

A COMPARATIVE STUDY OF CROP LOAN AND TERM LOAN PROVIDED BY VARIOUS BANKS IN AGRICULTURE SECTOR: WITH SPECIAL REFERENCE TO GUJARAT STATE

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Abstract: Lead Bank Scheme has completed fifty years by the year 2019. Therefore, in this research study, the researcher has attempted to find out the impact of the performance of block level lead banks in all the districts of Gujarat under the lead bank scheme. In the selected state, several loans are given to farmers under the head of the agricultural sector. Most of these loans are provided under crop loans and term loan criteria. Therefore, only these two variables have been studied in the research paper. The findings revealed that all nationalized Bank, including SBI and its associate banks (NBs) was given the highest target. All the targets of NBs were risen by GSLBC in the year of 2017 to 2020 Due to which the percentage of the achievements of NBs have steadily decreased in last four years. Correlation test proves that there is a very strong relationship between crop loan disbursed amount and crop loan Achieved amount as Because both the variables are interdependent. Similarly, a very strong relationship is established between the Term Loan targeted amount and Term Loan Outstanding amount. In terms of the year, there have been attempts to measure the relationship between the targeted amount given to the bank and their outstanding amount of term loan and crop loan.

Keywords: Lead Bank Scheme, Scheduled Commercial Banks, Self Help Group, Crop Loan, Term Loan, Priority Sector Lending.

1. INTRODUCTION

The socio-economic condition of the people in rural areas had not improved after twenty years of independence of India. By 1967, it was very clear and embarrassing situations in India that the standard of living of rural people was deteriorating in relation to development in urban areas. In India, there have been famines for about seven times from the year 1973 to 2019. Most of which were associated with the drought in soil moisture. Therefore, RBI and NABARD formed various schemes to solve the water irrigation system related issues in agriculture. RBI launched the Lead Bank Scheme for the first time to enrich the standard of living of poor people in rural areas.

Objective:

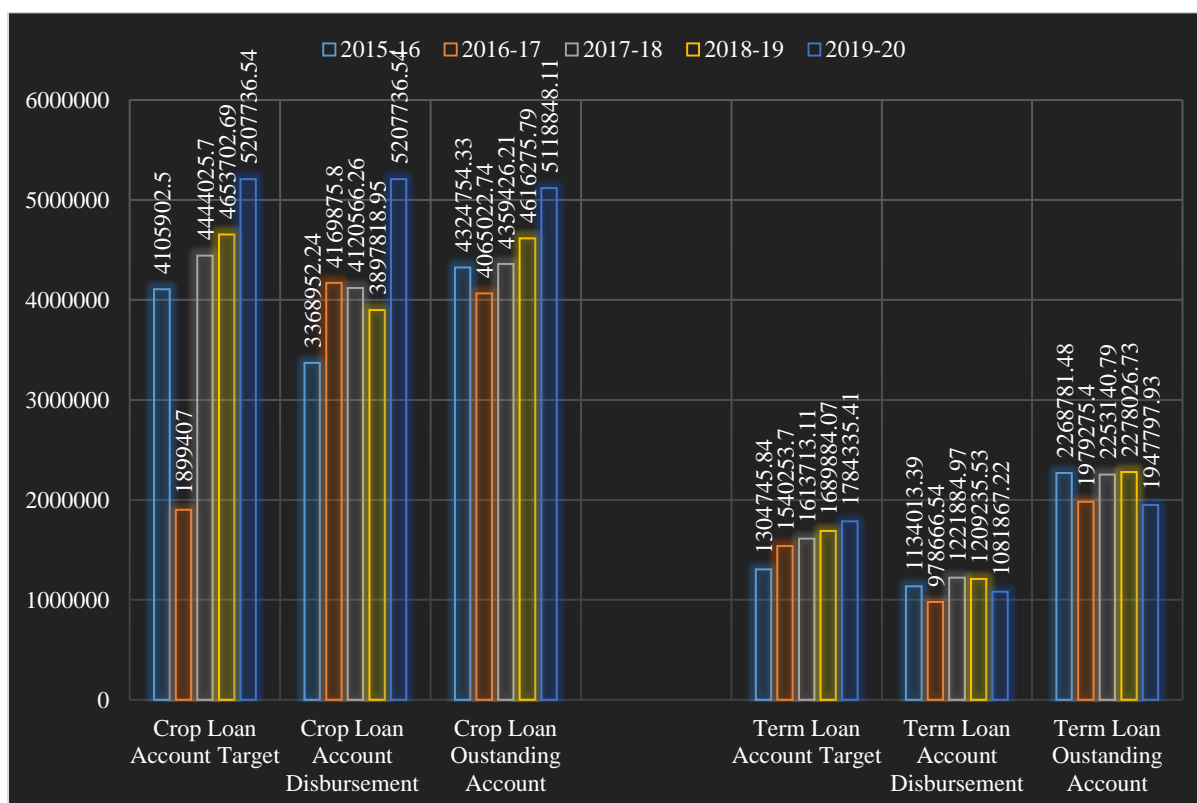
- To find growth in crop loan accounts and term loan account under agriculture sector during the period of 2015-16 to 2019-20.
- To know the relationship between crop loan target sets and term loan target set under agriculture sector.

