



## STATE BANK OF INDIA FOR RURAL DEVELOPMENT (A STUDY OF TWO TALUKAS OF BHARUCH DISTRICT)

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### ABSTRACT

*Rural sector plays a significant role in Indian economy. It employs the maximum number of people. As agriculture and allied sector is considered as an important organ of our Indian economy, it should be developed efficiently. Without any financial assistance, it is not possible to reform the rural sector. As public sector banks have a vast network of branches especially in rural areas, they can play an important role for the rural economy. The paper is an attempt to evaluate the performance of the State Bank of India in rural micro finance in Valia and Jhagadia talukas of Bharuch district. The study also aims to evaluate the socioeconomic conditions of the beneficiary before and after taking the loan. The study is restricted to the State Bank of India of Valia and Jhagadia talukas of Bharuch district only. The study is based on both secondary as well as primary data. Last twelve years' data, from 2005-06 to 2016-17 have been collected from the bank branches for the study purpose. Primary data has been collected through two types of questionnaires, i.e. 1. For the beneficiaries, 2. For the bankers. Analysis and findings are based on these data.*

Key words: *Banks, Rural, micro finance, performance*

### INTRODUCTION

Agriculture sector plays a significant role in Indian economy and it employs the maximum number of people. It is the most important source of national income and also supplies food for the survival of the entire population. Not only this, it also

supplies necessary materials for agro based industries.

As agriculture sector is considered as an important organ of our economy, it should be developed efficiently. For the best efficiency, farmers need modern technology, tools, seeds, pesticides, irrigation facility, properly price and market for the agricultural production etc. Without any financial assistance, it is impossible to reform the agricultural sector. As PSBs have a vast network of branches especially in rural areas, they can play an important role in the development of the economy.

### **OBJECTIVES OF THE STUDY**

The study is designed to fulfill the following objectives:

1. To study the problems in financing and implementation of the loan for what purpose it has been given by SBI in the study area.
2. To study the attitude of the bank officials and beneficiaries on various aspects of financing and its impact.
3. To study the socioeconomic conditions of the beneficiary before and after taking the loan.
4. To compare the performances of SBI branches in the selected talukas.

### **RESEARCH METHODOLOGY**

The study is based on secondary as well as primary data. Secondary data is collected from the branches of SBI from Valia and Jhagadia talukas of Bharuch district. Twelve years' data, from 2005-06 to 2016-17 has been collected and analyzed for the study purpose. The analysis and findings are based on these data.

Primary data are collected with the help of two types of questionnaires (i) Questionnaires for the Beneficiaries and (ii) Questionnaires for the Bank Officials. Total 400 samples (beneficiaries), 100 samples from each branch, have been randomly selected to evaluate the pre and post socio-economic condition and impact of the loan taken by them from the banks. Moreover 34 bank officials reviews are also considered to check their attitude for various aspects of loans and to access the customer services provided by them.

Statistical tools like mean, paired t-test, Wilcoxon Signed Rank test, Kruskal Wallis test and Chi-square are used for the analyses.

### **SCOPE OF THE STUDY**

There are total three banks BOB, SBI and BOI having 14 branches working in the Valia and Jhagadia talukas. As State Bank of India is the leading bank in the country, it has been chosen for the study purpose and branch wise comparison has been done to evaluate the branch wise performance. SBI has total 4 branches in the selected talukas. The study is restricted for SBI in the selected talukas of Bharuch district.

## **CRITERIAS APPLIED FOR SELECTION OF TALUKAS**

Generally it is found that the performance of PSBs for agriculture sector is satisfactory in the semi-urban and big or developed rural areas. It is important to evaluate their contribution for the rural areas. To find out the most backward areas in Bharuch district, the researchers evaluated the eight talukas i.e. Amod, Ankleshwar, Bharuch, Hansot, Jambusar, Jhagadia, Vagra and Valia of the district. For evaluation of the talukas, 24 different parameters are selected, i.e. (1) Number of cultivators, (2) Number of agricultural labourers, (3) Number of Cottage and House-hold industries, (4) Number of other occupation, (5) Employment, (6) Population / Square kilometer, (7) Literacy Level, (8) Backward Population, (9) Number of SSI units, (10) Capital / Unit in the SSI, (11) Number of Medium and Large Scale units, (12) Capital / Unit in Number of Medium and Large Scale units, (13) Road, (14) Irrigation, (15) Number of Villages without Electricity, (16) Number of Agricultural Co-operative Societies, (17) Number of Post Offices, (18) Number of Public Libraries, (19) Desolated Villages,(20) Number of Cities,(21) Villages without Primary School,(22) Total Railway Tracks,(23) Number of Railway Stations,(24) Number of Banks.

