent. By June, 1992 total deposits of RRBs amounted to Rs. 13677.11 Lakhs which <sup>increased</sup> raised to Rs. 15203.02 lakhs by March, 1993, and further <sup>increased</sup> raised to Rs. 21645.93 Lakhs by March 1994. Against these deposits amount of advances are Rs. 10482.94 Lakhs in 1992, Rs. 11802.82 in 1993 and Rs. 13188.00 in 1994. The overall credit deposit ratios being 76.65% in 1992, 77.63% in 1993 and 60.93% in 1994.

AMOUNT OUTSTANDING OF RRBs IN ASSAM.:

In table No. 6 the classification of outstanding credit of RRBs according to occupation in Assam as on March, 1992 has been showing.

CHAPTER- V  
FIELD STUDY  
PRACTICAL BANKING

TABLE NO.- 8.

(Amount in Rs.Lakhs).

| Occupation.                                  | No. of A/C.    | Credit limit. | Amount Outstanding. |
|----------------------------------------------|----------------|---------------|---------------------|
| 1. Agriculture.                              | 121,401        | 52,32         | 42,12               |
| 2. Industry.                                 | 16,531         | 9,39          | 8,26                |
| 3. Transport Operators.                      | 12,967         | 6,27          | 5,35                |
| 4. Personal Loans and Professional services. | 19,437         | 10,66         | 9,13                |
| 5. Trade.                                    | 60,916         | 29,56         | 28,49               |
| 6. Financial Institutions.                   | 4              | 4             | 3                   |
| 7. All Others.                               | 19,684         | 8,47          | 7,96                |
| <b>Total Bank Credit of which</b>            | <b>250,940</b> | <b>116,72</b> | <b>101,35</b>       |
| 1. Artisans and Village Industries.          | 9,985          | 5,50          | 4,73                |
| 2. Other SSI.                                | 6,072          | 3,15          | 2,82                |

Source.: Banking statistics, Basic Statistical returns,  
Volume 21st. March, 1992.

CHAPTER- V.

FIELD STUDY.

PRAGJYOTISH GAONLIA BANK.

OPERATIONAL BACK GROUND.:

Pragjyotish Gaonlia Bank (PGB) was established on 6th July 1976 under the Regional Rural Bank Act, 1976. It is the first RRB in the North Eastern Region and twentieth in the Country in order of age. To begin with the Bank's territorial jurisdiction was spread over the erstwhile districts of Kamrup, Goalpara and Darang. Consequent upon the time to time reorganisation of districts by the state Govt., the Bank is now having 9 districts without change in geographical area. Prior to opening of the Bank, the number of Bank branches in the area was much below the national average target of one office per 17,000 population. Apart from that, the entire area is susceptible to major natural calamities. In view of these the banking facilities in the area were inadequate. The need of thrift habit was unknown except to the affluent and educated few. Many economic activities with promising future carried out by interior rural households could not flourish to the desired extent for want of sufficient capital. The economy of the area is predominantly agricultural. But, for meeting the working capital requirements most farmers could not get easy financial assistance from organised market and had to resort to costly borrowings from village money lenders.

Since inception, the bank has been making endeavour to mobilise deposits from the rural households and, at the

same time, to encourage agricultural and <sup>other</sup> ~~after~~ lawful economic activities by extending financial assistance under various schemes.

SHARE CAPITAL.:

The initial paid up capital of the bank was Rs. 25 Lakhs, contributed by Govt. of India, Govt. of Assam and United Bank of India (Sponsoring Bank) at 50%, 15% and 35% respectively. On two subsequent occasions, once during 1990-91 and next during 1991-92, the Govt. of India ~~accounted~~ <sup>made</sup> upward revision of the paid up share capital ~~as~~ <sup>by</sup> Rs. 25 lakh each time.

Administration of the Bank.:

The administration of the Bank is in the hands of a Board of Directors. The Board ~~is~~ <sup>consists</sup> of 8 members. There are two nominees of Govt. of India, One nominee of Govt. of Assam and four nominees of the sponsor <sup>at</sup> Bank i.e. United Bank of India and the Chairman who belongs to the sponsor Bank.

GROWTH OF THE BANK.:

Growth at a glance in certain vital sectors during the last 3 years is presented in Table No.-9.

(I). SHARE CAPITAL.:-

As on 31-03-93, the paid up share capital stood at Rs. 50,00 Lakh of which Rs. 37.50 lakh was paid by Govt. of India, Rs. 3.75 lakh by Govt. of Assam and Rs. 8.75 lakh by United Bank of India.

(Contd. P/36).

TABLE NO.-9.

| PARTICULARS.                        | GROWTH AT A GLANCE.  |            | (Amount in Rs. Lakh) |  |
|-------------------------------------|----------------------|------------|----------------------|--|
|                                     | 1990-91              | 1991-92    | 1992-93              |  |
| No. of Area Offices.                | 3                    | 3          | 3                    |  |
| No. of Branches.                    | 171                  | 172        | 172                  |  |
| Total Deposit.                      | 6701.02              | 7481.61    | 8218.27              |  |
| No. of Depositors.                  | 501639               | 540440     | 608007               |  |
| Advances disbursed during the year. | 1301.53              | 818.08     | 720.29               |  |
| Advance outstanding.                | 4985.37              | 5952.25    | 6731.56              |  |
| No. of Advance Accounts (Olg)       | 116559               | 128675     | 132429               |  |
| No. of Beneficiaries.               | 125919               | 138246     | 142767               |  |
| Credit Deposit Ratio.               | 74.40%               | 79.56%     | 81.91%               |  |
| Per Branch Deposit.                 | 39.18                | 43.50      | 47.78                |  |
| Per Branch Credit.                  | 29.15                | 34.61      | 39.14                |  |
| Deposit per staff.                  | 7.94                 | 7.60       | 8.47                 |  |
| Credit per Staff.                   | <del>8.84</del> 5.91 | 6.05       | 6.94                 |  |
| Total Income.                       | 857.18               | 931.23     | 1149.50              |  |
| Income per Staff.                   | 1.02                 | 0.95       | 1.19                 |  |
| Total Expenditure.                  | 853.10               | 1289.05    | 1492.55              |  |
| Expenditure per Staff               | 1.01                 | 1.31       | 1.54                 |  |
| Net Profit.                         | (+) 4.08             | (-) 357.82 | (-) 343.05           |  |
| Total No. of Staff.                 | 844                  | 984        | 970                  |  |
| Senior Manager/Area Manager.        | 7/3                  | 7/3        | 7/3                  |  |
| Office.                             | 222                  | 221        | 219                  |  |
| Field Supervisor (Officer) :        | 113                  | 173        | 173                  |  |
| SCC, JCC, JCT, Stenographer. :      | 383                  | 392        | 380                  |  |
| Driver/Messenger.                   | 3/113                | 188        | 188                  |  |

Source.:- PGB Annual Report 1992-93.

