

## CHAPTER 6

### PROBLEMS OF BORROWERS AND BANKERS REGARDING PRIORITY

#### SECTOR LENDING

The main objective of this chapter is to analyse the opinion of borrowers and bankers regarding various problems of priority sector. This part mainly sub-divided into three sections. **Section I** deals with demographic profile of the borrowers, **Section II** covers problems faced by borrowers in getting loan and **Section III** analyses problems of bankers regarding priority sector lending.

#### Section I

##### 6.1. Demographic Profile of Sample Borrowers

###### 6.1.1. Sex

Table 6.1 depicts that out of total sample borrowers 270 respondents are male and 90 are female. Out of the 360 borrowers 75 percent are male and remaining 25 percent are female.. Out of the total male borrowers 58.52 percent belong to agriculture sector, 20.37 percent borrowers from MSE and 21.11 percent from other priority sector. Out of the total female borrowers 37.78 percent belong to agriculture sector, 23.33 percent borrowers from MSE and 38.89 percent from other priority sector.

###### 6.1.2. Age Group

Table 6.1 reveals that only 13.33 percent of borrowers belong to the age group of 20-30 years, because most of the youths of this age group were prefer job than engage in agriculture, starting of industry or other works. Out of the total borrowers 37.22 percent borrowers were in the age group of 30-40 years followed by 31.39 percent in the age group of 40-50 and 18.06 percent in the age group of above 50 years. More than 50 percent of the total borrowers belong to age group of below 40 years. Out of the total agriculture borrowers, 42.71 percent belong to age group of 30-40 years followed by 31.77 percent in the age group of 40-50 years and 15.63 percent in the age group of above 50 years group. Within the MSE sector, 30.26 percent of borrowers from the age group of 40-50 years followed by 25 percent from above 50 years group and 23.68 percent belong from 30-40 years group.

###### 6.1.3. Category

Table 6.1 indicate that out of 360 sample borrowers, 36.39 percent from OBC category followed by 32.22 percent belonged to general category and 31.39 percent from SC/ST category. The table further reveals that majority of borrowers of OBC, SC and ST categories engaged in agricultural and allied activities.

#### 6.1.4. Education qualification

From the table 6.1, reveals that the educational qualification of 15.83 percent of the total borrows were below metric, 23.89 percent HSLC, 22.50 percent HS, 24.17 percent graduate and rest 13.16 percent is either PG or professional. It is also clear from the table that the level of education of the majority of borrowers in the agriculture sector is below metric whereas in case MSE and OPS the level of education of majority borrowers is HSLC and above. Education wise distribution showed that 68.42 percent of under-metric borrowers, 62.79 percent of HS borrowers, 58.02 percent of graduate borrowers and 43.68 percent of HSLC borrowers were from the agriculture sector whereas 53.06 percent of PG and professionals were from OPS.

#### 6.1.5. Annual Income

Table 6.1 reveals that 25percent of the total borrowers' income is very low i.e., upto one lakh. The majority of borrowers of this income group belong to agriculture sector. The income of largest number of the respondents fall in the income bracket of 3-5 lakhs and the income level of the lowest number of borrowers i.e., 67 fall in the highest income bracket above 5 lakhs in which number of borrowers of OPS sector is the highest.

**Table 6.1: Demographic Profile of the Sample Borrowers**

Items	Details	Agriculture Sector		MSE		OPS		Total	
		No.	Percent	No.	Percent	No.	Percent	No.	Percent
Sex	Male	158	58.52	55	20.37	57	21.11	270	75
	Female	34	37.78	21	23.33	35	38.89	90	25
	Total	192	53.33	76	21.11	92	25.56	360	100
Age	Below 30	19	39.58	16	33.33	13	27.08	48	13.33
	30-40	82	61.19	18	13.43	34	25.37	134	37.22
	40-50	61	53.98	23	20.35	29	25.66	113	31.39
	Above 50	30	46.15	19	29.23	16	24.62	65	18.06
	Total	192	53.33	76	21.11	92	25.56	360	100
Category	General	51	43.97	27	23.28	38	32.76	116	32.22
	OBC	67	51.15	31	23.66	33	25.19	131	36.39
	SC/St	74	65.49	18	15.93	21	18.58	113	31.39
	Total	192	53.33	76	21.11	92	25.56	360	100
Education	Under-Metric	39	68.42	7	12.28	11	19.30	57	15.83
	HSLC	54	62.79	15	17.44	17	19.77	86	23.89
	HS	47	58.02	18	22.22	16	19.75	81	22.5

