

Role of Chaitanya Godavari Grameena Bank in the Promotion of Agricultural Credit.

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Abstract:

In response to the financial sector reforms, the Indian banking system has moved far away from the conditions and compulsions that were prevailing at the time of advent of regional rural banks (RRBs). The commercial viability of RRBs emerged as the most crucial factor in deciding about their desired role in the emerging economic scenario. During 2005, a committee revisited the issue of restructuring RRBs to improve their viability. Merger between RRBs of the same sponsor bank in the same state; and merger of RRBs sponsored by different banks in the same state. As a sequel, the Chaitanya Grameena Bank was merged with Godavari Grameena Bank. The resultant entity is known as Chaitanya Godavari Grameena Bank (CGGB) during 2006. An attempt is made in this article to review the performance of CGGB in the context of agricultural credit. The focus is on sector – wise disbursement and outstanding advances, targets and accomplishments and credit-deposit ratio (CDR). The period of study spans over the recent decade.

Keywords: Short term agricultural loans (STAL), medium term agricultural loans (MTAL), agricultural term loans (ATL), small industries (SIs), Self Help Groups (SHGs), credit operations and disbursement of credit.

1. Introduction:

CGGB was formed with the merger of Chaitanya and Godavari Grameena Banks on 01.03.2006. The operational area of the CGGB is spread over Guntur, East Godavari and West Godavari districts, Andhra Pradesh (AP). The bank is with 172 branches. Of which, 101 are in Guntur district, 40 East Godavari district and 30 West Godavari district and one extension counter in Guntur district. Out of them, 105 are rural, 52 semi-urban and 17 urban. The authorised capital of the bank is Rs.500 lakhs, divided into 5 lakh fully paid shares of Rs.100/- each. The paid up capital is Rs.200 lakhs, contributed by Govt of India, Andhra Bank and Govt of AP in the ratio of 50%, 35% and 15% respectively.

2. Credit operations:

CGGB accelerates integrated rural development through the provision of adequate and timely credit in its operational area. It covers activities; reaches occupational target groups; extends credit to priority sector; renders assistance to weaker sections for their upliftment; utilises locally mobilised deposits in its operational area and so on. Keeping in line with the importance attached to rural development, the bank has achieved considerable progress in providing finance to farming community, weaker sections and the like

3. Disbursement of credit:

The credit disbursed is as follows:

3.1. Year-wise:

It can be observed that the bank has disbursed Rs. 31,291.99 lakhs in 2007 and progressively increased year after year to reach Rs. 2,52,912.13 lakhs at the end of 2016 (see Table 1). The increment was in the range of 6.60 – 74.07 per cent. There is no decline in the amount disbursed in any year except during 2014 (4.88 per cent) and 2015 (3.69 per cent). The advances to priority sector reveal the same trend. During 2007, Rs. 27,151.82 lakhs were disbursed under priority sector as compared to Rs. 2,33,684.79 lakhs in 2016. There is a gradual growth in the amount disbursed every year except during 2014 and 2015. There is a continuous progress in the non - priority sector leaving 2015 and 2016. The loans disbursed to it were Rs. 4,140.17 lakhs in 2007 as compared to Rs. 19,227.34 lakhs in 2016. The share of priority sector in the total disbursement was 86.77 per cent in 2007 as against 92.40 per cent in 2016. The year

Table 1: Year – wise Disbursement of Loans in the CGGB during 2007-16

(Rs. lakhs)					
Year (1)	Total advances (2)	% of change (3)	Priority sector (4)	Non- Priority sector (5)	% of col (4) to col (2) (6)
2007	31,291.99	-	27,151.82	4,140.17	86.77
2008	37,836.84	20.92	30,819.02	7,017.82	81.45
2009	40,332.62	6.60	30,452.37	9,880.25	75.50
2010	48,342.22	19.86	36,975.71	11,366.51	76.49
2011	68,001.54	40.67	55,299.28	12,702.26	81.32
2012	99,142.28	45.79	83,813.63	15,328.65	84.54
2013	1,58,611.39	59.98	1,36,147.25	22,464.14	85.84
2014	1,50,863.60	-4.88	1,21,146.43	29,717.17	80.30
2015	1,45,292.75	-3.69	1,16,954.12	28,338.63	80.50
2016	2,52,912.13	74.07	2,33,684.79	19,227.34	92.40

Source: Relevant issues of the CGGB, Annual Reports, Guntur.

to year changes are noticeable. The rest is accounted for non – priority sector. In other words, the proportion of non – priority sector has declined as there is no directed lending to it.