TABLE NO. 10.

| Area Office                                                                                                                                                 | District | No. of Branches |               | Total Staff Strength |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|---------------|----------------------|---------------|---------------|---------------|
|                                                                                                                                                             |          | As on 11-2-79   | As on 11-2-79 | As on 11-2-79        | As on 11-2-79 | As on 11-2-79 | As on 11-2-79 |
|                                                                                                                                                             |          | Actual          | Sppl          | Urban                | Rural         | Total         | Total         |
| <b>BRANCH EXPANSION.:-</b>                                                                                                                                  |          |                 |               |                      |               |               |               |
| During 1979 total number of branches of the Bank was 42 which were operating in 3 districts. Now, there are 172 branches operating in 9 districts of Assam. |          |                 |               |                      |               |               |               |
| Dispur                                                                                                                                                      | Dispur   | 10              | 1             | 2                    | 2             | 5             | 11            |
| The area office wise and district wise branch network of the bank has been shown for last 2 years in Table no. 10.                                          |          |                 |               |                      |               |               |               |
| Tezpur                                                                                                                                                      | Tezpur   | 2               | —             | 24                   | 24            | 2             | 26            |
| Goalpara                                                                                                                                                    | Goalpara | —               | —             | 31                   | 20            | 3             | 54            |
| Malabar                                                                                                                                                     | Malabar  | 1               | —             | 24                   | 22            | 1             | 28            |
| Assam                                                                                                                                                       | Assam    | 2               | 1             | 20                   | 17            | 2             | 20            |
| Total                                                                                                                                                       |          | 15              | 1             | 172                  | 156           | 15            | 172           |

\* Branches in Malabar and Assam districts are being looked after by Head Office.

(Contd. P/38).

TABLE NO.-10.

| Area Office. | District    | BRANCH EXPANSION.                 |                |       |       |                                         |               |       |       |
|--------------|-------------|-----------------------------------|----------------|-------|-------|-----------------------------------------|---------------|-------|-------|
|              |             | No. of Branches<br>as on 31-3-92. |                |       |       | Total No. of Branches<br>as on 31-3-93. |               |       |       |
|              |             | Rural                             | Semi<br>Urban. | Urban | Total | Rural                                   | Semi<br>Urban | Urban | Total |
| KOKRAJHAR.   | Kokrajhar.  | 11                                | 2              | --    | 13    | 11                                      | 2             | ---   | 13    |
|              | Barpeta.    | 21                                | 2              | ---   | 23    | 21                                      | 2             | ---   | 23    |
| DHUBRI.      | Dhubri.     | 10                                | 1              | ---   | 11    | 10                                      | 1             | ---   | 11    |
|              | Goalpara.   | 14                                | 1              | ---   | 15    | 14                                      | 1             | ---   | 15    |
|              | Bongaigaon. | 10                                | 1              | ---   | 11    | 10                                      | 1             | ---   | 11    |
| TEZPUR.      | Darrang.    | 22                                | 2              | ---   | 24    | 22                                      | 2             | ---   | 24    |
|              | Sonitpur.   | 28                                | 3              | ---   | 31    | 28                                      | 3             | ---   | 31    |
|              | *Nalbari.   | 23                                | 1              | ---   | 24    | 23                                      | 1             | ---   | 24    |
|              | *Kamrup.    | 17                                | 2              | 1     | 20    | 17                                      | 2             | 1     | 20    |
| Total        |             | 156                               | 15             | 1     | 172   | 156                                     | 15            | 1     | 172   |

\* Branches in Nalbari and Kamrup Districts are being looked after by Head Office.

Contd. P/39).

DEPOSIT MOBILISATION.:-

Total deposit of the Bank increased to Rs. 1.68 Crores at the end of 1979 from Rs. 1.03 crores in 1978 thereby indicating a percentage increase of 65. At the same time the number of deposit accounts has increased from 21,245 to 34,560 during the corresponding period which shows a growth rate of 63%. Out of the total deposit of Rs. 1.68 Crores, the saving bank deposit accounted for the highest share of Rs. 90.86 lakhs (54%) followed by fixed deposits with Rs. 35.75 lakhs (21%).

As against this the total outstanding deposit as on 31-3-93 stood at Rs. 82.18 Crores against Rs. 74.82 Crores as at the preceding yearend, registering a growth of Rs. 7.36 crores in actual terms and 9.84 in percentage terms.

The detailed position of category wise deposits for last two years has been shown in Table No.11.

### DEPLOYMENT OF FUNDS.:

The total loan disbursed by the Bank till the end of December 1979 amounted to Rs. 1.71 Crores. The total outstanding amount was Rs. 1.27 Crores at the same time. Out of this outstanding amount, the Agricultural sector accounted for the major share of Rs. 91.08 lakhs (72%) followed by retail trade and small business sector with Rs. 15.58 lakhs (12%)

The total amount of advances extended by the Bank during the year 1992-93 was Rs. 7.20 Crores in 12035 numbers of account. Out of the total of Rs. 7.20 crores <sup>Were</sup> disbursed during the year, the shares under agriculture, industries and services were Rs. 2.45 crores, Rs. 0.55 crores and Rs. 2.09 crores respectively, and Rs. 2.11 crores was under <sup>the category of other</sup> after loans. Total outstanding advances as at the yearend, prior to making provision for bad/doubtful debts, stood at Rs. 70.57 crores,

<sup>out of</sup> of which, the shares under agriculture, industries and services were Rs. 28.62 crore (40.55%) Rs. 6.51 crores (9.23%) and Rs. 31.02 crore (43.96%) respectively, and Rs. 4.42 crores <sup>Were</sup> under <sup>the category of other</sup> after loans. Purposewise disbursement during the year and outstanding advances as <sup>at</sup> 31-03-93 are shown in Table No.12 Further, district wise deployment of credit is shown in Table No.-13.

TABLE NO.-12.

| PURPOSE WISE DISBURSEMENT AND OUTSTANDING ADVANCES. |                               |         |                            |          |
|-----------------------------------------------------|-------------------------------|---------|----------------------------|----------|
| PURPOSE.                                            | (Amount in Rs. Lakh)          |         |                            |          |
|                                                     | DISBURSEMENT DURING THE YEAR. |         | OUTSTANDING AS ON 31.03.93 |          |
|                                                     | A/C.                          | Amount. | A/C.                       | Amount.  |
| Agril. S. T. Crop.                                  | 909                           | 59.99   | 16272                      | 486.04   |
| M. T. Agril.                                        | 3561                          | 184.62  | 39699                      | 2375.77  |
| SSI.                                                | 718                           | 55.11   | 9697                       | 651.06   |
| RT, SB, RTO, PSEP.                                  | 2882                          | 208.75  | 61793                      | 3101.60  |
| Others.                                             | 3965                          | 211.82  | 4966                       | 442.17   |
| TOTAL                                               | 12,035                        | 720.29  | 1,32,423                   | 7,056.64 |

Source: - Annual Report of P&B, 1993

TABLE NO.- 13.

| DISTRICTWISE DEPLOYMENT OF CREDIT. |                                          |         |                               |         |
|------------------------------------|------------------------------------------|---------|-------------------------------|---------|
| (Amount in Rs. lakh)               |                                          |         |                               |         |
| DISTRICT.                          | DISBURSEMENT DURING<br>THE YEAR 1992-93. |         | OUTSTANDING AS ON<br>30-03-92 |         |
|                                    | A/C.                                     | Amount. | A/C.                          | Amount. |
| KAMRUP                             | 1559                                     | 109.56  | 18149                         | 1581.37 |
| NALBARI                            | 1901                                     | 136.05  | 20893                         | 1137.20 |
| BARPETA.                           | 1647                                     | 81.86   | 18237                         | 811.34  |
| DARRANG.                           | 1292                                     | 85.67   | 16479                         | 981.15  |
| SONITPUR.                          | 2540                                     | 150.15  | 25114                         | 1224.88 |
| KOKRAJHAR.                         | 786                                      | 37.39   | 10916                         | 372.77  |
| GOALPARA.                          | 1057                                     | 52.21   | 7401                          | 353.70  |
| DHUBRI.                            | 642                                      | 36.65   | 8302                          | 341.52  |
| GONGAIGAON.                        | 611                                      | 30.75   | 6939                          | 252.71  |
| Total. ;                           | 12035                                    | 720.29  | 132429                        | 7056.64 |

Source: Annual report of PCB, 1992 & 1993

(Cont d. P/44).

TABLE NO. - 14.

