



History, Growth, Working and Performance of Gujarat State Cooperative Agriculture & Rural Development Bank Ltd. (GSCARDB)

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ABSTRACT

Rural Cooperative Credit system in India evolved into two separate streams for short term credit & long term credit. Long term cooperative credit structure had its beginning in the early 1920s with the establishment of Land Mortgage banks to provide long term loans to farmers to redeem debt on land. First land mortgage bank was established in 1920 in Punjab. The contributions of Agriculture & Rural Development Banks (ARBDs) to the development of Indian agriculture have been quite significant in the post-Independence era. While continuing to promote capital formation in agriculture, these banks started financing rural non-farm sector in 1980s.

Gujarat State Cooperative Agriculture & Rural Development Bank (GSCARDB) was established in 1951 in the erstwhile State of Saurashtra with its head office at Rajkot. Peculiar circumstances responsible for the establishment of this bank were the necessity to have credit agency to provide loan to tenant cultivators to enable them to purchase occupancy rights over the land tilled by them under the Saurashtra land reforms Act 1949. On formation of separate State of Gujarat in 1960, the jurisdiction of this bank was extended to whole Gujarat. The name of the bank was finally restyled appropriately to the present one since 1990. This bank is popularly called as Kheti Bank. The bank is registered under Gujarat State Cooperative Societies Act. Bank has adopted unitary structure with its head office at Ahmedabad, 17 district offices at District headquarters and 176 branches at taluka headquarters are retail delivery outlets dispensing credit to farmers. Responsibility of administration and management is vested in Board of Directors composed of 22 members. Each branch has separate branch committees to control and guide affairs of the branch. Membership is open to all individuals who intend to take loan from the bank. General body of this bank is representative one which is composed of delegates who are elected by members of the bank. Directors of the Board are elected by the Electoral College composed of elected delegates from the District. Bank has adopted production oriented loaning system and it gives loan for productive purposes. Bank also gives loan for non-farm sector. Security of the loan is mortgage of agriculture land and or assets created by loan. Branch committee recommends for final loan approval to District loan committee. Loan's recovery is done by annual equal instalment. Refinance of loan is drawn from NABARD. Bank also accepts term deposits from members. Bank has 6.75 Lakh members with 4318.51 lakh share capital contribution. Reserve and other funds are Rs. 59019.11 lakh. Deposit mobilized outstanding is Rs. 24588.71 lakh. Bank is earning profit and declares dividend for its member's every year. Total loan

disbursed by bank since inception is 439197.28 lakh with loan outstanding of Rs. 53644 lakh. Annual recovery was 31.97 % of demand. Major purposes of loan disbursed are Krishi Vikas Loan, Farm Mechanization and Non-farm Sector Loans.

Maximum loan is disbursed in Mehsana and Junagadh district. Highest recovery is from Rajkot and Mehsana district. Ahmedabad & Bharuch district have highest deposit collection. Bank is having high overdue and NPA. 62.95 % overdue is of more than six year period. Farm Mechanization, Krishi Vikas loan and Rural Housing have registered highest overdue among the loan disbursed by the bank.

The bank needs to chalk out suitable and time bound viability action plans to focus attention towards improving the recovery performance for reducing overdue & NPA. Major areas hampering the progress of GSCARDB shall be tackled with immediate corrective steps. Computerization of bank will greatly increase operational efficiency and services to farmers. Bank shall introduce short term loan products for faster rotation of funds lent.

NAFCARD is apex national level organization of SCARDBs registered under Multi State Cooperative Societies Act, 2002 having registered office at Navi Mumbai.

Keywords: *Agriculture, Rural Development, Credit, Performance, Long-term.*

INTRODUCTION

Agriculture is a key sector in terms of its contribution to both employment and GDP. Agriculture is the primary source of livelihood for about 42% of population. Improved access to inputs such as fertilizers and seeds, as well as better irrigation and credit contributed to a higher average annual growth rate in recent years. The average annual growth rate remained at around 2.88 % during 2014-15 to 2018-19 though with high volatility in different years. During 2020-21 agriculture with a growth rate of 3.4% remained the only sector in the economy which did not contract on account of covid19 impact.

However, India's agriculture sector while employing 42 % of country's work force accounts only for around 17 % of the economy. However in 2020-21 with significant contraction in other sectors, share of agriculture in GDP touched 20 % after a gap of 17 years.

Agricultural policies in India are designed and implemented by a complex system of institutions consisting of Central and State Governments, public agencies such as RBI, NABARD etc. Constitutionally agriculture is a state subject. But Central Government plays an important role in policy formulation at national level and funding State Governments for implementing such policies and programs. Timely availability of adequate credit is fundamental for the success of farming activities. The agricultural credit flow target for the year 2019-20 was fixed at Rs. 13,50,000 crores and against this target the achievement was Rs. 13,92,469.81 crores.