	Graduate	38	43.68	27	31.03	22	25.29	87	24.17
	PG/ Professional	14	28.57	9	18.37	26	53.06	49	13.61
	Total	192	53.33	76	21.11	92	25.56	360	100
Annual Income	Up-to 1Lakh	74	82.22	10	11.11	6	6.67	90	25
	1-3 Lakhs	52	56.52	19	20.65	21	22.83	92	25.56
	3-5 Lakhs	49	44.14	35	31.53	27	24.32	111	30.83
	above 5 lakhs	17	25.37	12	17.91	38	56.72	67	18.61
	Total	192	53.33	76	21.11	92	25.56	360	100

Source: Field Survey

## Section II

### 6.2. Problems faced by the Borrowers of Priority Sector

The borrowers of priority sector face various problems from submission of loan application to repayment. These problems are discussed in the following four sub sections:

- a) Problems faced by the borrowers from filling up the application form to sanctioning of loan
- b) Delay in Sanctioning loan
- c) Inadequacy of Loan
- d) Utilisation of Loan Amount
- e) Repayment of loan Amount

#### a) **Problems faced by borrowers from filling up the application form to sanctioning of loan**

##### 1) **Filling up loan application form**

For getting loan, firstly applicant has to fill up a loan application form. Loan application form contains many question regarding personal information, financial information, assets liabilities information etc. Applicants have to submit filled up form with required documents to the respective bank branches for getting loan. Many applicants can't fill up the form themselves due to illiteracy. So, they take help of bank employee, friends, relatives, neighbours and some facilitation centre for fill up loan application form. Table 6.2, 6.3 and 6.4 highlight the bank wise, block-wise and sector wise borrowers opinion regarding fill up of loan application form.

**Table: 6.2: Bank wise Borrowers Responses on Filling up loan Application form**

Banks	Yourself		Help of Others		Help of Bank Employee		Total
	No.	Percent	No.	Percent	No.	Percent	
SBI	48	22.22	113	52.31	55	25.46	216
UBI	29	20.14	68	47.22	47	32.64	144
Total	77	21.39	181	50.28	102	28.33	360

Source: Field Survey

Out of the total borrowers, 50.28 percent of borrowers filled up their loan application form with the help of others i.e., friends, relative, neighbours and some facilitation centre, 28.33 percent with the help of bank employee and remaining 21.39 percent filled up the loan application form themselves. The table 6.2 also reveals that 52.31 percent borrowers of SBI and 47.22 percent of UBI have filled up their loan application form with the help of others.

**Table: 6.3: Block wise Borrowers Responses on Filling up Loan Application Form**

Block	Yourself		Help of Others		Help of Bank Employee		Total
	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	19	21.11	53	58.89	18	20	90
Dergoan	16	17.78	39	43.33	35	38.89	90
Sorupathar	14	15.56	47	52.22	29	32.22	90
Kathalguri	28	31.11	42	46.67	20	22.22	90
Total	77	21.39	181	50.28	102	28.33	360

Source: Field Survey

Block-wise opinion of borrowers reveals that majority of borrowers of all block filled up their loan application form with the help of others (Table 6.3). The table indicates that 58.89 percent borrowers of Bokakhat block, 52.22 percent borrowers of Sorupathar block, 46.67 percent borrowers of Kathalguri block and 43.33 percent borrowers of Dergoan block filled up their loan application form with the help of others.

Table: 6.4: **Sector wise Borrowers Responses on Filling up Loan Application Form**

Sector	Yourself		Help of Others		Help of Bank Employee		Total
	No.	Percent	No.	Percent	No.	Percent	
Agriculture	16	8.33	112	58.33	64	33.33	192
MSE	23	30.26	36	47.37	17	22.37	76
OPS	38	41.30	33	35.87	21	22.83	92
Total	77	21.39	181	50.28	102	28.33	360

Source: Field Survey

Table 6.4 highlight the sector-wise opinion of borrowers regarding fill up of loan application form. Out of the total borrowers of agriculture sector 58.33 percent of borrowers filled up their loan application form with the help of others followed by 33.33 percent of borrowers with the help of bank employee and 8.33 percent by themselves. 47.37 percent of borrowers of MSE sector filled up their loan application form with the help of others followed by 30.26 percent of borrowers filled up loan application form themselves and 22.37 percent borrowers filled up with the help of bank employee. In case of other priority sector borrowers, 41.30 percent filled up loan application form from their own followed by 35.87 percent of borrowers with the help of others and 22.83 percent of borrowers with the help of bank employee.