PARTICIPATION IN POVERTY ALLEVIATION PROGRAMME.:

During the year 1979, the Integrated Rural Development Programme (IRDP) was introduced in all <sup>the</sup> three districts, ~~i.e.~~ of Kamrup, Goalpara and Darang. The basic objective of the programme is to provide full employment through productive programmes in selected areas and to rise the income level of <sup>a</sup> ~~The~~ identified target groups <sup>of people</sup> consisting <sup>of</sup> small, <sup>and</sup> marginal farmers, share croppers etc. Initially the number of Development Blocks covered under the programme was 12 each in Goalpara and Kamrup districts and 2 Blocks in Darang district. Now the area covered by the bank under such programmes have outstanding <sup>Substantially</sup> increased. Apart from IRDP <sup>and</sup> (including TRYSEM), there are <sup>separate</sup> programme for development of SC/ST, Other Backward Classes, <sup>viz.</sup> CAPART, ICRDP etc. A substantial part of the total advance <sup>goes</sup> goes to IRDP. For instance, during the year 1992-93 the disbursement under IRDP was to the tune of Rs. 2.30 crore in 5541 borrowal accounts, <sup>and</sup> accounting for 46.04% <sup>in account numbers</sup> and 31.96% <sup>in amount</sup> of total loans disbursed during the year. Under IRDP, the share of SC/ST and Women beneficiaries were Rs. 0.87 crore in 2105 accounts and Rs. 0.62 crore in 1496 accounts respectively. Achievement against target under IRDP was 78.35% (in account numbers) and 66.58% (in Amount). Performance under IRDP for the years 1990 to 1993 is presented in Table No. - 14.

(Contd. P/45).

TABLE NO.-14.

| PERFORMANCE UNDER IRDP (1992-93) |                      |        |             |        |                  |         |              |         |
|----------------------------------|----------------------|--------|-------------|--------|------------------|---------|--------------|---------|
| YEAR.                            | TARGET.              |        | ACHIEVEMENT |        | % of ACHIEVEMENT |         | OUTSTANDING. |         |
|                                  | (Amount in Rs. lakh) |        |             |        |                  |         |              |         |
|                                  | A/C.                 | Amount | A/C.        | Amount | A/C              | Amount. | A/C.         | Amount. |
| 1990-91                          | 10263                | 480.46 | 8066        | 314.07 | 78.59            | 65.37   | 52024        | 1527.91 |
| 1991-92                          | 10400                | 416.00 | 6168        | 360.70 | 88.15            | 86.71   | 59355        | 1863.70 |
| 1992-93                          | 7072                 | 345.76 | 5541        | 230.20 | 78.35            | 66.58   | 63134        | 2236.42 |

Source: - Compiled from Annual reports of PAB  
1991, 1992 and 1993

(Contd. P/46)

(Contd. P/47)

The above table reveals that the target achievement and percentage of achievement fluctuates during the period. But the outstanding amount <sup>has been</sup> increasing gradually. <sup>steadily</sup>

The Bank is providing credit to various special programmes imposed by NABARD, such as special foodgrain production programme (SFPP); Pisciculture Development programme, Farm forestry project for Kadam plantation etc. In 1991, performance of the Bank under the SFPP was the highest in the state as it could disburse Rs. 56.63 lakhs against a target of Rs. 11.79 lakh.

*Sources*

AVAILMENT OF REFINANCE.:

The Bank has been availing refinance <sup>facility</sup> from NABARD, SIDBI and sponsoring Bank against various schemes under eligible <sup>schemes</sup> purpose. The total amount of refinance availed during the year 1992-93 was of the order of Rs. 9.86 crore, out of which Rs. 9.61 crore <sup>were</sup> from NABARD and Rs. 0.25 crore from SIDBI against finance of small Road Transport operators. The position of refinance for the year 1992-93 is shown in Table No.-15.

TABLE NO.-15.

| POSITION OF BORROWING. |                            |                                  |                               |                            |
|------------------------|----------------------------|----------------------------------|-------------------------------|----------------------------|
| (Amount in Rs.lakh)    |                            |                                  |                               |                            |
| Name of Institution.   | Outstanding as on 31-03-92 | Refinance availed during 1992-93 | Amount repaid during 1992-93. | Outstanding as on 31-03-93 |
| NABARD.                | <del>18,29,94</del>        |                                  |                               |                            |
| A.Schematic.           | 18,29,94                   | 4,45.93                          | ---                           | 27,75.87                   |
| B.Non-Schematic.       | 5,63.00                    | 5,15.00                          | 3,94.00                       | 6,84.00                    |
| SIBDI (Small RTO)      | 34.90                      | 25.39                            | 14.69                         | 45.60                      |
| UNITED BANK OF INDIA.  | 61.82                      | ---                              | 15.83                         | 45.99                      |
| TOTAL :                | 24,89.66                   | 9,86.32                          | 4,24.52                       | 30,51.46                   |

Source: - Annual reports of PAB. 1992-93

RECOVERY PERFORMANCE.:

The recovery performance of the bank for the years 1990-91, 1991-92 and 1992-93 has been shown in Table No.16.

TABLE NO.- 16.

## RECOVERY PERFORMANCE.

| PURPOSE.                                                                                                | DEMAND. |         |         | RECOVERIES DURING. |         |         | OVERDUES AT THE END OF |         |         | % OF RECOVERIES TO DEMAND. |         |         |
|---------------------------------------------------------------------------------------------------------|---------|---------|---------|--------------------|---------|---------|------------------------|---------|---------|----------------------------|---------|---------|
|                                                                                                         | 1990-91 | 1991-92 | 1992-93 | 1990-91            | 1991-92 | 1992-93 | 1990-91                | 1991-92 | 1992-93 | 1990-91                    | 1991-92 | 1992-93 |
| 666                                                                                                     |         |         |         |                    |         |         |                        |         |         |                            |         |         |
| 1. S.T.Agril<br>Loan.                                                                                   | 426.00  | 613.81  | 302.44  | 32.20              | 376.92  | 49.53   | 391.30                 | 236.89  | 252.87  | 7.59%                      | 61.41%  | 16.38%  |
| 2. Term loan<br>For Agril.                                                                              | 754.27  | 778.03  | 400.05  | 295.20             | 398.48  | 65.89   | 459.07                 | 399.55  | 334.16  | 39.14%                     | 51.22%  | 16.47%  |
| 3. Term loan for<br>Allied<br>Activities.                                                               | 606.87  | 570.80  | 425.45  | 215.91             | 339.44  | 78.75   | 390.96                 | 231.36  | 346.70  | 35.58%                     | 59.47%  | 18.51%  |
| 4. Non Agril.<br>loan (ST & Term<br>loans inclu-<br>ding reedi-<br>ect cash<br>credit &<br>over drafts) | 1060.34 | 1408.09 | 2367.34 | 600.86             | 576.96  | 398.35  | 459.48                 | 831.13  | 1968.99 | 56.67%                     | 40.97%  | 18.83%  |
| TOTAL.:                                                                                                 | 2845.48 | 3370.73 | 3495.24 | 1144.17            | 1691.80 | 592.52  | 1701.31                | 1678.93 | 2902.72 | 40.21%                     | 50.20%  | 16.95%  |

Source: Annual Report of the respective years.

(Contd. P/49).

MANPOWER OF THE BANK.:-

The position of manpower <sup>employed</sup> as on 31st.March,1993 is shown in Table No.-17.