Historically, farmers in India are resource poor who depend heavily on borrowings to facilitate production and smoothening of consumption pattern. Institutional credit was virtually absent till the end of 19th Century though farmers occasionally were given loans by the Government, especially during drought years. The idea of forming Cooperative Societies to give loans to farmers came only in the beginning of 20th Century. This thinking finally resulted in the enactment of Cooperative Credit Societies Act in 1904. Cooperatives gradually became an important source of agricultural credit throughout the country. Rural credit also received the Continuous attention of the Government in the early part of 20th Century. The original Act of 1904 was followed by Cooperative Societies Act in 1912 to give legal recognition to Cooperative Credit Societies. Establishment of Provincial Cooperative Banks, resulting in the creation of 3-tier Cooperative credit structure was another important development during this period. The operations under this 3-tier credit cooperatives structure however, confined to short term loans. At the same time, farmers were in need of long term loans to free their land from prior debts, which claimed a major portion of crops they produced by way of interest on such debts.

BANKING AND FINANCIAL SECTOR PROFILE OF GUJARAT

The total geographical area of Gujarat is 196024 sq. km. It has 33 districts and 250 talukas. It falls in the 13th Agro climatic zone, which is further divided into eight sub-zones. Gujarat has network of 33 Commercial banks (12 public sector banks and 21 private sector banks), two Regional Rural Banks, one State Co-operative Bank, 18 District Central Co-operative Banks, one State Co-operative Agriculture and Rural Development Bank, six Small Finance Banks, one Payment Bank and a number of Urban Cooperative Banks. As on 31 March 2021, total number of branches of all banks excluding Urban Cooperative Banks (UCBs) was 9959 comprising of 3607 rural, 2335 semi-urban, 4017 urban& metro branches.

OBJECTIVES OF THE STUDY

- To know the history, growth and working of the GSCARD Bank.
- To study the financial position and performance of GSCARD Bank.

METHODOLOGY

This study evaluates the financial position and performance of GSCARD Bank. This paper is based on the secondary data which are collected from annual reports of the GSCARD Bank. In addition official website of the bank was also referred to know history, growth, working and performance of the bank. Bulletins released by bank were also considered as a part of data collection. The data collected are of GSCARD Bank for the year 2010-11 to 2020-21 to study the financial position of the bank for last eleven years. Annual data for the year 2020-21 were collected to know District wise loan disbursed, DCB position, recovery percentage and deposit mobilization. Purpose wise overdue and year wise overdue is as on 31st March, 2021 position.

EVOLUTION OF LTCCS

Rural Cooperative Credit System in India evolved into two separate streams for Short Term credit and Long Term credit. The Long Term Cooperative Credit Structure had its beginning in the early 1920s with the establishment of Land Mortgage Banks to provide long term loans to farmers to redeem debts on land. The first Land Mortgage Bank was established in 1920 in Punjab followed by establishment of a large number of such banks in all provinces. The first Central Land Mortgage Bank started functioning in Madras to centralize the issue of debentures and to coordinate the working of Primary Land Mortgage Banks. The Bombay Banking Enquiry Committee (1930) mentioned about the inadequacy of resources of primary credit societies to undertake long term lending and advocated formation of Land Mortgage Banks to meet long term credit needs of farmers. The 1930s and 40s witnessed mushroom growth of Land Mortgage Banks throughout the country without any uniform pattern with regard to their size and operations. The All India Rural Credit Survey Committee recommended reorganization of Land Mortgage Banks with a State level apex body and Primary Land Mortgage Banks at taluka level affiliated to it. The Committee also recommended diversifying their operations into investment credit for agriculture. Central Land Mortgage Banks were established in almost all states during the IInd five year plan which came to be known as State Cooperative Land Development Banks which were renamed as State Cooperative Agriculture & Rural Development Banks (SCARDBs) with further diversification into rural non-farm sector in the 1980s.

The contributions of Agriculture & Rural Development Banks (ARDBs) to the development of Indian agriculture have been quite significant in the post-Independence era. ARDBs played a very important role in improving the productivity of land especially through development of minor irrigation and facilitating farm mechanization in the 1960s and 70s. While continuing to promote capital formation in agriculture, these banks started financing rural non-farm sector projects in a big way in the 1980s and 90s

which helped rural families to increase their incomes substantially through value addition to their produce apart from providing opportunities for alternate employment. It will not be out of place to mention that till the 1980-1990 the ARDBs were effectively the only banks which were engaged in providing investment credit for agriculture. The role of the commercial banks was limited primarily to financing corporate sector in plantation, commercial poultry and dairy units.

The Long Term Cooperative Credit Structure comprises of SCARDBs in 16 States operating either through their own branches at ground level or through Primary Agricultural and Rural Development Banks affiliated to the state level Apex. In Andhra Pradesh, the SCARDB was merged with Andhra Pradesh State Cooperative Bank in 1995 to form an integrated structure. Chhattisgarh State Cooperative Agriculture & Rural Development Bank was also merged with Chhattisgarh State Cooperative Bank in October 2014. In most of the states formed after 1960, State Cooperative Banks also perform investment credit operations in agriculture and rural sectors in the absence of separate structure for Long Term credit.