Loan application form contains huge number of general and technical question regarding personal information, financial information, assets-liabilities information etc. Borrowers were asked to express it was **difficult or not to fill up application form**. Table 6.5, 6.6 and 6.7 depict bank-wise, block-wise and sector wise borrowers opinion regarding difficulty of filled up loan application form. It was observed that majority i.e., 88.06 percent of borrowers faced difficulty in fill up of loan application form.

Table 6.5: **Bank Wise Opinion of Borrowers Regarding Difficulty in Filling up Application Form**

Banks	Yes		No		Total
	No.	Percent	No.	Percent	
SBI	189	87.50	27	12.50	216
UBI	128	88.89	16	11.11	144

Total	317	88.06	43	11.94	360
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Source: Field Survey

Bank-wise distribution of borrowers showed that 87.50 percent borrowers of SBI and 88.89 percent borrowers of UBI faced difficulty in fill up of application form. Only 12.50 percent borrowers of SBI and 11.11 percent borrowers of UBI felt easy in fill up of application form.

**Table 6.6: Block Wise Opinion of Borrowers Regarding Difficulty in Filling up Application Form**

Block	Yes		No		Total
	No.	Percent	No.	Percent	
Bokakhat	83	92.22	7	7.78	90
Dergoan	81	90.00	9	10.00	90
Sorupathar	79	87.78	11	12.22	90
Kathalguri	74	82.22	16	17.78	90
Total	317	88.06	43	11.94	360

Source: Field Survey

Block-wise opinion of borrowers presented in the table 6.6 highlights that 92.22 percent borrowers of Bokakhat block faced difficulty in fill up application form followed by Dergoan, Sorupathar and Kathalguri blocks with the respective percentage of 90 percent, 87.78 percent and 82.22 percent.

**Table 6.7: Sector-wise Opinion of Borrowers Regarding Difficulty in Filling up Application Form**

Sector	Yes		No		Total
	No.	Percent	No.	Percent	
Agriculture	184	95.83	8	4.17	192
MSE	60	78.95	16	21.05	76
OPS	73	79.35	19	20.65	92
Total	317	88.06	43	11.94	360

Source: Field Survey

Sector-wise analysis given in table 6.7 reveals that 95.83 percent borrowers of agriculture sector faced difficulty in fill up application form followed by 79.35 percent borrowers of other priority sector and 78.95 percent borrowers of small and medium enterprise sector.

Again, 21.05 percent borrowers of micro and small enterprise sector did not find any difficulty in fill up application form followed by 20.65 percent borrowers of other priority sector and 4.17 percent of borrowers of agriculture sector.

**As regards Causes of Difficulty in filling up Application**, most of the borrowers expressed their difficulty in fill up of application form due to various reasons like difficult words, Illiteracy of borrowers, use of technical language, lengthy form etc. Table 6.8, 6.9 and 6.10 respectively depict the bank-wise, block-wise and sector wise borrowers opinion regarding causes of difficulty in fill up application form. The analysis revealed that 27.44 percent of borrowers found difficult in fill up application form due to difficult words followed by 23.03 percent borrowers due to use of technical language, 18.93 percent borrowers due to illiteracy of them, 17.35 percent borrowers due to lengthy form and 13.25 percent borrowers due to inclusion of irrelevant questions.

**Table 6.8: Bank wise causes of Difficulty in Filling up Loan Application Form**

Banks	Use of Difficult Words		Due to Illiteracy of Yourself		Use of Technical Language		Lengthy Form		Inclusion of Irrelevant Questions		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	49	25.93	37	19.58	41	21.69	35	18.52	27	14.29	189
UBI	38	29.69	23	17.97	32	25.00	20	15.63	15	11.72	128
TOTAL	87	27.44	60	18.93	73	23.03	55	17.35	42	13.25	317

Source: Field Survey

Bank-wise responses of borrowers regarding causes of difficulty in fill up application form depicts that 25.93 percent borrowers of SBI and 29.69 percent borrowers of UBI have found difficulty due to use of difficult words in the application form. Table also indicates that 21.69 percent borrowers of SBI and 25 percent of UBI found difficult due to use of technical language used in application form.