TABLE NO.-17.

| Post.                                         | Senction strength. | Existing Strength. |
|-----------------------------------------------|--------------------|--------------------|
| 1. Senior Manager/Area Manager.               | 11                 | 10                 |
| 2. Office/Branch Manager<br>Field Supervisor. | 390                | 392                |
| 3. Clerk-cum-cashier.                         | 396                | 372                |
| 4. Steno.                                     | 01                 | 01                 |
| 5. Typist.                                    | 08                 | 07                 |
| 6. Driver.                                    | 03                 | 02                 |
| 7. Regular Manager, Messenger.                |                    | 186.               |
| Total :-                                      | 809 *              | 970                |
| * excheding Regular Messenger.                |                    |                    |

The position of Manpower of the Bank as on 31st,March 1992 was 796 which increased to 970 as on 31st.March,1993.

WORKING RESULTS OF THE BANK.:

During the year 1990-91, the bank had been able to earn a net profit of Rs. 4.08 lakhs. But in the subsequent year i.e. in 1991-92, the Bank incurred a net loss of Rs. 3.58 crore, after making all necessary provisions. Again, during the year 1992-93, the bank incurred a net loss of Rs. 3.43 crore.

(Contd. P/51).

The first objective of the case study is to examine the pattern and quantum of advances <sup>to</sup> on agriculture and SSI sectors ~~across the various sections of the people~~ <sup>and</sup> belonging to weaker sections during the period 1989 to 1993.

PATTERN AND QUANTUM OF AGRICULTURAL ADVANCES.:

The bank gives Agricultural loans under two broad headings i.e. short term Agril. crop loan (Agril ST crop) and medium term Agricultural loan (MT Agril.). Under the ST crop loan the bank gives advances for the production of all seasonal crops like Pre kharif, kharif and Rabi. MT agril. loans are being given for various purposes like sinking & deepening of wells and tube wells, Pump set/Oil or electric engines, composite minor irrigation schemes, Tractors/Power Tillers & Agri implements and machinery, plough animals (Bullocks), Land reclamation/development schemes, plantations etc. Apart from these, there are <sup>dairy</sup> ~~diary~~ farming, poultry farming, Piggery & Bee Keeping and Fisheries which are ~~called~~ <sup>also come</sup> activities under the M.T. Agril. loans. Advances given ~~in~~ on agriculture during the period 1989 to 1993 have been shown in table No. 18.

## DISBURSEMENT OF AGRICULTURE AND AMOUNT OUTSTANDING.

| PURPOSE.               | Disbursed during 1.4.89 to 31.3.90 |                 | Disbursed during 1.4.90 to 31.3.91 |                 | Disbursed during 1991 to 1992. |         | Disbursed during 1992 to 1993. |         | Amount outstanding as on 31.3.93. |         |
|------------------------|------------------------------------|-----------------|------------------------------------|-----------------|--------------------------------|---------|--------------------------------|---------|-----------------------------------|---------|
|                        | A/C.                               | Amount.         | A/C.                               | Amount.         | A/C.                           | Amount. | A/C.                           | Amount. | A/C.                              | Amount. |
| 1. Agril ST crop loan. | 2702                               | 93.38           | 4990                               | 161.69          | 2178                           | 97.42   | 909                            | 59.99   | 16274                             | 486.04  |
| 2. Agril & Allied(MT). | 4330                               | 425.13          | 5344                               | 348.44          | 4266                           | 284.76  | 3561                           | 184.62  | 39699                             | 2375.77 |
| TOTAL.:                | 7032                               | 518.51          | 10334                              | 510.13          | 6444                           | 382.18  | 4470                           | 244.61  | 55973                             | 2862.81 |
| Recovery Programme.    | As on June 1989                    | As on June 1990 | As on June 1991                    | As on June 1992 | ---                            |         |                                |         |                                   |         |
| 1. Agril ST Crop loan  | 17.10%                             | 7.59%           | 61.41 %                            | 16.33%          | ---                            |         |                                |         |                                   |         |
| 2. Agril Allied (MT).  | 45.70%                             | 37.55%          | 54.70%                             | 17.52%          | ---                            |         |                                |         |                                   |         |

Source.:- Annual report of 1990-91, 1991-92 & 1992-93 of PGB.

(Contd. P/53).

During the year 1989-90, PGB ~~has~~ disbursed Rs. 518.51 lakh to 7032 small farmers <sup>in the</sup> of 8 districts. The total amount of advance <sup>in the</sup> disbursed among various sectors was Rs. 1270.12 lakh. So, in percentage terms the share of agriculture was 40.82% of the total. <sup>of the</sup> total agricultural advance, Rs. 93.38 lakhs <sup>were for</sup> short term crop loan, given to 2702 farmers and Rs. 425.13 lakhs <sup>were</sup> given to 4330 persons for allied activities i.e. ~~for farming as~~ medium term loan. In the year 1990-91, Rs. 510.13 lakhs were disbursed among 10334 farmers of which Rs. 161.69 lakhs were <sup>for</sup> ST crop loan, given to 4990 farmers and Rs. 348.44 lakhs <sup>were</sup> given as M.T. loan for farming to 5344 farmers. In that year the total amount of loan given to various sectors was Rs. 1301.53 lakh and the share of agriculture in it was Rs. 510.13 lakh which accounts for 39.19%, showing a down ward trend in comparison to the previous year. The share of agricultural credit in 1991-92 was Rs. 382.18 lakh <sup>for</sup> against 6444 number of accounts. Of this total, Rs. 97.42 lakh <sup>for</sup> was ST crop loan disbursed among 2178 small farmers and Rs. 284.76 lakh was given to 4266 persons for farming, as M.T. loan. In percentage terms, the share of agriculture was 46.71% of the total advance. In the year 1992-93, the total amount of advance by the Bank to various sectors was Rs. 720.29 lakhs. The share of Agriculture during the period was Rs. 244.61 lakh which accounts for 33.95%. Of the total agricultural loan of Rs. 244.61 lakh, Rs. 59.99 lakh was short term crop loan disbursed among 909 persons and Rs. 148.62 lakh was medium term loan disbursed among 3561 farmers for farming.

From the above analysis it is observed that the share of agriculture ~~was~~ declined by 1.63 % in 1990-91 financial year from 40.82% <sup>in</sup> of 1989-90 to 39.19% ~~of~~ <sup>in</sup> 1990-91 financial year. The share of agriculture ~~was~~ <sup>increased</sup> raised to 46.71% in 1991-92 showing an increase of 7.52%. The share of agriculture ~~was~~ further declined ~~by~~ <sup>to</sup> 12.76% from the 46.71% <sup>in</sup> of the previous year.

PATTERN AND QUANTUM OF SSI. LOAN.:

Most commonly found small Scale Industries ~~set up~~ <sup>financed</sup> by the Bank ~~by giving loans~~ are - Small Weaving Units , Tailoring & Readymade Grament, Brass Matel units and some Food processing units like bakery etc.

Loans given by the Bank to SSI during the period 1989 ~~to~~ 1993 has been showing in Tabe No.-19.

TABLE NO.- 19.

DISBURSEMENT OF S.S.I. ADVANCES & AMOUNT OUTSTANDING.:

| PURPOSE. | 1.4.89 to<br>31.3.90 |        | 1.4.90 to<br>31.3.91 |        | 1991 to<br>1992 | 1992 to<br>1993 |      | Amount<br>outstanding<br>as on 31.3.<br>93. |             |
|----------|----------------------|--------|----------------------|--------|-----------------|-----------------|------|---------------------------------------------|-------------|
|          | A/C.                 | Amount | A/C.                 | Amount | A/C.            | Amount          | A/C. | Amount                                      | Amount      |
| S.S.I.   | 1135                 | 110.95 | 13.44                | 122.19 | 1238            | 108.27          | 718  | 55.11                                       | 9697 651.06 |

Source : Annual Performance report 1989-90,1990-91,  
1991-92,1992-93.

(Cont d. P/56).

(Cont d. P/57).