HISTORICAL BACKGROUND AND WORKING OF GSCARD BANK

This Bank was established by Late Shri Udaybhansinhji (Yuvraj of Porbandar state) in the year 1951 with its Head office of Rajkot in the erstwhile state of Saurashtra as an apex body for providing long term agricultural loans to agriculturists. The name of the bank at the time of its inception was The Saurashtra Central Co-operative Land Mortgage Bank Ltd., Rajkot. Its jurisdiction was confined to the then state of Saurashtra consisting of 5 districts. Saurashtra was merged with Bombay state in 1957 but this bank continued to work as separate institution even in the bigger bilingual Bombay State but its area of operation was limited to the region of Saurashtra only.

Peculiar circumstance responsible for the establishment of this bank were the necessity to have banking agency to provide loans to tenant cultivators to enable them to purchase occupancy rights over the land tilled by them under the Saurashtra Land Reforms Act of 1949. In the initial stage of lending, this bank provided loans amounting to Rs. 2640 million to nearly 56000 tenant cultivators, which enabled them to become owners of the land that had been tilled by them for years. Consequent upon the bifurcation of Bombay state and on formation of separate State of Gujarat in 1960, this bank extended its jurisdiction to the whole of Gujarat State in 1961. In this context the name of the Bank was changed to Gujarat State Co-operative Land Mortgage Bank Ltd. Ahmedabad to confer the jurisdiction suitably to cover whole of Gujarat. Thereafter, the name of the bank was changed in 1965 to correlate its activities from “mortgage banking to developmental banking” for land improvement and accordingly the name “Gujarat State Co-operative Land Development Bank Ltd.” was adopted from 1965.

In the eighties, the bank has started financing for non-farm sector and such other activities allied to rural development. Therefore, the name was finally restyled appropriately to the present once since 1990 and currently known as “Gujarat State Co-operative Agriculture and Rural development Bank Ltd.” (GSCARDB). This bank is popularly called as Kheti Bank. (Website: www.khetibank.org)

Organisational Structure

This bank is an apex institution in the co-operative sector in the State of Gujarat for providing investment finance for the development of agriculture and allied activities. It has adopted unitary structure and does its business through the net-work of branches numbering to 176 as credit delivery outlets. It has got 17 district offices to control the working of branches and to ensure the advantages of decentralized administration. Its registered office is at Ashram road in Ahmedabad, Gujarat. This bank has head office at the state level and branches at each taluka headquarters level. Head office functions through seventeen district offices located at district headquarters.

Legal Entity

This Bank was registered as a co-operative institution to provide long term agricultural loans to farmers under the provisions of Bombay State Co-operative Societies Act of 1925. Thereafter it was re-registered under Gujarat Co-operative Societies Act, 1961 which repealed Bombay Act. Bank has got its own by laws approved by the Registrar of Co-operative Societies for managing its internal affairs and the same are amended from time to time as per needs. Thus this bank is body corporate under the law.

Organisational Management

Responsibility of administration and management is vested in a Board of Directors composed of 22 members, 17 are elected by the representatives of members of the Bank one each from 17 Districts, and 3 directors are State Government nominees including Registrar of Co-operative Societies (RCS) – Gujarat State, one representative of State Co-operative Bank and the Managing Director of the GSC ARD Bank. Thus total numbers of members of the Board of Directors are 22. This Board meets quarterly to decide policy affairs of the bank. Different Committees have been formed from amongst the members of the Board such as Executive Committee, Loan Committee and Administrative & Staff Committee, Audit Committee etc. These Committees meet as and when required for the work delegated to them. Managing Director of the bank is appointed by the board in consultation with the State Government. He is the Chief Executive of the bank and an ex-officio member of the Board of Directors. Term of office of the members of the Board of Directors is for the period of 5 years and a new board is constituted on the expiry of the term. Bank is equipped with administrative machinery consisting of senior management, middle level management and junior level staff of different categories posted at head office, district offices and branch offices of the bank.

Branch Committees

As the structure of the Bank is unitary, Branch Committees are also formed at each branch to control and guide the affairs of the branch. It is composed of elected members among the Shareholders of branch. Term of office of these committees is for a period of 5 years. The number of members of branch committee ranges from 4 to 8 depending on number of Shareholders of branch. These committees are useful to avail the benefits of local leadership and it is essential in democratic framework of an organization. This bank derives the benefits of local leadership as envisaged in a federal structure.

Membership and General Body of the Bank

Membership is open to all individuals who intend to take loan from the bank. Institutional membership is also allowed to firms, societies, co-operative institutions etc if they desire to take loan for the development of agricultural and allied activities. Bank gives loans only to its members and hence non-borrowing membership is not allowed. Generally the members of co-operative institutions constitute its general body but the General Body of this Bank is representative one which is composed of delegates who are elected by members of the Bank. These delegates numbering 500 as fixed by the bylaws of the Bank are elected branch wise from amongst the members of the bank enrolled at branch membership register. Term of office of the delegates to general body is for the period of 5 years. District Directors to the Board are elected by the Electoral College composed of elected delegates from the District. Thus directors of the bank are indirectly elected by the members of the Bank at large.