- To examine the relationship between achieving target crop loan amount and achieved target term loan amount under agriculture sector.
- To understand that which type of loan has been given more importance under the lead bank scheme.

2. RESEARCH TYPE AND DATA COLLECTION

Secondary data have been collected from banking website and used in the research study. All the obtained quantitative data have been analysed with the help of SPSS tools. Correlation test and growth model are carried out to study a total of six variables in the research paper.

Chart: 1 Growth in the targeted crop loan account (TCLA), targeted term loan account (TTLA), achieved crop loan account (ACLA), achieved term loan account (ATLA), outstanding crop loan amount (OCLA) and outstanding term loan amount (OTLA) during the study period



In above figure, researcher found:

- In the above figure, researchers found: i. In the context of nationalized bank, including SBI and its associate banks, Positive growth in the targeted amount of crop loan was recorded in the year 2015-16 (+5.80%), 2017-18 (+1.83%), 2019-20 (+13.07%). Vice versa, Negative growth in the targeted amount of crop loan in the year of 2016-17 and 2018-19 was seen 2.80% and 0.71% respectively. Similarly, the archived amount of crop loan in the year of 2015-16 discovered an increase of 9.60 %, a tremendous increase of 50.22% in the year 2017-18 and a slight increase of 22.67% in the year 2019-20. In contrast, the year of 2016-17 (58.85%), 2018-19 (20.57%) recorded Negative growth.
- Regarding the co-operative bank, there is an increase in the achieved amount of crop loan in the year of 2016-17 (41.01%), 2018-19 (7.09%) and 2019-20 (20.22%) and there is negative growth was seen in the archived amount of crop loan in the year of 2015-16 (16.63%) and 2017-18 (49.96%). Research studies also points out that the targeted amount of the crop loan has increased in the year of 2016-17 (+16.44%) and 2018-19 (+21.04%). Vice versa, targeted amount of the crop loan decreased in the year of 2015-16 (-7.22%), 2017-18 (-24.01%) and 2019-20 (-6.70%).

- iii. The research study highlighted the result by taking into account the RRB that the target amount had increased by 26.97% in the year 2016-17 and this amount increased by 10.09% and then again fell to 5.11%. Finally, a tremendous positive surge was seen at 58.71%.
- iv. While Considering the private sector bank, it has been found that the target amount of crop loan has increased by 2.27%. Whereas the year of 2016-17 saw a drastic positive change of +87.49%. The crop loan amount was seen to fall negatively by 87.16%. The year immediately thereafter saw an increase of 43.28%.
- v. The result of the above graph is included that in terms of target amount and achieved amount, crop loans give more importance than term loans.

Hypothesis Testing:

H₀ There is no significance difference among crop loan targeted amount, crop loan disbursed amount, crop loan achieved amount, crop loan outstanding amount, term loan targeted amount, term loan disbursed amount, term loan achieved amount and term loan outstanding amount of the banks under the study irrespective of all type of the banks during the financial years from 2015-16 to 2019-20.