The above table <sup>shows</sup> reveals that the amount of loan Rs. 110.95 lakhs against 1135 accounts in 1989-90 ~~was~~ increased to Rs. 122.19 lakh against 1344 number of accounts. But ~~in~~ the amount of loan to SSI decreased to Rs. 108.27 lakhs against 1238 number of accounts in 1991-92. The amount of advance to SSI further decreased to Rs. 55.11 lakhs ~~only~~ against 718 accounts. The amount outstanding as on 31.3.93 ~~was~~ <sup>was</sup> Rs. 651.06 lakhs against 9697 accounts.

From the above informations and field investigation it is observed that PGB has been partially meeting the credit requirements of rural SSI units of 9 districts that comes under its jurisdiction.

(Cont d. P/55).

(Cont d. P/57).

DEPOSIT MOBILISATION.:-

The Bank <sup>has</sup> ~~been~~ able to mobilise deposit ~~at a~~  
~~period growth~~ since ~~mobilise~~ its inception. The total dep-  
osit as on 31-3-93 stood at Rs. 82.18 crores ~~as~~ against  
Rs. 74.82 crores <sup>in</sup> ~~as~~ at the ~~preceeding year~~ <sup>end</sup>, ~~registered~~ <sup>registering</sup>  
a growth of Rs. 7.36 crores in actual terms and 9.84 in  
percentage terms.

The detailed position of category wise deposits  
on March, 1992 and ~~as~~ on March, 1993 is shown in Table  
No. 20.

-: 58 :-

TABLE NO. :- 20.

| Deposit Growth.:      |             |         |             |         |                             |                                    |
|-----------------------|-------------|---------|-------------|---------|-----------------------------|------------------------------------|
| Type of Deposit.      | March 1992. |         | March 1993. |         | % of growth over last year. | % of total deposits as on 31-03-93 |
|                       | A/C.        | Amount. | A/C.        | Amount. |                             |                                    |
|                       |             |         |             |         |                             |                                    |
| Demand Deposits.      | 86919       | 925.90  | 75304       | 886.41  | - 4.27                      | 10.79                              |
| Saving Bank Deposits. | 357757      | 4203.79 | 412321      | 4116.19 | - 2.08                      | 50.09                              |
| Term Deposities.      | 95764       | 2351.92 | 117382      | 3215.67 | +36.73                      | 39.12                              |
| TOTAL.:               | 540440      | 7481.61 | 605007      | 8218.27 | + 9.85                      | 100.00                             |

Source.: Annual Report 1992-93.

The 3rd objective of the study is to examine the extent of rural savings supplied to the weaker sections, in the <sup>form of</sup> ~~from to~~ credit through two selected branches of PGB in Nalbari District. But keeping in view the limited time frame and <sup>in</sup> ~~convenience~~ in collecting data two branches were investigated in Kamrup district instead of Nalbari. These ~~was~~ branches are (a) Kulhati Chessamukh and (b) Ramdia.

REPORT OF KULHATI CHESSAMUKH BRANCH.:

Kulhati Chessamukh is a rural area in the north bank of the Brahmapurta river valley. The place is situated about 45 K.m. away from the Guwahati City ~~and~~ near Hajo.

BRANCH PROFILE.:

- |                                    |                                                                              |
|------------------------------------|------------------------------------------------------------------------------|
| (1) Name of the Branch.            | :- PRAGJYOTISH GAONLIA BANK<br>KULHATI CHESSAMUKH BRANCH.                    |
| (2) Address.                       | :- Kulhati Chessamukh.<br>P.O. Chessamukh.<br>Dist. Kamrup.<br>State. Assam. |
| (3) Year of Opening.               | :- 4th December, 1978.                                                       |
| (4) Population Group.              | :- Semi-Urban.                                                               |
| (5) Employees strength.            | :- 5                                                                         |
| (6) Approximate Office area total. | :- 2000 Squar fit.                                                           |
| (7) Area of the Banking hall.      | :- 900 squar fit.                                                            |

(Cont d. P/60).

TABLE NO.- 21. (Rs. in .000)

8. As on March 1993 :- (i) Total advance Rs. 4093.6

(ii) No. of Account. 626

(iii) Total deposits Rs. 8179.0

(iv) No. of Accounts. N.A.

| Year.    | Savings. | Current. | Fixed. |
|----------|----------|----------|--------|
| Opening. | 10       |          | 16     |

The Kulhati Chessamukh branch of PGB was established in 4th December, 1978. During the opening year the branch covered 19 Villages. After opening of the Ramdia Branch in 1980, total number of Villages come down to 11. Now the branch is covering approximately 60,000 population of 11 Villages.

Since its inception the branch has been able to attract the rural savings. During the opening year the amount of total deposits was Rs. 1600 only which increased to Rs. 81.79 lakh in 1992-93. The accounts wise deposits of the branch has been showing in Table No.- 21.

TABLE NO.- 21.DEPOSIT POSITION OF THE BRANCH.:-

| Year.    | Savings. | Current. | Terms. | Total. |
|----------|----------|----------|--------|--------|
| Opening. | .10      | ---      | .6     | .16    |
| 1990-91  | 3383.0   | 492.0    | 1892.0 | 5767.0 |
| 1991-92  | 3348.0   | 161.0    | 2484.0 | 6493.0 |
| 1992-93  | 4407.0   | 180.0    | 3592.0 | 8179.0 |

DISPENSATION OF CREDIT.:-

Since its inception the branch has been giving loans for Agriculture, Small Scale Industries, Retail Trade/Small business etc. Purposewise disbursement and amount outstanding of the Bank for, last three years have been showing in Table No.- 22.

(Contd. P/62).

Though the Branch has been extending a substantial part of savings in the form of credit to really needy people yet, the credit deposit ratio of the branch is much below the All India norms of 100% for RRBs. The credit deposit ratio<sup>a</sup> of the branch for last three years as follows:-

- (a) In the opening year. - Nil.
- (b) In 1990-91 :- 54%
- (c) In 1991-92 :- 58%
- (d) In 1992-93 :- 54%

— 00 —  
00

Another investigation was made in the RAMDIA BRANCH of PGB, The Ramdia Village is situated in the North Bank of the Brahmapurta Valley and about 60 Km. from Guwahati.

The branch was established in 4th September 1980. This is the only financial institution <sup>in the vast</sup> of the large rural area. The population covered by the branch is 55000 and covering <sup>in</sup> 17 Villages.

BRANCH PROFILE.:-

1. Name of the Branch.: PRAGJYOTISH GAONLIA BANK,  
RAMDIA BRANCH.
2. Address. : RAMDIA,  
P.O.: Ramdia.  
Dist.: Kamrup.  
State.: Assam.
3. Year of Opening. : 4th. September, 1980.
4. Population Group. : Rural.
5. Employees Strength.: 4
6. (i) Approximate office Area.: 3600 squar fit.  
(ii) Area of the Banking hall.: 1200 Squar fit.  
(Rs. in .000)
7. As on March 1993. : i) Total Advance. : 6079  
ii) No. of Account. : 95  
iii) Total Deposits. : Rs. 5810.0  
iv) No. of Account. : N.A.

(Cont d. P/65).

### DEPOSITS OF THE BRANCH

The amount of deposits of the branch for last three years and of the opening year has been shown in Table No.-22.

The Ramdia branch of Pragjyotish Gaonlia Bank is the only financial institution of that <sup>vast</sup> huge area and ~~se-~~ <sup>and it serves</sup> ~~rvine~~ a large number of population.

| Year,   | Opening | Current | Total  | Total |
|---------|---------|---------|--------|-------|
| 1990-91 | 2073.7  | 1731.4  | 3805.1 |       |
| 1991-92 | 4174.2  | 2574.6  | 6748.8 |       |
| 1992-93 |         |         |        |       |

Savings and disbursement of the bank during the period 1990 to 1993 has been showing in Table No.23 &

24.