3.2. Segregation of priority sector:

Under priority - sector, the bank has disbursed loans for different purposes. Among the purposes, STAL have accounted for a major share ranging between 67.04 per cent and 84.06 per cent during 2007 – 16 (see Table 2). The account of MTAL was in the order of 0.17- 2.53 per cent. Agriculture has claimed a lion’s share. This is due to the fact that a large proportion of population in its operational area is dependent on it. SHGs have ranked second with a proportion of 14.11 – 29.99 per cent. The share of others was in the range of 1.24- 6.26 per cent. SIs has formed 0.19 per cent in 2007 as against 0.05 per cent in 2016. Thus, the bank has disbursed loans under priority - sector for varied purposes. Since agriculture is predominant in the operational area, loans for agriculture and allied- agricultural activities formed more than 75 per cent

Table 2: Segregation of Priority Sector Loans Disbursed in CGGB during 2007-16

Year (1)	STAL (2)	MTAL (3)	SIs (4)	SHGs (5)	Others (6)
2007	21,632.02 (79.67)	407.62 (1.50)	51.06 (0.19)	4,106.44 (15.12)	954.68 (3.52)
2008	24,292.43 (78.82)	644.52 (2.09)	96.88 (0.31)	5,120.32 (16.61)	664.87 (2.16)
2009	20,896.30 (68.62)	588.92 (1.93)	56.70 (0.19)	8,311.00 (27.29)	599.45 (1.97)
2010	24,789.87 (67.04)	258.67 (0.70)	11.39 (0.03)	11,088.93 (29.99)	826.85 (2.24)
2011	43,996.56 (79.56)	615.75 (1.11)	14.13 (0.03)	9,850.29 (17.81)	822.55 (1.49)
2012	61,960.46 (73.93)	2,121.89 (2.53)	42.92 (0.05)	18,648.56 (22.25)	1,039.80 (1.24)
2013	1,14,451.66 (84.06)	267.24 (0.20)	14.43 (0.01)	19,373.66 (14.23)	2,040.26 (1.50)
2014	92,582.81 (76.42)	211.71 (0.17)	34.50 (0.03)	26,301.18 (21.71)	2,016.23 (1.66)
2015	95,512.26 (81.67)	249.29 (0.21)	110.59 (0.09)	16,500.37 (14.11)	4,581.61 (3.92)
2016	1,71,507.52 (73.39)	779.12 (0.33)	108.65 (0.05)	46,658.19 (19.97)	14,631.31 (6.26)

Note : Figures in brackets indicate the percentage to total.

STAL : Short term agricultural loans; **MTAL**: Medium term agricultural loans;

SI: Small Industries; **SHG**: Self Help Groups; Source: As in Table 1.

Of total disbursement. Of them, STAL constitute more than 70 per cent except in 2009 and 2010. The loans for SIs and others are insignificant.

4. Outstanding Advances:

The outstanding advances are given below

4.1. Aggregate and sectoral:

A glance at the **Table 3** shows that the outstanding advances were Rs. 40,615.27 lakhs in 2007 and gradually increased year after year to stood at Rs. 2,62,877.21 lakhs at the end of 2016.

Table 3: Sector - wise Distribution of Outstanding Advances of CGGB during 2007-16

Year (1)	Total (2)	% of change (3)	Priority sector (4)	Non - priority sector (5)	% of col (4) to col (2) (6)
2007	40,615.27	-	36,279.01	4,336.26	89.32
2008	48,438.52	19.26	40,667.98	7,770.53	83.96
2009	57,256.42	18.20	44,674.79	12,581.63	78.03
2010	66,764.11	16.61	52,661.18	14,102.93	78.88
2011	84,741.34	26.93	69,721.93	15,019.41	82.28
2012	1,14,872.95	35.56	98,115.60	16,757.35	85.41

2013	1,43,772.94	25.16	1,22,373.66	21,399.28	85.12
2014	1,85,380.57	28.94	1,56,234.23	29,146.34	84.28
2015	1,99,383.56	7.55	1,70,882.25	28,501.31	85.71
2016	2,62,877.21	31.84	2,43,310.42	19,566.79	92.52

Source : As in Table 1.

The percentage of increase was in the order of 7.55 – 35.56 per cent. The advances to priority sector have also recorded a progressive trend. These were Rs. 36,279.01 lakhs in 2007 as compared to Rs. 2,43,310.42 lakhs in 2016. The outstanding advances of non – priority sector was Rs. 4,336.26 lakhs and Rs. 19,566.79 lakhs in the former and the latter respectively. The share of priority sector in the total advances was in the order of 78.03 - 92.52 per cent. The rest is accounted for non – priority sector. The share of priority sector has crossed the government norm in all the years.

4.2. Segregation of priority sectoral outstanding advances:

Among the purposes, STAL have accounted for a major share ranging between 61.29 per cent and 80.35 per cent during 2007 – 16 (see **Table 4**). The share of MTAL has varied between

Table 4: Segregation of Priority Sector Advances of CGGB during 2007-16 (Rs. lakhs)