Loan Policy and Project Approach

Bank has adopted production oriented loaning system and it gives loans only for productive purposes since 1954 which enables the farmers to get sustained rise in his farm output. Bank grants loans to farmers if the loan propositions is found economically viable and technically feasible. Loans are

approved on the basis of repaying capacity arrived at after considering the economic feasibility of loan proposition by calculating the net incremental income expected to be generated from the proposed development on land under project approach. Various norms have been evolved to judge the repaying capacity and economic feasibility per hectare of land for a given proposition. Such norms save time in appraising individual loan application and maintain uniformity also. If the loan proposal involves big amount such as loaning for tube well, tractor, lift irrigation, market-yard, etc. individual appraisal is made to judge the economic feasibility without resorting to norms. Bank gives loans for about 61 different broad purposes of loan-all for the development of agriculture and allied agriculture activities. The Bank also gives loans for non-farm sector which includes loaning to rural artisans, handicraft etc. Loan for rural housing, medium term Krishi Vikas Loan, Cash Credit Loan are also available to farmers. Period of loan is decided on the basis of economic life use of the assets created out of loan coupled with repaying capacity of the intending borrower as per guidelines received from NABARD from time to time. Security of loan is mortgage of agriculture land and or assets created by loan.

Loan Sanctioning Procedure

Intending borrower submits his loan application in a prescribed form duly filled & signed with copies of necessary revenue records and other required papers to the branch concerned under whose jurisdiction his land is situated. Thereafter the spot inspection is carried out by Branch Manager/Supervisor to verify the nature of proposed improvement, economic feasibility and technical viability, repaying capacity of applicant and title of the land to be taken as mortgage. Branch Manager/ Supervisor if satisfied about all these aspects for loan approval, recommends the loan to be sanctioned to Branch Committee which recommends it and forward such loan cases to District Loan Committee for final sanction. After getting sanction from the District loan Committee, the applicant is informed about the terms of sanction and loan amount is disbursed after the mortgage deed is executed. Bank gives payment of loan directly to the dealer, suppliers of machinery, the contractors who carry out the work or to borrowers after verifying the bills to ensure proper utilization of loan. Moreover after the loan is disbursed the end use is verified by conducting re-inspection to ensure its proper utilization. Generally the loan application is disposed of within 15 to 21 Days. The Bank has simplified its loan procedure from time to time and powers of sanction are also decentralized by conferring the same to District Loan Committee since 1976.

Recovery Procedure

Bank's loan was recovered by annual equated instalments comprising of principle as well as interest but since 1988 it was replaced by annual equal instalments. Due date for repayment of yearly instalments is fixed on the basis of harvesting time of crops and accordingly 31st January is fixed for those loaners taking Kharif crop while 31st March is kept for those borrowers who are taking Rabi crops. Now uniform due date is fixed as 31st March for yearly instalments. 31st May and 30 November is fixed as due date for half yearly instalments (KVL-NFS loans). The Demand Statements are prepared every year or half yearly at the branch level and demand collection notices are issued to each loaner well in advance before instalments due date. Many loaners are regular in their repayment While, some of them are to be contacted to persuade them to repay due instalments by launching recovery drive. If the loaner does not repay the yearly instalment on or before due date, he becomes defaulter and legal action can be taken against him under the provisions of Gujarat Co-operative Societies Act. There are mainly two provisions to collect recovery under the Act. One provision is sell of mortgaged properties by special recovery officer (SRO's) as well as forfeiture of other movable property and its auction by revenue authorities on the strength of certificate issued by District Registrar to recover the defaulted amount as arrear of land revenue. Another provision is sell of mortgaged property after following due procedure of auction by bank's own staffs who are delegated the powers of sales officer. As the Bank is financing for agricultural and allied agricultural

activities which is mostly dependent upon vagaries of nature, the repayment of loan naturally becomes uncertain. There are many reasons for the default in loan repayment and there by the increase in over dues. Recovery is a combined effect of various factors' such as drought, natural calamities, poor rural economy, wilful defaults, lack of supervision and timely contact with the borrowers, in fructuous investment, misutilization or underutilization of loan, defective lending system, non-remunerative price of agricultural produce, lack of coordinated recovery drive etc. Bank is doing its utmost to recover defaulted loans and to tackle the problem of over dues for smooth recycling of fund.

Financial Resources

Bank raises its financial resources by availing refinance from NABARD in the form of loan. Other source of fund is share capital which is subscribed by Bank's loaned members. It is compulsory for the loaner to hold banks share to tune of 5 per cent of loan amount. Bank also accepts fixed deposits to raise its fund. Generally Bank finds no difficulty in raising the resources but it has to work in accordance with the financial discipline as imposed by RBI/NABARD and to take utmost care to ensure the recycling of scarce financial resources. Bank raises funds from NABARD through Loan system as refinance for the 5 years against State Government guarantee. Bank may also avail loan from NABARD through pledge of fixed deposits Receipt in absence of Government Guarantee. Balance of the proportionate matching contribution is given by Government of India & Government of Gujarat in form of Debentures. Recovery of loans also contributes to the financed resources of the bank.

Fixed Deposit Scheme

The Bank has introduced the scheme of accepting term fixed deposits from 1991-92. Bank accepts deposits from publics, members, societies, trust. 0.50% additional interest is given to the employees of the Bank & senior citizen on their fixed deposit in the bank. Bank disburses loan to the farmers against mortgage of their agricultural land. Thus, the fixed deposits mobilized by the bank are fully secured.