It is found that Valia taluka is the most backward taluka, having 13 parameters of backwardness and Jhagadia taluka is the second most backward taluka with 11 parameters of backwardness. Government has also declared these two talukas as the most backward talukas and tribal domain areas in the district. So these two talukas have been selected for the study purpose.

## **MAJOR FINDINGS**

Findings and conclusions are based on both secondary as well as primary data analysis.

## **SECONDARY DATA ANALYSIS**

The comparison of crop loan per account, term loan per account and total agriculture loan per account of different branches of SBI is done with SBI total using Wilcoxon Signed Rank test or paired t-test. If the data follow the normal distribution, paired t-test is used and if the data does not follow the normal distribution, Wilcoxon Signed Rank test is applied.

Table-1 Crop Loan of SBI (Rs. In Lakhs)

Years	SBI-Branches				Total	
		Jhagadia	Avidha	Valia		Netrang
2005-06	A/c	119	184	NA	12	315
	Amt. (Rs.)	160.89	44.36	NA	23	228.25
2006-07	A/c	123	112	NA	21	256
	Amt. (Rs.)	165.72	49.08	NA	22	236.8
2007-08	A/c	130	126	NA	16	272
	Amt. (Rs.)	172.41	99.72	NA	15	287.13
2008-09	A/c	135	100	9	16	260
	Amt. (Rs.)	178.36	93.80	6.69	1	297.85
2009-10	A/c	302	160	34	23	519
	Amt. (Rs.)	209.12	85.13	31.63	12	424.88
2010-11	A/c	415	164	50	16	645
	Amt. (Rs.)	665.45	128.75	109.05	18	921.25
2011-12	A/c	455	179	182	23	839
	Amt. (Rs.)	933.79	137.87	445.77	52	1569.4
2012-13	A/c	556	200	256	51	1063
	Amt. (Rs.)	1229.3	258.19	613.3	140	2240.8
2013-14	A/c	666	241	439	111	1457
	Amt. (Rs.)	1407.15	307.57	992.6	298	3005.32
2014-15	A/c	603	236	386	151	1376
	Amt. (Rs.)	1459.57	493.03	683	375	3010.60
2015-16	A/c	655	339	322	218	1534
	Amt. (Rs.)	1849.5	497	521.89	497.7	3366.09
2016-17	A/c	720	390	535	248	1893
	Amt. (Rs.)	1796	547.13	1273.35	624.94	4241.42

Sources : SBI Branches

The null hypothesis is that there is no significant difference for crop loan per account between any branch of SBI and SBI total.

**Table-2 Wilcoxon Signed Ranks Test (Ranks)**

Pair			N	Mean	Sum of Ranks
<b>Pair 1</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Jhagadia)	Negative Ranks	12 (a)	6.50	78.00
		Positive Ranks	0 (b)	0.00	0.00
		Ties	0 (c)		
		Total	12		
<b>Pair 2</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Avidha)	Negative Ranks	0 (a)	0.00	0.00
		Positive Ranks	12 (b)	6.50	78.00
		Ties	0 (c)		
		Total	12		
<b>Pair 3</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Valia)	Negative Ranks	6 (a)	4.50	27.00
		Positive Ranks	3 (b)	6.00	18.00
		Ties	0 (c)		
		Total	9		
<b>Pair 4</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Netrang)	Negative Ranks	8 (a)	6.50	52.00
		Positive Ranks	4 (b)	6.50	26.00
		Ties	0 (c)		
		Total	12		

a Crop Loan per account SBI (Total) < Crop Loan per account SBI (Branch)

b Crop Loan per account SBI (Total) > Crop Loan per account SBI (Branch)

c Crop Loan per account SBI (Total) = Crop Loan per account SBI (Branch)