		Correlations							
		CLTA	CLDA	CLAA	CLOA	TLTA	TLDA	TLLA	TLOA
CLTA	P. C.	1	.292	-.198	.505*	.116	-.385	-.329	-.169
	Sig.		.166	.353	.012	.589	.063	.116	.429
CLDA	P. C.	.292	1	.825**	.334	-.030	-.098	-.071	-.113
	Sig.	.166		.000	.111	.890	.650	.741	.598
CLAA	P. C.	-.198	.825**	1	.281	-.073	.125	.114	-.091
	Sig.	.353	.000		.183	.735	.560	.597	.671
CLOA	P. C.	.505*	.334	.281	1	.143	.044	.012	-.248
	Sig.	.012	.111	.183		.506	.840	.954	.242
TLTA	P. C.	.116	-.030	-.073	.143	1	.336	-.509*	.572**
	Sig.	.589	.890	.735	.506		.108	.011	.003
TLDA	P. C.	-.385	-.098	.125	.044	.336	1	.591**	.393
	Sig.	.063	.650	.560	.840	.108		.002	.057
TLLA	P. C.	-.329	-.071	.114	.012	-.509*	.591**	1	-.253
	Sig.	.116	.741	.597	.954	.011	.002		.233
TLOA	P. C.	-.169	-.113	-.091	-.248	.572**	.393	-.253	1
	Sig.	.429	.598	.671	.242	.003	.057	.233	

*. Indicates high correlation between all selected variables at the 5% level of significance
 **. Indicates very Strong significant between all selected variables at the 1% level of significance.

The researcher assumed the mean of the different variables in the research study was more or less than the target value. This assumption has led to the use of a two-tail test in a research study.

In the above table, correlation among four variables such as Targeted amount (T.A.), Disbursed amount (D.A.), Achieved amount (A.A.) and Outstanding amount (O.A.) of selected banks is tested. Pearson's correlation test indicates following result:

- There is a very strong correlation between CLAA and CLDA as the value of r is 0.83.
- There is a strong correlation between TLOA and TLTA, CLOA and CLTA as the value of r is between 0.41 to 0.69.
- There is a moderate correlation between TLDA and TLTA, CLOA and CLDA as the r value is between 0.31 to 0.37 and negligible positive correlation has been seen between CLOA and CLAA, CLDA and CLTA, TLLA and CLOA, TLDA and CLAA, TLTA and CLOA, TLLA and CLAA, TLDA and CLAA, CLTA and TLTA as the value of r is between 0.09 to 0.29.
- There is a negative negligible correlation between TLTA and CLDA, TLOA and CLAA, TLTA and CLAA, TLOA and CLDA, TLLA and CLDA, TLDA and CLDA, TLTA and CLDA, TLOA and CLTA as the value of r is between -0.11 to -0.19.

- There is a weak negative correlation between TLOA and CLOA, CLAA and CLTA as the value of r is between -0.21 to -0.29.
- There is a moderate negative correlation between TLAA and CLTA, TLDA and CLTA as the value of r is between -0.328 to -0.385.
- There is a strong negative co-relation between TLAA and TLTA as the value of r is 0.509.