**Table 6.9: Block wise causes of Difficulty in Filling up Loan Application Form**

Block	Use of Difficult Words		Due to Illiteracy of Yourself		Use of Technical Language		Lengthy Form		Inclusion of Irrelevant Questions		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	23	27.71	16	19.28	18	21.69	15	18.07	11	13.25	83
Dergoan	21	25.93	17	20.99	16	19.75	14	17.28	13	16.05	81

Sorupathar	20	25.32	13	16.46	24	30.38	12	15.19	10	12.66	79
Kathalguri	23	31.08	14	18.92	15	20.27	14	18.92	8	10.81	74
Total	87	27.44	60	18.93	73	23.03	55	17.35	42	13.25	317

Source: Field Survey

Block-wise opinion of borrowers revealed that majority of borrowers of entire block felt difficulty due to difficult words used in application form. 31.08 percent borrowers of Kathalgurri block, 27.71 percent borrowers of Bokakhat block, 25.93 percent borrowers of Dergoan block and 25.32 percent borrowers of Sorupathar block found difficulty due to difficult words used in application form. Due to illiteracy of borrowers, 20.99 percent borrowers of Dergoan block, 19.28 percent borrowers of Bokakhat block, 18.92 percent borrowers of Kathalguri block and 16.46 percent borrowers of Sorupathar block found difficult in fill up of application form. Table also indicates that 30.38 percent borrowers of Sarupathar block, 21.69 percent borrowers of Bokakhat block, 20.27 percent borrowers of Kathalguri block and 19.75 percent borrowers of Dergoan block felt difficulty due to technical language used in application form. Due to lengthy form 18.92 percent borrowers of Kathalgurri block, 18.07 percent borrowers of Bokakhat block, 17.28 percent borrowers of Dergoan block and 15.19 percent borrowers of Sorupathar block found difficult.

**Table 6.10: Sector wise causes of Difficulty in Filling up Loan Application Form**

Sector	Use of Difficult Words		Due to Illiteracy of Yourself		Use of Technical Language		Lengthy Form		Inclusion of Irrelevant Questions		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	44	23.91	40	21.74	42	22.83	36	19.57	22	11.96	184
MSE	15	25.00	13	21.67	14	23.33	10	16.67	8	13.33	60
OPS	28	38.36	7	9.59	17	23.29	9	12.33	12	16.44	73
Total	87	27.44	60	18.93	73	23.03	55	17.35	42	13.25	317

Source: Field Survey

Sector-wise distribution of borrowers regarding causes of difficulty in fill up application form shown in the table 6.23. Out of the agriculture sector borrowers, 23.91 percent found difficult due to difficult words 22.83 percent due to technical information, 21.74 percent due to illiteracy and 19.57 percent due to lengthy form. Within the MSE sector, 25 percent borrowers have faced problem due to difficult words, 23.33 percent due to technical language, 21.67 percent due to illiteracy and 16.67 percent borrowers due to



lengthy form. 38.36 percent of borrowers of other priority sector borrowers felt difficulty due to difficult words.

**b) Delay in Sanctioning and Disbursement of Loan**

**Time Taken for Sanctioning the Loan**

After submission of filled up loan application form to the bank some time is required for verification of document, field verification, project evaluation and some other formalities followed by the bank officials. Some banks due to various reasons took more time than required for sanctioning the loan and for which purpose of borrowing might be defeated. The responses of borrowers regarding time taken for sanctioning the loan have been shown bank-wise, block wise and sector wise in table 6.11, 6.12 and 6.13 respectively. The table 6.11 reveals that 33.33 percent of the total borrowers reported that their loan was sanctioned within 1-2 months, 31.39 percent received sanctioned amount within 15-30 days, 19.44 percent received sanctioned amount after 2 months and 15.83 percent received loan amount within 15 days.

**Table 6.11: Bank wise Time Taken for Sanction the Loan**

Banks	Less than 15 days		15-30 days		1-2 months		More than 2 months		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	31	14.35	64	29.63	78	36.11	43	19.91	216
UBI	26	18.06	49	34.03	42	29.17	27	18.75	144
TOTAL	57	15.83	113	31.39	120	33.33	70	19.44	360

Source: Field Survey

Bank-group wise time taken for sanctioning the loan presented in table 6.24. The table reveals that 14.35 percent borrowers of SBI and 18.06 percent of UBI have reported that they received their sanctioned amount within 15 days. However, 29.63 percent borrowers of SBI and 34.03 percent of UBI received their loan amount within 15 to 30 days. 36.11 percent borrowers of SBI and 29.17 percent of UBI received their loan between 1-2 months. But for 19.91 percent borrowers of SBI and 18.75 percent of UBI received their sanctioned amount after 2 months.

**Table 6.12: Block wise Time Taken for Sanction the Loan**

Block	Less than 15 days		15-30 days		1-2 months		More than 2 months		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	12	13.33	28	31.11	33	36.67	17	18.89	90
Dergoan	15	16.67	32	35.56	29	32.22	14	15.56	90
Sorupathar	14	15.56	23	25.56	35	38.89	18	20.00	90
Kathalguri	16	17.78	30	33.33	23	25.56	21	23.33	90
Total	57	15.83	113	31.39	120	33.33	70	19.44	360

Source: Field Survey

Block wise analysis regarding time taken for sanctioning the loan is shown in table 6.12.