Table -3 Test Statistics

Wilcoxon test	Pair 1	Pair 4	Pair 2	Pair 3
	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Jhagadia)	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Avidha)	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Valia)	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Netrang)
<b>Z</b>	-3.059	-3.059	-0.533	-1.020
<b>Asymp. Sig. (2-tailed)</b>	0.002	0.002	0.594	0.308
<b>Asymp. Sig. (1-tailed)</b>	0.001	0.001	0.297	0.154

Table -2 & 3 indicates that there is no significant difference between crop loan per account of SBI (total) and Netrang and Valia branches. The performances of these two branches of SBI are almost the same as SBI (total) with respect to crop loan per account. It is also clear from the table that the performance of Jhagadia branch is better than the performance of Avidha branch.

It can be said that Jhagadia branch has performed very well amongst the four branches of SBI for the disbursement of crop loan per account.

Table – 4 Term Loan of SBI (Rs. In Lakhs)

Years		SBI-Branches				Total
		Jhagadia	Avidha	Valia	Netrang	
2005-06	A/c	37	155	NA	14	206
	Amt. (Rs.)	87.58	66.55	NA	34	188.13
2006-07	A/c	40	168	NA	18	226
	Amt. (Rs.)	91.17	73.61	NA	33	197.78
2007-08	A/c	145	188	NA	14	347
	Amt. (Rs.)	97.5	89.58	NA	25	212.08
2008-09	A/c	40	140	5	22	207
	Amt. (Rs.)	96.45	80.9	1.12	8	186.47
2009-10	A/c	256	239	26	20	541
	Amt. (Rs.)	263.57	127.69	36.44	23	450.70
2010-11	A/c	275	247	32	31	585
	Amt. (Rs.)	457.73	193.13	82.42	90	823.28
2011-12	A/c	238	269	59	48	614
	Amt. (Rs.)	143.94	206.81	149.8	192	692.55
2012-13	A/c	266	301	86	56	709
	Amt. (Rs.)	154.25	387.28	214.66	283	1039.19
2013-14	A/c	257	362	53	232	904
	Amt. (Rs.)	491.69	461.35	147.13	412	1512.17
2014-15	A/c	229	353	126	367	1075
	Amt. (Rs.)	225.36	403.88	887	442	1958.24
2015-16	A/c	260	190	113	304	867
	Amt. (Rs.)	305.41	317	766.76	325.95	1715.12
2016-17	A/c	315	211	103	207	836
	Amt. (Rs.)	437	316	688.12	222.83	1663.95

Sources : SBI Branches

The null hypothesis is that there is no significant difference for term per account between any branch of SBI and SBI total.

Table-5 Mean & Paired samples t test

		Mean	N	t	df	Sig. (2-tailed)
<b>Pair 1</b>	Term_Loan_per_account_ _SBI_ (Jhagadia)	142232.5983	12	0.466	11	0.650
	Term_Loan_per_account_ _SBI_ (Total)	129978.3550	12			
<b>Pair 2</b>	Term_Loan_per_account_ _SBI_ (Avidha)	90650.9708	12	-8.398	11	0.000
	Term_Loan_per_account_ _SBI_ (Total)	129978.3550	12			
<b>Pair 3</b>	Term_Loan_per_account_ _SBI_ (Valia)	361313.0744	9	2.983	8	0.018
	Term_Loan_per_account_ _SBI_ (Total)	146642.6211	9			
<b>Pair 4</b>	Term_Loan_per_account_ _SBI_ (Netrang)	205391.2642	12	1.785	11	0.102
	Term_Loan_per_account_ _SBI_ (Total)	129978.3550	12			

It is clear from table- 5 that there is no significant difference between in term loan per account of SBI (total) and Jhagadia and Netrang branches. The performances of these branches are the same as SBI (total) with respect to a term loan per account. The table also indicates that the performance of Valia branch is better than SBI (total) while the performance of Avidha branch is comparatively poor to SBI (total).

Data suggests that Valia branch has disbursed the term loan per account very effectively compared to other SBI branches in the study area.