		Correlations								
Financial Year		CLTA	CLDA	CLAA	CLOA	TLTA	TLDA	TLAA	TLOA	
2015-16	CLTA	P. C.	1	.977*	.976*	.939	.647	-.042	.722	-.887
		Sig.		.023	.024	.061	.353	.958	.278	.113
	CLDA	P. C.	.977*	1	.995**	.989*	.788	.154	.793	-.778
		Sig.	.023		.005	.011	.212	.846	.207	.222
	CLAA	P. C.	.976*	.995**	1	.990*	.794	.104	.733	-.801
		Sig.	.024	.005		.010	.206	.896	.267	.199
	CLOA	P. C.	.939	.989*	.990*	1	.869	.239	.773	-.708
		Sig.	.061	.011	.010		.131	.761	.227	.292
	TLTA	P. C.	.647	.788	.794	.869	1	.587	.673	-.297
		Sig.	.353	.212	.206	.131		.413	.327	.703
	TLDA	P. C.	-.042	.154	.104	.239	.587	1	.565	.498
		Sig.	.958	.846	.896	.761	.413		.435	.502
	TLAA	P. C.	.722	.793	.733	.773	.673	.565	1	-.360
		Sig.	.278	.207	.267	.227	.327	.435		.640
	TLOA	P. C.	-.887	-.778	-.801	-.708	-.297	.498	-.360	1
		Sig.	.113	.222	.199	.292	.703	.502	.640	
2016-17	CLTA	P. C.	1	.938	-.733	.959*	.665	.108	-.098	-.345
		Sig.		.062	.267	.041	.335	.892	.902	.655
	CLDA	P. C.	.938	1	-.453	.848	.433	-.110	-.306	-.083
		Sig.	.062		.547	.152	.567	.890	.694	.917
	CLAA	P. C.	-.733	-.453	1	-.823	-.812	-.421	-.274	.662
		Sig.	.267	.547		.177	.188	.579	.726	.338
	CLOA	P. C.	.959*	.848	-.823	1	.594	.002	-.194	-.277
		Sig.	.041	.152	.177		.406	.998	.806	.723
	TLTA	P. C.	.665	.433	-.812	.594	1	.804	.669	-.930
		Sig.	.335	.567	.188	.406		.196	.331	.070
	TLDA	P. C.	.108	-.110	-.421	.002	.804	1	.979*	-.957*
		Sig.	.892	.890	.579	.998	.196		.021	.043
	TLAA	P. C.	-.098	-.306	-.274	-.194	.669	.979*	1	-.889
		Sig.	.902	.694	.726	.806	.331	.021		.111
	TLOA	P. C.	-.345	-.083	.662	-.277	-.930	-.957*	-.889	1
		Sig.	.655	.917	.338	.723	.070	.043	.111	
2017-18	CLTA	P. C.	1	-.991**	-1.000**	.720	.776	-.892	-.819	.967*
		Sig.		.009	.000	.280	.224	.108	.181	.033
	CLDA	P. C.	-.991**	1	.993**	-.774	-.763	.892	.823	-.952*
		Sig.	.009		.007	.226	.237	.108	.177	.048
	CLAA	P. C.	-1.000**	.993**	1	-.726	-.775	.893	.820	-.966*
		Sig.	.000	.007		.274	.225	.107	.180	.034
	CLOA	P. C.	.720	-.774	-.726	1	.871	-.906	-.925	.542
		Sig.	.280	.226	.274		.129	.094	.075	.458
	TLTA	P. C.	.776	-.763	-.775	.871	1	-.971*	-.990*	.596
		Sig.	.224	.237	.225	.129		.029	.010	.404
	TLDA	P. C.	-.892	.892	.893	-.906	-.971*	1	.990*	-.748
		Sig.	.108	.108	.107	.094	.029		.010	.252
	TLAA	P. C.	-.819	.823	.820	-.925	-.990*	.990*	1	-.647
		Sig.	.181	.177	.180	.075	.010	.010		.353

	TLOA	P. C.	.967*	-.952*	-.966*	.542	.596	-.748	-.647	1	
		Sig.	.033	.048	.034	.458	.404	.252	.353		
2018-19	CLTA	P. C.	1	.195	.074	-.061	.477	.661	-.256	.462	
		Sig.		.805	.926	.939	.523	.339	.744	.538	
	CLDA	P. C.	.195	1	.991**	.967*	.096	-.115	-.362	.943	
		Sig.	.805		.009	.033	.904	.885	.638	.057	
	CLAA	P. C.	.074	.991**	1	.990**	-.013	-.240	-.282	.889	
		Sig.	.926	.009		.010	.987	.760	.718	.111	
	CLOA	P. C.	-.061	.967*	.990**	1	-.045	-.304	-.282	.835	
		Sig.	.939	.033	.010		.955	.696	.718	.165	
	TLTA	P. C.	.477	.096	-.013	-.045	1	.937	-.926	.378	
		Sig.	.523	.904	.987	.955		.063	.074	.622	
	TLDA	P. C.	.661	-.115	-.240	-.304	.937	1	-.736	.214	
		Sig.	.339	.885	.760	.696	.063		.264	.786	
	TLAA	P. C.	-.256	-.362	-.282	-.282	-.926	-.736	1	-.556	
		Sig.	.744	.638	.718	.718	.074	.264		.444	
	TLOA	P. C.	.462	.943	.889	.835	.378	.214	-.556	1	
		Sig.	.538	.057	.111	.165	.622	.786	.444		
	2019-20	CLTA	P. C.	1	.845	.539	-.927	-.101	-.735	-.743	-.108
			Sig.		.155	.461	.073	.899	.265	.257	.892
CLDA		P. C.	.845	1	.906	-.612	.223	-.260	-.602	.287	
		Sig.	.155		.094	.388	.777	.740	.398	.713	
CLAA		P. C.	.539	.906	1	-.230	.429	.173	-.358	.535	
		Sig.	.461	.094		.770	.571	.827	.642	.465	
CLOA		P. C.	-.927	-.612	-.230	1	.436	.910	.574	.462	
		Sig.	.073	.388	.770		.564	.090	.426	.538	
TLTA		P. C.	-.101	.223	.429	.436	1	.514	-.439	.985*	
		Sig.	.899	.777	.571	.564		.486	.561	.015	
TLDA		P. C.	-.735	-.260	.173	.910	.514	1	.536	.600	
		Sig.	.265	.740	.827	.090	.486		.464	.400	
TLAA		P. C.	-.743	-.602	-.358	.574	-.439	.536	1	-.353	
		Sig.	.257	.398	.642	.426	.561	.464		.647	
TLOA		P. C.	-.108	.287	.535	.462	.985*	.600	-.353	1	
		Sig.	.892	.713	.465	.538	.015	.400	.647		
<p>a. constant variable Cannot be computed due to financial year of 2014-15 is considered as base year.</p> <p>** Indicates very Strong significant between all selected variables at the 1% level of significance.</p> <p>* Indicates high correlation between all selected variables at the 5% level of significance.</p> <p>❖ Assumption: The Financial year of 2014-15 has been considered as the base year.</p>											