Supervision - Inspection & Audit

Bank has got its own inspection department at Head office to supervise the working of the branches. Moreover district offices also carry out the half yearly inspection of branches. NABARD conducts voluntary inspection of the Bank every year and issue inspection report along with findings with reference to financial position of the banks to strengthen the performance of bank. Concurrent audit of the banks head offices, district office & branches is conducted by Joint Registrar (Audit) on quarterly basis. Audit of the bank is also conducted by Chartered Accountant firm among NABARD's approved panel.

Loan Purposes

GSC ARD Bank gives loan to the farmers for following broad purposes

Construction of new well/repairing- Deepening of old well, Installation of pump set with oil engine/electric motor/Submersible Pump, Construction of deep tube well, Lift Irrigation, Installation of pipelines (Cement/PVC), Sprinkler irrigation/Drip Irrigation, Milk animals (cow, buffalo, goat, sheep), Construction of milk house for Milk Producers Society, Dairy development-dairy plant and dairy expansion, Construction of cattle shed, Construction of farm house and rural godown, Development of fodder land and fodder cultivation, Gobar gas plant/biogas plant, Plantation of coconut, mangoes, sapota (chiku), guava, bananas and other horticultural crops, Purchase of tractor, power tiller, trailer and other implements, Purchase of opener/thresher, harvester, Land levelling, construction of kyari, contour bunding and such other land improvement works, Wire fencing for crop protection, Construction/expansion of buildings for Agriculture Produce Market Yards (APMC), Construction of cold storage, Construction of roofs for preserving onions, Construction of rural godown for Co-operative Societies & individuals,

Purchase of bullocks, bullock cart, and camel cart, Poultry farming, Fisheries, Farm forestry, Development of waste land, Development of cottage, village industries and handicrafts, Rural & Urban housing, Medium term Krishi Vikas Loan, Higher education loan, Non-farm sector activities like food processing industries, cottage industries, quarries, SRTO etc., Road Transport Vehicles, Cars/Trucks, Consumer Loan :- For purchase of T.V., Washing machine, Refrigerator, Flour mill, Computer/Lap Top, Furniture items etc., Cash Credit Loan, Green House, Electric Connections estimate payment, Solar power pump, Solar light. Bank gives loan to farmers for more than 300 purposes related to Agriculture, Allied Agriculture & Non – Farm Sector.

Financial Position and Performance of GSCARD Bank

Table 1 : Financial Position of Last Eleven Years

(Rs. in Lakh)

Year	Share Holders/ Members (In Lakh).	Share Capital	Reserve & Other Funds	Fixed Deposit Mobilized	Profit	Dividend Declared %
2010-11	6.75	4456.47	15337.86	13288.00	3711.49	12.00
2011-12	6.74	4388.51	43314.67	15213.61	3752.42	12.00
2012-13	6.76	4448.47	46745.57	20558.79	3751.60	12.00
2013-14	6.73	4543.13	49746.65	22019.30	2349.97	12.00
2014-15	6.73	4562.09	51290.16	24238.19	2406.15	12.00
2015-16	6.73	4523.67	52762.30	24781.87	2087.46	12.00
2016-17	6.73	4563.35	53901.51	27200.71	1804.82	12.00
2017-18	6.73	4590.85	54874.65	26078.30	2100.13	10.00
2018-19	6.74	4532.39	56022.41	27041.55	2101.52	10.00
2019-20	6.75	4450.98	57086.39	26711.86	2525.02	12.00
2020-21	6.75	4318.51	59019.11	24588.71	1290.92	12.00

Source : Annual Reports of GSCARD Bank.

The Table-1 shows financial position of GSCARD Bank during last eleven years. Membership, paid up share capital, fixed deposits and profit shows a fluctuation trend. The reserve and other funds are increasing over the last eleven years. Dividend paid to members is 12 % on their share capital contribution remains same except for the year 2017-18 & 2018-19 which was declared @ 10 %. The overall financial position of GSCARDB shows a mixed trend during the last eleven years. Total membership holders as on 31 March 2021 are 6.75 lakh. Paid up share capital tuned to 4318.51 lakh, reserve & other funds are 59019.11 lakh, fixed deposit outstanding is 24588.71 lakh and profit made by the bank is 1290.92 lakh. The trend in deposit is an indication that the GSCARDB Bank is unable to maintain the deposits steadily. The reserve & other funds increased from Rs. 15337.86 lakh to 59019.11 lakh.