Year (1)	STAL (2)	MTAL (3)	Crop loans converted term loans (4)	SIs (5)	Others (6)
2007	23,123.48 (63.74)	1,236.68 (3.41)	4,593.33 (12.66)	160.02 (0.44)	11,501.76 (19.75)
2008	25,121.73 (61.77)	1,093.63 (2.69)	5,140.25 (12.64)	363.81 (0.89)	8,948.57 (22.00)
2009	27,795.15 (62.22)	1,157.40 (2.59)	1,079.44 (2.42)	393.43 (0.88)	14,249.37 (31.90)
2010	32,273.94 (61.29)	1,128.94 (2.14)	329.04 (0.62)	83.38 (0.16)	18,845.88 (35.79)
2011	46,785.17 (67.10)	1,150.33 (1.65)	871.47 (1.25)	100.82 (0.14)	20,814.14 (29.85)
2012	66,726.21 (68.01)	1,224.78 (1.25)	2,382.08 (2.43)	121.32 (0.12)	27,661.23 (28.19)
2013	86,817.02 (70.94)	1,415.56 (1.16)	1,993.41 (1.63)	113.84 (0.09)	32,033.83 (26.18)
2014	125,529.06 (80.35)	1,498.13 (0.96)	2,101.49 (1.35)	129.69 (0.08)	26,975.86 (17.27)
2015	130,626.59 (76.44)	1,494.49 (0.87)	930.19 (0.54)	223.41 (0.13)	37,607.57 (22.01)
2016	1,70,666.34 (70.14)	1,928.21 (0.79)	360.43 (0.15)	320.58 (0.13)	70,034.88 (28.78)

Note : Figures in brackets indicate the percentage to total.

STAL : Short term agri – loans; **MTAL**: Medium term agri – loans; **SI**: Small Industries;

Source: As in Table 1. 0.79 per cent and 3.49 per cent. The proportion of crop loans converted in to term loans was in the range of 0.15 – 12.66 per cent. Agriculture has claimed a lion’s share in the total advances. This is due to the fact a large proportion of population in the operational area is depending on it. The SIs has constituted 0.44 per cent in 2007 as against 0.13 per cent in 2016. In the meanwhile, there are fluctuations. The others have formed 19.75 per cent in 2007 as compared to 28.78 per cent in 2016.

Since agriculture is predominant in its operational area. The agriculture and allied have formed a major share.

4.3. Accomplishments:

The target fixed for outstanding advances was Rs. 36,000 lakhs in 2007 vis-à-vis Rs. 2,40,000 lakhs in 2016 (see **Table 5**). The amount actually disbursed was Rs. 40,615.27 lakhs and Rs. 2,62,877.21 lakhs in the former and latter respectively. The percentage of achievement was the highest at 112.82 per cent in 2007 as compared to 109.53 per cent in 2016. The year 2016 has registered the lowest at, 90.63 per cent. The targets were overfulfilled in 8 years out of

Table 5: Targets and Achievements of CGGB in Outstanding Advances during 2007-16 (Rs. lakhs)

Year (1)	Target (2)	Actual (3)	% of col (3) to col (2) (4)
2007	36,000	40,615.27	112.82
2008	47500	48,438.52	101.98
2009	57,000	57,256.42	100.45
2010	67,100	66,764.11	99.50
2011	83,500	84,741.34	101.49
2012	1,03,500	1,14,872.95	110.99
2013	1,43,600	1,43,772.94	100.12
2014	1,70,000	1,85,380.57	109.05
2015	2,20,000	1,99,383.56	90.63
2016	2,40,000	2,62,877.21	109.53

Source : As in Table 1.

10 years. This may be due to the fact that the targets were fixed either at a higher level or the bank might not have put in concerted efforts to reach them.

5. Credit-deposit ratio:

With a growth in branch network, there has been a steady increase in the deposits and outstanding advances. The deposits mobilized were Rs. 35,669.36 lakhs in 2007 as against Rs.

Table 6: Credit Deposit Ratio of CGGB during 2007-16 (Rs. lakhs)

Year	Deposits	Outstanding advances	Credit-deposit ratio (%)
2007	35,669.36	40,615.27	113.87
2008	43,119.90	48,438.52	112.33
2009	53,801.93	57,256.42	106.42
2010	64,092.91	66,764.11	104.17
2011	75,915.46	84,741.34	111.63
2012	94,941.16	1,14,872.95	120.99
2013	1,13,894.93	1,43,772.94	126.23
2014	1,53,756.00	1,85,380.57	120.57
2015	2,18,620.95	1,99,383.56	91.20
2016	2,73,346.49	2,62,877.21	96.17

Source: As in Table 1.

2,73,346.49 lakhs in 2016 (see **Table 6**). The credit- deposit ratio (CDR) was 113.87 per cent in 2007 as compared to 96.17 per cent in 2016. In the meantime, there are ups and downs. It is more than 100 per cent except 2015 and 2016. This is due to the fact that during 2007-16 funds raised from external sources were deployed in its operational areas in addition to those moped up locally. This is welcome feature. But, the CDR during 2015 and 2016 are unwelcome because the financial resources mobilized in its operational area were spent in other areas.

6. Conclusion:

There is a gradual growth in the amount disbursed every year except 2014 and 2015 during the reference period. The priority sector has accounted for a lion's share in the total disbursement and outstanding advances. The point to be noted here is that the proportion of priority sector has outweighed the norms prescribed by the government. The targets were overfulfilled in almost all the years. The mobilized resources were deployed along with external sources leaving the last two years.

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