3. FINDINGS AND CONCLUSION

Following observation were made during the analysis of the data.

1) Only following hypothesis were accepted:

- i. There is no significance difference among CLDA and CLTA, CLAA and CLTA, CLDA and CLTA, CLAA and CLDA, CLOA and CLDA, CLAA and CLTA, CLAA and CLDA, CLOA and CLAA, CLOA and CLDA, CLAA and CLOA of the selected bank during the financial year 2015-16.
- ii. There is no significance difference among CLTA and CLOA, CLOA and CLTA, TLDA and TLAA, TLDA and TLOA, TLAA and TLDA of the selected bank during the financial year 2016-17.
- iii. There is no significance difference among CLTA and CLDA, CLTA and TLOA, CLAA and CLDA, TLDA and TLAA, TLOA and CLTA of the selected bank during the financial year 2017-18.
- iv. There is no significance difference among CLDA and CLAA, CLDA and CLOA, CLAA and CLDA, CLAA and CLOA of the selected bank during the financial year 2018-19.
- v. There is no significance difference among TLOA and TLTA of the selected bank during the financial year 2019-20.

2) *Remaining all hypothesis were rejected:*

i. There is significance difference among CLTA and CLOA, CLTA and TLTA, CLTA and TLDA, CLTA and TLAA, CLTA and TLOA, CLDA and TLTA, CLDA and TLDA, CLDA and TLAA, CLDA and TLOA, CLAA and TLTA, CLAA and TLDA, CLAA and TLAA, CLAA and TLOA, CLOA and CLTA, CLOA and TLTA, CLOA and TLDA, CLOA and TLAA, CLOA and TLOA, TLTA and CLTA, TLTA and CLDA, TLTA and CLAA, TLTA and CLOA, TLTA and TLDA, TLTA and TLAA, TLTA and TLOA, TLDA and CLTA, TLDA and CLDA, TLDA and CLAA, TLDA and CLOA, TLDA and TLTA, TLDA and TLAA, TLDA and TLOA, TLAA and CLTA, TLAA and CLDA, TLAA and CLAA, TLAA and CLOA, TLAA and TLTA, TLAA and TLDA, TLAA and TLOA, TLOA and CLTA, TLOA and CLDA, TLOA and CLAA, TLOA and CLOA, TLOA and TLTA, TLOA and TLDA, TLOA and TLAA of the selected bank during the financial year 2015-16.

ii. There is significance difference among CLTA and CLDA, CLTA and CLAA, CLTA and TLTA, CLTA and TLDA, CLTA and TLAA, CLTA and TLOA, CLDA and CLTA, CLDA and CLAA, CLDA and CLOA, CLDA and TLTA, CLDA and TLDA, CLDA and TLOA, CLAA and CLTA, CLAA and CLDA, CLAA and CLOA, CLAA and TLTA, CLAA and TLDA, CLAA and TLAA, CLAA and TLOA, CLOA and CLDA, CLOA and CLAA, CLOA and TLTA, CLOA and TLDA, CLOA and TLAA, CLOA and TLOA, TLTA and CLTA, TLTA and CLDA, TLTA and CLAA, TLTA and CLOA, TLTA and TLOA, TLDA and CLTA, TLDA and CLDA, TLDA and CLAA, TLDA and CLOA, TLDA and TLTA, TLDA and TLOA, TLAA and CLTA, TLAA and CLDA, TLAA and CLAA, TLAA and CLOA, TLAA and TLTA, TLAA and TLOA, TLOA and CLDA, TLOA and CLAA, TLOA and CLOA, TLOA and TLTA, TLOA and TLDA, TLOA and TLAA of the selected bank during the financial year 2016-17.