Table 2 : Advances, loan outstanding, recovery, overdue of last Eleven years

(Rs. in Lakh)

Year	Advances During The year	Total Loan Disbursed	Loan out Standing	Demand	Collection (Recovery)	Overdue (Balance)	% of Recovery
2010-11	14341.51	279013.46	55894.69	63704.49	27882.57	35821.92	43.77
2011-12	17861.80	296875.26	55990.33	59167.70	26091.33	33076.37	44.10
2012-13	19008.81	315884.07	57984.36	54030.98	24894.66	29046.32	46.24
2013-14	17750.83	333634.90	58247.75	54126.54	23268.07	30858.47	42.99
2014-15	17761.95	351396.85	57805.85	57423.59	24784.34	32639.25	43.16
2015-16	15395.37	366792.22	57285.60	55619.19	21506.86	34112.33	38.67
2016-17	14256.36	381048.58	26230.40	57289.33	19580.72	37708.61	34.18

2017-18	17763.00	398811.58	57385.78	60383.52	22373.55	38009.97	37.05
2018-19	14956.81	413768.39	57520.68	59183.94	19323.76	39860.18	32.65
2019-20	13652.31	427420.70	56001.13	61339.49	2129.49	40090.00	34.64
2020-21	11776.50	439197.28	53644.00	59347.58	18971.01	40376.57	31.97

Source : Annual Reports of GSC ARD Bank.

It is evident from Table-2 that advances for the year 2012-13 was highest during last eleven years. Trend of credit disbursed annually during period of study is fluctuating. Lending to farmers is the major activity of GSCARD Bank. It is noteworthy that GSCARDB is not able to increase their lending consistently. This is a serious issue to be addressed by bank. The total loans outstanding of GSCARD Bank is showing reducing trend, instead of increase in loan outstanding's. Thus we find that reducing loan outstanding is a big challenge for the GSCARD Bank. The term demand consists of overdue demand and current demand which includes due principle and interest. The GSCARDB requires taking necessary initiatives to collect the demand before it results in overdue to control NPA. Increase in overdue results in negative impact over the profitability position of the GSCARD Bank. The Demand, Collection, Overdue (Balance) and percentage of recovery of demand during last eleven years is given in Table-2.

It is seen that overdue of the bank is on higher side, thus low recovery percentages is big challenge for the bank to overcome it.

Table 3 : Purpose wise total Loans Disbursed by GSCARD Bank Since Inception till 31-03-2021

(Rs. in Crores)

Sr. No.	Broad Purposes	Number of Borrowers	% of Borrowers	Total Loan Amount	% Loan Amount
1	New wells, Tube Wells, Old wells, Bore wells	343585	41.30	195.73	04.46
2	Oil Engine, Electric Motors, Lift Irrigation, Machine Rooms, Pipeline	258673	31.10	180.22	04.10
3	Farm Mechanization (including Tractors)	78302	09.41	1309.14	29.81
4	Milk Animals and other Dairy Development Schemes	34207	04.11	277.08	06.31
5	Land Improvement and field channels in command areas (in irrigated areas)	NA	NA	32.97	00.75
6	To Tenants under tenancy Act for purchase of land occupancy rights	NA	NA	5.98	00.14
7	Medium Term Krishi Vikas Loan	75210	09.04	1445.17	32.90
8	Cash Credit Loan	2706	00.33	30.46	00.70
9	Social debt Loan	3447	00.42	63.87	01.45
10	Others purposes including NFS – Non Farm Sector Loans	35708	04.29	851.35	19.38
	Total	831838	100.00	4391.97	100.00

Source : Annual Reports of GSC ARD Bank.

NA = Figures not available

Table-3 furnishes the information on purpose-wise total loans disbursed by the GSCARD Bank since inception till 31 March 2021. It is evident from Table-3 that majority of loans disbursed are of long term in nature which contributes to 67.10 %. The medium term Krishi Vikas loan contributes 32.90 % of total loan disbursed till 2021-22. Maximum borrower 343585 (41.30 %) have availed loans for the

purposes like construction of new wells, tube wells, deepening of old wells which contributes 04.66 % of total loan amount. Maximum borrowers availed loan for these purposes but as the unit cost is less the total amount of loan borrowed is comparatively meagre in terms of percentage. Second highest borrowers numbering to 258673 (31.10 %) availed credit for oil engine, electric motors, life irrigation, machine rooms and pipelines loans. 78302 borrowers (09.41 %) had taken loan for farm mechanization including tractors & implements amounting 1309.14 crores (29.81 %). 75210 borrowers are provided credit for Krishi Vikas loan which contributes 09.04 % of total borrowers. 35708 borrowers (04.29 %) had taken loan for non-farm sector purposes amounting to Rs. 851.35 crore (19.38 % of total loan dispensed).