Source:- Budget Policy of 1991-92 & 93 & 1993.

The above table shows that the total savings of the bank has been increasing during the opening year i.e. in 1990, total deposit was 3805.1 thousand which increased to 6748.8 in 1993.

### DEPOSITS OF THE BRANCH

Purposewise deployment of credit and interest outstanding for the opening year for 1990-93 has been showing in Table No. - 24.

(Cont d.P/66).

(Cont d.P/67).

DEPOSITS OF THE BRANCH.:-

The amount of deposits of the branch for last three years and of the opening year has been shown in Table No.-23.

TABLE + 23.

(Amount in Rs.,000)

| Year.         | Savings. | Current. | Term.  | Total. |
|---------------|----------|----------|--------|--------|
| Opening year. | 90.0     | ----     | 5.0    | 95.0   |
| 1990-91       | 2324.3   | 138.2    | 2309.5 | 2772.0 |
| 1991-92       | 2623.7   | 70.4     | 2752.3 | 5446.4 |
| 1992-93       | 2174.0   | 99 99.0  | 3537.0 | 5810.0 |

Source.:- Ledger Follio of 1991-92 & 93 & 1980.

The above table shows that the total savings of the Bank has been increasing. During the opening year i.e. in 1980, total deposit was Rs. 95.0 thousand which increased to Rs. 5810.0 thousand in 1993.

DEPLOYMENT OF CREDIT.:-

Purposewise deployment of credit and amount outstanding for the opening year for 1990-93 has been showing in Table No. - 24.

(Contd.P/67).

TABLE NO. :- 24.

Purposewise Deployment of credit and Amount *of* outstanding. *certified*

| Purpose.                                    | (Amount in Rs. '000)                   |         |      |                                       |      |       |                                      |        |           |       |      |              |
|---------------------------------------------|----------------------------------------|---------|------|---------------------------------------|------|-------|--------------------------------------|--------|-----------|-------|------|--------------|
|                                             | Disbursed & Amt. ot g. during 1990-91. |         |      | Disbursed & Amt. Ot g. during 1991-92 |      |       | Disbursed & Amt. Ot g during 1992-93 |        |           |       |      |              |
|                                             | A/C.                                   | Amount. | A/C. | Otg. Amt.                             | A/C. | Amt.  | A/C.                                 | Amt.   | Otg. Amt. | A/C.  | Amt. | Otg. Amount. |
| 1. Agril S.T. Crop.                         | 165                                    | 665.3   | 248  | 863.2                                 | 42   | 149.3 | 309                                  | 959.4  | 37        | 118.8 | 307  | 1157.1       |
| 2. Agril M.T. (including allied activities) | 23                                     | 284.7   | 68   | 1958.5                                | 13   | 102.1 | 265                                  | 1881.8 | 8         | 37.8  | 265  | 3369.9       |
| 3. Non-Agril. (including SSI).              | 91                                     | 760.2   | 799  | 4157.2                                | 788  | 365.5 | 1100                                 | 4034.9 | 50        | 451.3 | 1107 | 4826.9       |
| TOTAL.:                                     | 279                                    | 1710.2  | 1115 | 6978.4                                | 843  | 616.9 | 1674                                 | 6976.1 | 95        | 607.9 | 1679 | 8353.9       |

Source.:- Demand collection & ballance register of  
RAMDIA BRANCH.

(Contd.P/68).

In 1990-91 the branch disbursed a total amount of Rs. 1710.2 thousand among 279 beneficiaries. Out of this total, the share of agriculture was Rs. 950 thousand. In the next year the total amount of credit decreased to Rs. 616.19 thousand and the share of agriculture was Rs. 251.4 thousand. The total amount of credit further decreased to Rs. 609.9 thousand where the share of agriculture was Rs. 156.6 thousand. For the period 1990-93, year wise amount of credit to SSI were Rs. 285.4 thousand in 1990-91, Rs. 89.0 thousand in 1991-92 and Rs. 277.8 in 1992-93.

The credit deposit ratio of the bank has been showing below.

- |                        |      |
|------------------------|------|
| (a) In opening Year.:- | Nil. |
| (b) In 1990-91. :-     | N.A. |
| (c) In 1991-92. :-     | 54%  |
| (d) In 1992-93. :-     | 58%  |

The Credit deposit ratio of the branch is <sup>much</sup> ~~March~~ below <sup>use</sup> stipulated <sup>norm</sup> amount of 100% for RRBs.

---

N.A.:- Data not available,

From the analysis of performance of the two select branches i.e., the Kulhati Chessamukh and the Ramdia Branch we can also guess<sup>the</sup> about performances of other branches of PGB, located in rural areas. No doubt branches have been able to mobilise more saving from the rural elite but their credit deposit ratio should be enhanced.

(Cont d. P/70)

The fourth and last objective of study is to make an investigation in to the ~~problems like, organizational, operational and mounting overdues that confornting by PCB.~~ <sup>problems,</sup>

With a board of directors at <sup>open</sup> level consist<sup>ing</sup> of ~~efficient~~ Nominees of Govt. of India(two), Govt. of Assam(One), Sponsor bank(four) and ~~with are skill General Manager~~ PCB has ~~been holding~~ a good administrative staff. It has three area offices and they look<sup>ing</sup> after 132 branches of seven districts. PCB has altogether 172 branches. Out of ~~this~~ <sup>ex</sup> total number of ~~branches,~~ 156 are <sup>in the</sup> rural areas of ~~scatered in for flung~~ rural areas of <sup>in</sup> nine districts ~~owning the faith and corporat-~~ ~~ion of rural people,~~ <sup>are</sup> with a <sup>existing</sup> strength of 970 people of which ten <sup>are</sup> skill senior manager/Area manager, three hundred <sup>are</sup> ninety two officers/Branch mangser/ field Officersupervisor three hundred seventy two clerk-cum-cashier, One stenographer seven typist, two driver and one hundred eighty nine Regular manager, PCB is a well organised Regional Rural Bank.

One of the problems faced by the bank during 1991-92 and 1992-93 <sup>was</sup> ~~is~~ about <sup>the</sup> share capital of the bank. The bank started working with a share capital of Rs. 25 lakh, contributed by the Govt. of India, Govt. of Assam and United Bank of India. to ~~the~~ <sup>the</sup> extent of Rs. 50%, 15% and 35% respectively. The Govt. of India vide their, letter No. F 8(5)/88-PRB dated of 5.10.88 raised the shair capital to Rs. 50 lakh.

The proportionate share of this increased capital was paid by the Govt. of India, <sup>in</sup> during the year 1990-91. Again the share capital was further ~~saised~~ raised to Rs. 75 lakh by the Govt. of India vide their letter No. F3/7/91 PRB Dt. 26-6-91.

(Contd. P/71).

The working <sup>condition</sup> ~~situation~~ on the entire north Eastern Region, particularly in Assam, was not favourable for quite a long period, due to the disturbed law and order situation.

The agitation <sup>at</sup> ~~programme~~ <sup>functioning</sup> ~~launched~~ by different section of the people and extremist activities adversely affected the smooth ~~functioning~~ <sup>operation</sup> in Kokrajhar district, Udalguri sub-Division of Darang district and parts of Sunitpur, Nalbari Barpeta, Dhuburi and Bangaigaon. All these factors ~~where~~ left adverse affect in almost all the aspects of developmental and operational front.

Mounting over dues or poor recovery is the major problem of the banking sector of the country as a whole. Yet, the recovery position of the banks operating in the north eastern region is not <sup>on</sup> ~~as~~ good as in other regions of the country. The recovery position of PGB for four years has been showing in Table No.-25.