iii. There is significance difference among CLTA and CLDA, CLTA and CLAA, CLTA and CLOA, CLTA and TLTA, CLTA and TLDA, CLTA and TLAA, CLTA and TLOA, CLDA and CLTA, CLDA and TLTA, CLDA and TLDA, CLDA and TLAA, CLDA and TLOA, CLAA and CLTA, CLAA and TLTA, CLAA and TLDA, CLAA and TLAA, CLAA and TLOA, CLOA and CLTA, CLOA and TLTA, CLOA and TLDA, CLOA and TLAA, CLOA and TLOA, TLTA and CLTA, TLTA and CLDA, TLTA and CLAA, TLTA and CLOA, TLTA and TLDA, TLTA and TLAA, TLTA and TLOA, TLDA and CLTA, TLDA and CLDA, TLDA and CLAA, TLDA and CLOA, TLDA and TLTA, TLDA and TLAA, TLDA and TLOA, TLAA and CLTA, TLAA and CLDA, TLAA and CLAA, TLAA and CLOA, TLAA and TLTA, TLAA and TLDA, TLAA and TLOA, TLOA and CLTA, TLOA and CLDA, TLOA and CLAA, TLOA and CLOA, TLOA and TLTA, TLOA and TLDA, TLOA and TLAA of the selected bank during the financial year 2018-19.

iv. There is significance difference among CLTA and CLDA, CLTA and CLAA, CLTA and CLOA, CLTA and TLTA, CLTA and TLDA, CLTA and TLAA, CLTA and TLOA, CLDA and CLAA, CLDA and CLOA, CLDA and TLTA, CLDA and TLDA, CLDA and TLAA, CLDA and TLOA, CLAA and CLDA, CLAA and CLOA, CLAA and TLTA, CLAA and TLDA, CLAA and TLAA, CLAA and TLOA, CLOA and CLTA, CLOA and CLDA, CLOA and CLAA, CLOA and TLTA, CLOA and TLDA, CLOA and TLAA, CLOA and TLOA, TLTA and CLTA, TLTA and CLDA, TLTA and CLAA, TLTA and CLOA, TLTA and TLDA, TLTA and TLAA, TLDA and CLTA, TLDA and CLDA, TLDA and CLAA, TLDA and CLOA, TLDA and TLTA, TLDA and TLAA, TLDA and TLOA, TLAA and CLTA, TLAA and CLDA, TLAA and CLAA, TLAA and CLOA, TLAA and TLTA, TLAA and TLDA, TLAA and TLOA, TLOA and CLTA, TLOA and CLDA, TLOA and CLAA, TLOA and CLOA, TLOA and TLTA, TLOA and TLDA, TLOA and TLAA of the selected bank during the financial year 2019-20.

v. The above correlation test and growth model provides material evidence that deployed SCBs has given important to crop advance merely.

Limitation of the Present Research Study:

- The India Post Payment Bank (IPPB) was established in the financial year of 2018-19 in India. Due to which financial data of the last four years are not available. Therefore, IPPB is precluded in the scope of research study.
- SLBC does not hold any financial information related to purpose wise term loan and crop wise landing. Due to non-availability of data, minute study cannot be carried out.
- Only secondary data are used in the research study.

Abbreviations:

P.C.	Pearson Correlation
S.S and C.P.	Sum of Squares and Cross-products
S.S.	Sum of Squares
C.P.	Cross-products
C.V.	Covariance
CLTA	Crop Loan Targeted Amount
CLDA	Crop Loan Disbursed Amount
CLAA	Crop Loan Achieved Amount
CLOA	Crop Loan Outstanding Amount
TLTA	Term Loan Targeted Amount
TLDA	Term Crop Loan Disbursed Amount
TCAA	Term Crop Loan Achieved Amount
TLOA	Term Crop Loan Outstanding Amount

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