**Table 4 : District wise loan disbursed, DCB, NPA & Deposit Mobilization
As on 31st March 2021**

Rs. in Lakh

Sr. No.	District	Loan Disbursed	Demand	Collection Recovery	Balance Overdue	Recovery %	Deposit Mobilization
1	Mehsana	1729.47	5331.49	2980.85	2350.64	55.91	1519.81
2	Banaskantha	294.55	5367.13	610.35	4756.78	11.37	600.03
3	Sabarkantha	1406.13	6498.25	2199.25	4299.00	33.84	1991.86
4	Panchmahal	513.02	1620.17	525.51	1094.66	32.44	521.03
5	Vadodara	747.95	3432.50	1082.33	2350.17	31.53	2393.39
6	Bharuch	316.67	2906.22	616.35	2289.87	21.21	2646.75
7	Valsad	79.38	488.34	107.69	380.65	22.05	823.44
8	Surat	278.99	1504.33	482.08	1022.25	32.05	937.18
9	Kheda	885.09	3863.24	1398.11	2465.13	36.19	1638.08
10	Ahmedabad	561.88	1965.33	840.43	1124.90	42.76	2869.92
11	Bhavnagar	361.29	4759.78	897.38	3862.40	18.85	1180.17
12	Amreli	628.24	1989.32	962.24	1027.08	48.37	1726.09
13	Junagadh	1585.19	4739.39	2220.09	2519.30	46.84	505.29
14	Rajkot	805.63	2306.22	1455.06	851.16	63.09	1862.14
15	Jamnagar	911.01	2952.57	1502.66	1449.91	50.89	1708.36
16	Surendranagar	482.48	3806.18	680.50	3125.68	17.88	495.95
17	Kutchh	189.53	5817.12	410.13	5406.99	7.05	276.23
Total		11776.50	59347.58	18971.01	40376.57	31.97	23695.72
						Head Office	892.99
						Grand Total	24588.71

Source : Annual Reports of GSC ARD Bank.

Table No.-4 presents district wise loan disbursed, DCB, NPA & deposit mobilization position during the year 2020-21. Branches are supervised and monitored by 17 district (regional) offices of the GSCARD Bank located at 17 district headquarters. Highest loans during 2020-21 are disbursed by Mehsana, Junagadh and Sabarkantha district. Valsad, Kutchh and Surat districts are on last three positions in terms of loan amount disbursed. Demand, Collection and Balance Overdue position of all 17 districts is viewed in the table-4. Highest recovery in terms of percentage is made by Rajkot, Mehsana and Jamnagar district. Among the districts, Ahmedabad, Bharuch and Vadodara reported first three positions in deposit mobilization during the year 2020.21.

**Table 5 : Statement showing the year wise overdue
As on 31st March 2021**

Rs. in Lakh

Sr. No.	Year	No. of Accounts	Interest	Principle	Total	Percentage Overdue
1	Less than One year	3429	404.36	1773.48	2177.84	05.39
2	One year	1268	334.09	920.48	1254.57	03.11
3	Two year	1574	440.05	1771.40	2211.47	05.48
4	Three year	1312	416.03	1801.14	2217.17	05.50
5	Four year	1131	384.09	1498.89	1882.98	04.66
6	Five year	1341	470.61	2033.98	2504.59	06.20
7	Six year	1293	619.39	2090.33	2709.72	06.71
8	More than Six year	17127	7509.01	17909.24	25418.23	62.95
	Total	28475	10577.63	29798.94	40376.57	100.00

The above Table No.-5 indicates year wise (Age wise) overdue of the GSCARD Bank at the end of 31 March, 2021. This classification is made to know the age wise overdue. It is seen that total overdue of the bank is 40376.57 lakh of which 10577.63 lakh contributes interest overdue and Rs. 29798.94 lakh is principle overdue. Maximum overdue (25418.23 lakh) is of more than six year old which covers 62.95 % of total overdue amount. Overdue shall be tackled immediately to reduce NPA and increase in recovery.

**Table 6 : Statement showing the purpose wise overdue
As on 31st March 2021**

Rs. in Lakh

Sr. No.	Purpose	No. of Accounts	Interest	Principle	Total	Percentage Overdue
1	Minor Irrigation	3116	459.66	887.47	1347.13	03.34
2	Farm Mechanization	6131	4817.20	9548.56	14365.76	35.58
3	Animal Husbandry	2522	473.94	1609.34	2083.28	05.15
4	Land Development	1136	553.65	1467.08	2020.73	05.00
5	Plantation	76	13.65	31.42	45.07	00.11
6	Market Yard	7	258.08	317.40	575.48	01.43
7	Non-Farm Sector	1645	319.07	1132.88	1451.95	03.60
8	Rural Housing	4319	1818.69	4388.74	6207.43	15.37
9	Institutional	8	28.21	67.31	95.52	00.24
10	Krishi Vikas Loan	6413	1055.83	7979.20	9035.03	22.38
11	Others	3102	779.65	2369.54	3149.19	07.80
	Total	28475	10577.63	29798.94	40376.57	100.00

Table No.-6 reflects the purpose wise overdue of the GSCARD Bank as on 31 March 2021. The bank disburses loans for various purposes. The statement shows overdue amount of major purposes of loan disbursed by the GSCARD. It reveals that out of total overdue of Rs. 40376.57 lakh, 35.58 % overdue is under farm mechanization which is equivalent to 14365.76 lakh. Krishi Vikas loan registered overdue @ 22.38 % amounting to Rs. 9035.03 lakh. 6207.43 lakh overdue is stuck in rural housing loan, contributing 15.37 % of total overdue amount. GSCARD Bank shall strengthen its loan appraisal system to avoid overdue of loan.