RECOVERY POSITION OF P.G.B.:-TABLE No.-25.

(Amount in lakh Rupees).

| Year.<br>(July-June). | Demand.<br>(Total) | Recoveries<br>during the<br>year.<br>(Total) | Overdues at<br>the end of<br>the year.<br>(Total) | % recoveries<br>to Demand. |
|-----------------------|--------------------|----------------------------------------------|---------------------------------------------------|----------------------------|
| 1989-90               | 1244.18            | 513.78                                       | 730.40                                            | 41.30%                     |
| 1990-91               | 2845.48            | 1144.17                                      | 1701.31                                           | 40.21%                     |
| 1991-92               | 3370.73            | 1691.80                                      | 1678.93                                           | 50.20%                     |
| 1992-93               | 3495.24            | 592.52                                       | 2902.72                                           | 16.95%                     |

Source.:- Annual report 1989-90, 1990-91, 1991-92, 1992-93.

The main reasons <sup>for</sup> of poor recovery <sup>are</sup> ~~is~~ natural calamities i.e. flood, disturbed law and other situation in most of the areas of operation and State Govt. announcement of debt relief. Therefore the Agricultural and Rural ~~debt~~ relief scheme 1990 had an adverse impact <sup>a</sup> on the repayment habit of the borrowers. The declaration of ARDR'90 ~~had~~ <sup>this</sup> affected the entire recovery climate and ~~these~~ <sup>caused</sup> had occurred a severe erosion <sup>in</sup> of the repayment ethics of the borrowers.

Significance of Hypothesis.:

The first hypothesis of the study is -

that the PGB has benefited the really poor in the rural areas.

<sup>to</sup> The justify this hypothesis, it is important to <sup>identify the</sup> ~~distin-~~  
<sup>are to be</sup> ~~uish~~ people who <sup>will</sup> be treated as poor. The term poor is a <sup>relative</sup>  
~~comparative~~ concept. The criteria of ~~accounting~~ per capita in-  
come is not the right <sup>indicator</sup> ~~estimator~~ of individual's economic cond-  
ition. Even in the same occupation, income may differ from per-  
son to person due to the differences in skill ~~of work~~. Like wi-  
se, the cost of living index of a country should not be gener-  
alised for all because the consumption pattern of two differe-  
nt region of the same country is not alike. So, it is intended  
to explain whether the PGB has benefited the really poor or not,  
in a very simple manner from the findings of the survey.

<sup>collecting data on</sup> After compiling the income of the beneficiaries, which  
the ~~income~~ were collected <sup>through</sup> in the schedule under the heading D.  
(D. Income from different sources), <sup>we</sup> ~~we have~~ devided the benif-  
iciaries in to five groups, i.e., Poverty Group, Poor Income  
Group, Lower Income Group, Middle Income Group and Higher Inc-  
ome Group. The income pattern of 50 beneficiaries of Chesamukh  
Branch and 50 of Ramdia Branch have been given in the followi-  
ng Table No. 25 and 26.

TABLE NO.- 26.

INCOME PATTERN OF BENEFICIARIES OF RAMDIA BRANCH.:-

| Class Intervale<br>Rs | Population<br>Beneficiaries | %of the<br>Total. | Income group & %<br>of people. |
|-----------------------|-----------------------------|-------------------|--------------------------------|
| Below 4000            | 3                           | 6                 | Below poverty<br>Group (30%)   |
| 4001 - 8000           | 12                          | 24                |                                |
| 8001 - 12000          | 12                          | 24                | Poor income<br>Group<br>(56%)  |
| 12001 - 16000         | 8                           | 16                |                                |
| 16001 - 20000         | 8                           | 16                |                                |
| 20001 - 24000         | 2                           | 4                 | Lower income<br>Group (14%)    |
| 24001 - 28000         | 3                           | 6                 |                                |
| 28001 - 32000         | 2                           | 4                 |                                |
| 32001 - 36000         | ---                         | ---               | Middle Income<br>Group (0%)    |
| 36001 - 40000         | ---                         | ---               |                                |
| 40001 - 44000         | ---                         | ---               |                                |
| 44001 - 48000         | ---                         | ---               | Higher Income<br>Group (2%)    |
| 48001 - 52000         | ---                         | ---               |                                |
| 52001 - 56000         | 1                           | 2                 |                                |
| TOTAL.:               | 50                          | 100%              |                                |

TABLE NO.- 27

INCOME PATTERN OF BENEFICIARIES OF CHESAMUKH BRANCH.:-

| Class Interval. | Population. | % of the Total Population. | Income Group & % of People. |
|-----------------|-------------|----------------------------|-----------------------------|
| Below 4000      | 20          | 40%                        | 62%                         |
| 4001 - 8000     | 11          | 22%                        |                             |
| 8001 - 12000    | 7           | 14%                        |                             |
| 12001 - 16000   | 6           | 12%                        | 30%                         |
| 16001 - 20000   | 2           | 4%                         |                             |
| 20001 - 24000   | 4           | 8%                         |                             |
| 24001 - 28000   | ---         | ---                        | 8%                          |
| 28001 - 32000   | ---         | ---                        |                             |
| 32,001- 36000   | ---         | ---                        |                             |
| 36001 - 40000   | ---         | ---                        | ---                         |
| 40001 - 44000   | ---         | ---                        |                             |
| 44001 - 48000   | ---         | ---                        |                             |
| 48001 - 52000   | ---         | ---                        | ---                         |
| 52001 - 56000   | ---         | ---                        |                             |
| TOTAL.:-        | 50          | 100%                       |                             |

At the current price level the approximate cost of living of a person in rural area is Rs. 20.00 per day, Rs. 6000.00 per month and Rs. 72000.00 per year. But there are some families whose total annual income is even less than Rs. 4000.00 and <sup>hence</sup> living under the poverty line. In <sup>case</sup> the name of assets, few of them have 1 to 3 bighas of cultivated <sup>less</sup> land. So we have taken the class interval at Rs. 4000.00 while distributing annual income of the beneficiaries. Income from all sources upto Rs. 8000.00 ~~and~~ having 2 to 4 persons in the family has been <sup>e</sup>trated as poverty group. Out of 50 beneficiaries of Ramdia branch 15 are found in this group and 31 out of 50 in case of Chesamukh branch. <sup>to be</sup> That is, 30% beneficiaries of Ramdia branch and 62% of Chesamukh branch belong <sup>are the poverty stricken</sup> to the poverty group.

Annual income between Rs. 8001.00 to Rs. 20,000.00 is the poor income group, 56% beneficiaries of Ramdia branch and 30% of Chesamukh branch belongs to this group. Earning sources of this group are agriculture, petty trade and service in Govt. and Private sector. Some of them have small brass metal utensil making unit and some women have their hand <sup>run on</sup>loom in commercial basis.

Annual income from Rs. 20,001.00 to Rs. 32,000.00 is lower income group. Apart from agriculture the other sources of income are, small business, weaving and brass metal units.

Annual income between Rs. 32,001.00 to Rs. 44,000.00 is the middle income group and Rs. 44,001.00 to Rs. 56,000.00 is the higher income group. The main source of earning of these groups are service in the Govt. and Pvt. sector.

From the above two tables it is clear that most of the beneficiaries of the bank belong to the poverty group and the lower income group which are actually deserved for financial assistance. So, the hypothesis is found quite significant.

The second hypothesis of the study is - that the PGB has reduced the existing credit gap in the rural areas.