Table-6 Total Agriculture Loan of SBI (Rs. In Lakhs)

Years		SBI-Branches				Total
		Jhagadia	Avidha	Valia	Netrang	
2005-06	A/c	156	259	NA	26	441
	Amt. (Rs.)	248.47	110.91	NA	57	416.38
2006-07	A/c	163	280	NA	39	482
	Amt. (Rs.)	256.89	122.69	NA	55	434.58
2007-08	A/c	175	314	NA	30	519
	Amt. (Rs.)	269.91	149.3	NA	40	459.21
2008-09	A/c	175	240	14	38	467
	Amt. (Rs.)	274.81	134.6	7.81	9	426.22
2009-10	A/c	558	399	60	43	1060
	Amt. (Rs.)	559.69	212.82	68.07	35	875.58
2010-11	A/c	690	411	83	47	1231
	Amt. (Rs.)	848.18	321.88	216.97	108	1495.03
2011-12	A/c	693	448	242	71	1454
	Amt. (Rs.)	1077.73	344.68	624.18	244	2290.59
2012-13	A/c	822	501	349	107	1779
	Amt. (Rs.)	1383.51	645.47	888.79	423	3340.77
2013-14	A/c	923	603	535	343	2404
	Amt. (Rs.)	1641.84	768.92	1236.92	710	4357.68
2014-15	A/c	872	589	549	518	2528
	Amt. (Rs.)	1734.19	896.91	1636	817	5084.10
2015-16	A/c	915	536	589	522	2562
	Amt. (Rs.)	2154.91	819	1694.77	823.65	5492.33
2016-17	A/c	1035	613	732	455	2835
	Amt. (Rs.)	2233	918.15	1967.29	847.72	5966.16

Sources : SBI Branches

**Table-7 Wilcoxon Signed Ranks Test (Ranks)**

Pair			N	Mean	Sum of Ranks
<b>Pair 1</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Jhagadia)	Negative Ranks	8 (a)	7.75	62.00
		Positive Ranks	4 (b)	4.00	16.00
		Ties	0 (c)		
		Total	12		
<b>Pair 2</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Avidha)	Negative Ranks	8 (a)	7.75	62.00
		Positive Ranks	4 (b)	4.00	16.00
		Ties	0 (c)		
		Total	12		
<b>Pair 3</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Valia)	Negative Ranks	8 (a)	5.38	43.00
		Positive Ranks	1 (b)	2.00	2.00
		Ties	0 (c)		
		Total	9		
<b>Pair 4</b>	Crop Loan per account SBI (Total) - Crop Loan per account SBI (Netrang)	Negative Ranks	7 (a)	8.00	56.00
		Positive Ranks	5 (b)	4.40	22.00
		Ties	0 (c)		
		Total	12		

a Agri. loan per account SBI (total) < Agri. loan per account SBI (Branch)

b Agri. loan per account SBI (total) > Agri. loan per account SBI (Branch)

c Agri. loan per account SBI (total) = Agri. loan per account SBI (Branch)

Table -8 Test Statistics

Wilcoxon test	Pair 1	Pair 4	Pair 2	Pair 3
	Agri. Loan per account SBI (Total) – Agri. Loan per account SBI (Jhagadia)	Agri. Loan per account SBI (Total) - Agri Loan per account SBI (Avidha)	Agri Loan per account SBI (Total) – Agri. Loan per account SBI (Valia)	Agri. Loan per account SBI (Total) – Agri. Loan per account SBI (Netrang)
<b>Z</b>	-1.804	-3.059	-2.429	-1.334
<b>Asymp. Sig. (2-tailed)</b>	0.071	0.002	0.015	0.182
<b>Asymp. Sig. (1-tailed)</b>	0.0355	0.001	0.0075	0.091

Table-7 and 8 focus that there is no significant difference between agriculture loan per account of SBI total and SBI’s Jhagadia and Netrang Branches. The performances of these branches are almost the same as SBI total whereas there is a significant difference between agriculture loan per account of SBI total and its Valia and Avidha branches. The performance of Valia branch is better on the contrary the performance of Avidha branch is low compare to SBI total with respect to agriculture loan per account.

It is obvious that Valia branch provided more finance per account for agriculture than any other branches of SBI.

#### PRIMARY DATA ANALYSES

##### FINDINGS FOR BENEFICIARIES

The findings can be derived with the help of analyses of beneficiaries’ data collected with the help of questionnaires are as below.