Role of NAFCARD in the growth of SCARDBs (LTCCS)

A significant event in the history of Long Term Cooperative Credit Structure (LTCCS) in India has been the establishment of the National Co-operative Agriculture and Rural Development Banks' Federation Ltd (NCARDBF) in 1960. Its acronym is renamed as NAFCARD. It is an apex level organization of Agriculture & Rural Development Bank's at the national level having registered head office at Navi Mumbai and administered under the Multi State Cooperative Societies Act, 2002. Since its inception, the Federation has been playing an important role in the growth of institutions in the sector. It has established effective coordination and promoted understanding among member banks and liaison with Central and State Governments, NABARD and financing agencies of SCARDBs. The total numbers of SCARDBs are 16; of which 7 have federal structure. 7 have unitary structure and 2 have mixed structure (i.e. operating through PCARDBs as well as its own branches)

Activities of the Federation also include organizing Seminars and Workshops, undertaking research studies and formulation of Plans and programs through its Planning, Research and Development Cell, compilation and publishing of statistics of member banks' operations, sponsoring of study teams, coordinating investments in debentures, undertaking special training programs, publicity work, providing guidance and advice on issues relating to operations and governance. The quarterly Land Bank Journal published by the Federation since 1962 has gained considerable popularity. The Federation is also assisting member banks in business development and expansion by designing new products.

Lobbying with the Government for implementing revival package comprising of recapitalization and reforms, guiding SCARDBs in self-driven reform initiatives and guidance and support to member banks in resource mobilization, recovery and Non-Performing Assets (NPA) management, business expansion and diversification continued to be the thrust areas of Federation's activities. (Source: Annual Report of NCARDB Federation)

MAJOR FINDINGS OF THE STUDY

- The GSCARD Bank was established in 1951 as The Saurashtra Central Cooperative Land Mortgage Bank Ltd., Rajkot.
- On formation of separate state of Gujarat in 1960, the bank extended its jurisdiction to the whole State of Gujarat in 1961.
- This bank is popularly known as "Kheti bank" and its current registered name is "Gujarat State Cooperative Agriculture & Rural Development Bank Ltd." (GSCARDB).
- Bank performs rural credit activities through retail delivery outlets from 176 taluka headquarter branches.
- Bank is having Unitary Structure with State level elected Board of Directors for its management.
- Bank provides investment credit facility to its members. Medium term "Krishi Vikas Loan" and Short term "Cash Credit Loan" is also facilitated.
- At the end of 31st March 2021, the total voting members'/ shareholders are 6.75 lakh with Share Capital contribution of Rs. 4318.51 Lakh.
- Bank have Rs. 59019.11 lakh reserve fund.
- Fixed deposit outstanding as on 31st March 2021 is 24588.71 lakh.
- Bank is awarded "A" Audit Class by RCS Audit since 2011-12.
- Bank is registering profit and dividend is paid regularly to its members.
- Annual advances of the bank were 11776.50 lakh and total loan disbursed since inception till 31/03/2021 is 439197.28 lakh.
- Loan outstanding as on 31/03/2021 is 53644 lakh.
- Out of annual demand of Rs. 59347.58 Lakh, Rs. 18971.01 was recovered from loaner farmers which tuned to 31.97 % recovery of demand.

- Maximum loan (32.90 %) was disbursed for Krishi Vikas Loan followed by Farm Mechanization @ 29.81 % and 19.38 % for Non-farm sector.
- Maximum borrowers (41.30 %) have availed loan for New Wells, Repairing of old Wells, Construction of Bore Wells, followed by 31.10 % borrowers who had taken loans for oil engine, electric motors, lift irrigation, machine rooms and installation of pipelines. 09.41 % borrowers have availed credit for Farm Mechanization. (Tractors & implements)
- Highest loan during the year 2020-21 was disbursed by Mehsana and Junagadh district to the tune of 1729.47 lakh and 1585.19 lakh respectively.
- Highest recovery was collected by Rajkot (63.09 %) & Mehsana (55.91 %) district. Highest deposit was mobilized by Ahmedabad and Bharuch district @ Rs. 2869.92 lakh and 2646.75 lakh respectively.
- Overdue & NPA of the bank is very high.
- Total Overdue of the bank is 40376.53 lakh, of which 25418.23 lakh (62.95 %) overdue is more than 6 years old.
- Maximum overdue is of Farm Mechanization (35.58 %), followed by Krishi Vikas Loan (22.38 %).

CONCLUSION & SUGGESTION

GSCARD Bank is rural cooperative credit structure dispensing investment credit to farmers of the Gujarat State through 176 branches as its retail credit delivery units. Bank performs through unitary structure. Powers for the management of the bank are vested with Board of Directors of the bank. Major areas hampering the progress of GSCARD Bank are low recovery, overdue, rising NPAs, lesser growth in loans & advances, limited scope for deposit mobilization, non-availability of Government guarantee, lack of skilled & professional staff, acute shortage of staff, weak internal systems, checks & controls, resource crunch for expansion of Credit, non-computerization, not availability of interest subvention scheme and high number of loss making branches.

Bank requires urgent need of reforms to address deficiencies in its design as a non-resource based institution with the only business of providing term loans to farmers. The GSCARD Bank is required to bestow immediate attention for taking corrective steps to tackle the above major areas of concern for up scaling the business and financial performance. GSCARD Bank need to prepare effective action plans to step up lending, resource mobilization and timely recovery of loan instalments. GSCARD Bank shall seek enhanced support from Government of Gujarat and NABARD.

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