PGB has been catering a substantial part of rural credit requirement. With 156 rural branches it is covering approximately 2.5 lakh population of 9 districts of Assam. The branch network of branches banks in Assam is still <sup>not satisfactory</sup> very dearth. Most of the rural areas of the state are still unbanked. The existing branches of all scheduled commercial banks and regional rural banks are not proportionate to the existing population. According to the state level bankers committee meeting for Assam, as on 31st March 1994, the average population per bank office in Assam is 18,327. Whereas the stipulated APBO (Average population per Bank Office) is 17,000 per bank Office. In such a situation the PGB is playing an important role in extending the banking facility to the rural people of 9 districts of Assam.

The two select branches where our survey was conducted, have been covering a large number of population. The Kulhati Chesamukh branch is covering about 60,000 population of 11 villages and the Ramdia branch is covering approximately 55,000 people of 17 villages. From this it is obvious that the PGB is partially meeting the rural credit requirements, though not to the complete extent.

Every year the bank receives thousands of applications seeking loan. But few of these <sup>the applicants</sup> receive loan. During 1990-91 number of applications granted was 22149 which is only about 34.6% of total applications. From this it is evident that the PGB is <sup>only</sup> partially successful <sup>full</sup> in reducing the existing credit gap in rural areas that comes under its area of operation.

The third hypothesis is - that the agricultural and SSI sectors are having adequate credit from PGB.

Another question was put to the beneficiaries - whether the amount of loan was sufficient for their purpose or not. In reply 100% answers were found assertive. Regarding the purposes of loan in the agricultural sector, maximum advances were given to <sup>buy</sup> ~~buy~~ plow <sup>ugh</sup> ~~ugh~~ bullock and some for piggery and poultry in the farm sector. In the SSI sectors brass metal utensil making units and weaving are ~~in~~ the main <sup>beneficiaries</sup>.

(Contd. P/80)

Obviously it is not possible for a single regional rural bank to meet the total demand for rural credit. However, PGB has been extending credit facilities to a large extent. From the positive responses of the borrowers it is <sup>observed</sup> that, whatever credit they ~~have~~ <sup>and adequate</sup> received was sufficient for their purposes ~~and adequate~~. The hypothesis is significant.

The fourth hypothesis is - that the PGB has mobilised more savings from the rural elite.

Since its inception, the Bank has been mobilising more savings. The total deposits of the bank in 1978 was Rs. 10.3 lakh and the amount ~~has~~ increased to Rs. 8218.27 lakh <sup>on</sup> till 31st March, 1993. While talking to the customers of the two select branches of the bank it is observed that the depositors who have fair banking habit and term deposit accounts as well as savings deposit accounts are either service holders or businessmen who are financially elite.

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### CONCLUSION.

Poverty in Assam is not due ~~to~~ mainly to assetlessness of rural people, but due to under utilization of the existing production capacity. The economic development of Assam is inseparable from rural development. No amount of investment in heavy industry will help in erasing poverty of the people in rural areas. To develop rural areas, emphasis should be given on agriculture & allied activities<sup>ies</sup> and on small scale industry. It is only by increasing productivity of agriculture, horticulture, livestock, sericulture, farm, forestry, SSI units that income of rural households can be ~~enhanced~~ increased.

To increase the productivity of agriculture, implementation of HYV programme and farmers participation <sup>in</sup> to it is essential. A balanced use of fertilizer, alongwith the use of assured irrigation <sup>can</sup> plays ~~an~~ important role in increasing agri productivity and production. Farmers of Assam have been <sup>increasingly</sup> using fertilizers ~~increasingly~~ <sup>are</sup> and have now more or less fertilizer conscious. Still the consumption of plant nutrient per hectare<sup>e</sup> of gross cropped areas is very low in the <sup>3</sup>State. It is worth mentioning that Assam ranks last among the 17 major fertilizer consuming <sup>6</sup>States of the country.

Credit plays an important role in commercialisation of agriculture and thereby improving standard of living of farmers. Use of capital in farming is therefore an important factor in increasing agri productivity. The increased productivity in turn deserves use of more capital.

(Contd.F/82)

But use of excess capital in traditional or subsistence farming where marketable surplus is absent <sup>may become</sup> ~~will go bad as~~ bad debt due to lack of repaying capacity. The farmers who are adopting traditional methods of agriculture do not produce enough to meet their consumption and seed requirements. They, therefore, have to depend on loans from private money lenders ~~in credit~~ to meet their consumption needs. Under ~~and~~ such conditions, it will not be wise for a credit institution to extend any financial assistance, <sup>as</sup> ~~otherwise it~~ <sup>would</sup> ~~will~~ be a burden on both the farmers & institution.

It is observed that <sup>e</sup>sizeable amount of money as credit has been given to the agricultural sector by the RRBs in the State. Improvement is taking place in this sector, but improvement is rather slow. There is lot of scope for further development in this sector because a substantial part of foodgrains are coming from other states. Emphasis should be given on production of oil-seeds, pulses and HYV paddy in the <sup>a</sup>State. Agricultural department, in this case, as well as Agri Extension wing of Agricultural Universities/Colleges should be strengthened to create more awareness among <sup>t</sup>he farmers so that farmers become familiar with modern methods of production and adopt <sup>scientific</sup> farming <sup>methods</sup>.

Low productivity means low level of income which results in low repaying capacity of borrowers, the impact of which falls upon the credit institutions in the shape of mounting overdues. So, <sup>e</sup>implimentation of HYV programme and farmers participation ~~to in it~~ it is advisable.

Keeping in view the farmer's capacity to adopt modern methods of cultivation etc. Credit plans are ~~supposed to~~ <sup>supposed to</sup> be prepared for each district.

It is observed that while preparing plans these important ingredients are not taken into consideration as a result of which the plans become <sup>target</sup> ~~forget~~ oriented instead of becoming result oriented.

Small scale Industry is the another <sup>at</sup> vital sector of the economy of the state. The <sup>existing</sup> SSI units ~~that existing~~ in the state are of two type. One is consumers durable goods producing units and the other is consumer goods producing unit. The consumer goods producing units have been increased during **last** few years. This is because of **available** rawmaterials and labour. There is ample scope to develop <sup>the</sup> consumer durable goods producing unit. For example brass metal making units of Sarthebari and Silk industry of Suwalkuchi are the traditional <sup>ies</sup> industry of Assam. These profitable and prestigious industries are facing ~~throat-cut~~ competition <sup>from</sup> with the machine made goods of same kind that coming from other industrially developed <sup>states</sup> ~~cities~~ of the country. Modern methods of production is required to increase the productivity of these labour intensive industries.

The major problem <sup>faced</sup> ~~that facing~~ by the RRBs and other credit institutions operating in Assam is the mounting overduss, specially against the agricultural advances.

So, before giving a loan to a farmer his efficiency, managerial capacity and productivity ~~of his plan~~ should be examined properly. Utilization of resources should be carefully supervised by the credit institutions. Banking habits should be enhanced amongst <sup>t</sup> the borrowers through various banking habits promoting programmes.

Adequate supervision and inspection, documentation of securities, guarantees and mortgages should be done properly so that ~~fraudulent~~ credit can be avoided.

Mounting overdues is not the problem of Agri loan alone. Repayment is also negligible in case of other advances, such as SSI, Self Employed <sup>due to</sup> Persons, <sup>alone,</sup> Retailers etc. The reason of low repayment is not <sup>due to</sup> alone the low productivity, but also <sup>the</sup> lack of thrift habit of <sup>the</sup> entrepreneurs. Small borrowers such as rickshaw and thela pullers often find it difficult to repay their instalments ~~at the end of a certain period.~~ Because they can't <sup>not</sup> gather money <sup>through</sup> they earns more than their daily consumption requirements. So, <sup>if</sup> of a daily system of repayment with a small minimum amount is introduced by the credit institution, they will find it easy to repay their debt and it may help both the borrower as well as the credit institution.

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