1. The majority of the beneficiaries, 78.74 % are farmers.
2. 84.34 % farmers’ annual income is more than Rs. 1,50,000.
3. The majority of the beneficiaries, 52.30 % are not highly educated.
4. 88.15 % people possess land and amongst them 83.70 % people have more than Rs. 1,50,000 annual family income.

5. 77.82 % farmers possess less than or equal to 10 acres of land.
6. 85% beneficiaries prefer to borrow money from banks than others like relatives; money lenders, etc., if the expenditure exceeds income.
8. Amongst the total respondents 44.74 % respondents have not sufficient tools.
9. 80.96% beneficiaries get sufficient credit from bank.
10. 99.19% respondents utilized loan for the same purpose for what they have taken.
11. 79.33% people believe that their family income has been increased due to proper utilization of the loan amount.
12. 72.44% respondents believe that their level of consumption has been increased due to proper utilization of the loan.
13. 61.63% respondents are of the opinion that agriculture production or productivity has been increased due to finance.
14. 66.44% respondents' living standard has been increased.
15. 55.86% respondents' socio-economic condition is changed positively.
16. 96.59% beneficiaries repaid the loan within the stipulated time period.
17. 71.51 % of loan takers repaid loan from their income.

#### **FINDINGS FOR BANK OFFICIALS**

The findings can be derived with the help of analyses of Bank Official's data collected with the help of the schedules are as below.

1. As more than 95% of the bank officials took training at the time of joining or during the tenure, are able to provide better services to their customers.
2. Only 30.23% officers faced the problem of shortage of staff. It indicates that majority bank officials feel that they have sufficient staff to do their routine work and other advances related works.
3. Around 72 % of the bank officers are in the opinion that higher authorities take proper care of the location of the branches.
4. Majority bank officers believe that illiteracy of customers and competition with other financial institutions are more responsible for low deposit mobilization.
5. More than 50 % of the bank officers believe that the carelessness of the borrowers leads to poor recovery. Moreover natural calamities also play the important role in poor recovery.

#### **CONCLUSIONS**

Without conclusion the study is incomplete moreover many readers as well researchers are only interested in conclusions. The study also draws attention on some facts on the basis of the study. It is found from the secondary data analyses that as far as crop loan of SBI concerned, Jhagadia branch is far better. Considering the term loan of SBI, Valia branch provided more finance as term loan per account compared to any other branches of the bank. If one evaluates the performance for total agriculture loan per account, Valia branch of SBI provided more finance for the agriculture purpose.

Primary data analyses clears that majority beneficiaries are farmers and amongst them majority are small and marginal farmers. Majority respondents are of the opinion that their family income, agriculture production of productivity, level of consumption and their socio-economic condition has been changed very positive after the utilization of the loan amount. Most of the respondents like to borrow money from banks and they repay their loan regularly. It is a good sign for the beneficiaries as well as for the bankers for the healthy rural development.

Majority bankers believe that they are not facing the problem of shortage of staff or office location or competition with other financial institutions. They strongly believe that regular and proper inspection is needed for the proper utilization of the loan for which it has been taken moreover regular follow up is required regarding the recovery of the loan.

## **RECOMMENDATIONS**

Following recommendations will be useful for the bank to perform their duties:

1. The banks should provide sufficient finance to small and marginal farmers at the concession rate of interest.
2. The banks should make aware people, especially to illiterate and low educated farmers and rural artisans about the different schemes and should be provided proper financial assistance.
3. The banks should make aware the people towards the different services and facilities provided by the banks.
5. To solve the problem of the shortage of the staff, more recruitment should be made with proper training and efficiency.
6. The location of bank office should be in the market place of the village or town for providing services to wide areas.
7. It should be quite convenient for the borrowers as well as the bank officials to reduce unnecessary formalities and documentation process.
8. The regular follow up is required by bank officers regarding the recovery of the loan.

**SCOPE FOR FURTHER RESEARCH:**

The same study can be done as below:

1. The same study can be done for the whole district.
2. The same study can be done for the whole state as well as for the national level.
3. One can conduct the study for the further time period.

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**ABBREVIATIONS:**

BOB	-Bank of Baroda
BOI	-Bank of India
PSBs	-Public Sector Banks
RBI	-Reserve Bank of India
SBI	-State Bank of India