The table reveals that 17.78 percent of the borrowers of Bokakhat block received their sanctioned amount within 15 days of the date of application. The corresponding percentage in Dergoan, Sorupathar and Bokakhat blocks are 16.67, 15.56 and 13.33 respectively. Similarly loan application of 35.56 percent borrowers of Dergoan block, 33.33 percent of Kathalguri block, 31.11 percent of Bokakhat block and 25.56 percent of Sorupathar block received their loan amount within 15 to 30 days. Time taken for sanctioning the bank loan need 1-2 months in case of 38.89 percent borrowers of Sorupathar block followed by 36.67 percent of Bokakhat block, 32.22 percent of Dergoan Block and 25.56 percent of Kathalguri Block. Sanctioning of loan amount required more than 2 months for 23.33 percent borrowers of Kathalguri block, 20 percent of Sorupathar block, 18.89 percent of Bokakhat block and 15.56 percent of Dergoan Block.

**Table 6.13: Sector wise Time Taken for Sanction the Loan**

Sector	Less than 15 days		15-30 days		1-2 months		More than 2 months		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	21	10.94	60	31.25	66	34.38	45	23.44	192
MSE	13	17.11	24	31.58	27	35.53	12	15.79	76
OPS	23	25.00	29	31.52	27	29.35	13	14.13	92
Total	57	15.83	113	31.39	120	33.33	70	19.44	360

Source: Field Survey

Sector-wise classification of borrowers regarding time taken for sanctioning the loan amount is shown in the table 6.13. The table reveals that loan of 34.38 percent borrowers of agriculture sector were sanctioned within 1 to 2 months followed by 31.25 percent

within 15 days to 1 month and 23.44 percent more than 2 months. In case of other priority sector, 25 percent borrowers received sanction amount within 15 days compared to 10.94 percent of agriculture sector and 17.11 percent of micro and small enterprise sector. It was taken more than 2 months for 23.44 percent borrowers of agriculture sector followed by 15.79 percent of micro and small enterprise sector and 14.13 percent of other priority sector for sanctioning the loan amount.

### Number of time visited for sanctioning the Loan

After submission of loan application form, borrowers have to visit the banks many times to know the status of their application. They regularly visited the bank for getting the loan as soon as possible and before starting their economic activities. Bank wise responses of borrowers regarding number of time they have visited for getting their loan is shown in the table 6.14. The table reveals that 38.33 percent of the total borrowers visited the bank 4-6 times, 31.11 percent of borrowers visited 7-9 times, 18.06 percent borrowers visited 10 or more than 10 times and 12.50 percent borrowers visited 1-3 times for sanctioning the loan.

Table 6.14: **Bank wise Number of Time Visited for Sanctioning the Loan**

Banks	1-3 times		4-6 times		7-9 times		10 or more than 10 times		Total
	No.	Percent	No.	percent	No.	percent	No.	percent	
SBI	28	12.96	83	38.43	69	31.94	36	16.67	216
UBI	17	11.81	55	38.19	43	29.86	29	20.14	144
TOTAL	45	12.50	138	38.33	112	31.11	65	18.06	360

Source: Field Survey

The table also reveals that 38.43 percent borrowers of SBI and 38.19 percent of UBI visited 4-6 times to sanctioned their loan. 31.94 percent borrowers of SBI and 29.86 percent borrowers of UBI visited 7-9 times, 12.96 percent borrowers of SBI and 11.81 percent borrowers of UBI visited 1-3 times for sanctioning their loan.

Table 6.15: **Block wise Number of Time Visited for Sanctioning the Loan**

Block	1-3 times		4-6 times		7-9 times		10 or more than 10 times		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	15	16.67	37	41.11	27	30.00	11	12.22	90

Dergoan	8	8.89	40	44.44	23	25.56	19	21.11	90
Sorupathar	10	11.11	32	35.56	26	28.89	22	24.44	90
Kathalguri	12	13.33	29	32.22	36	40.00	13	14.44	90
Total	45	12.50	138	38.33	112	31.11	65	18.06	360

Source: Field Survey

Block-wise responses reveals that 44.44 percent borrowers of Dergoan block, 41.11 percent of Bokakhat block, 35.56 percent of Sorupathar block and 32.22 percent of Kathalguri block visited 4 to 6 times for sanctioning their loan. Again, 40 percent borrowers of Kathalguri Block, 30 percent of Bokakhat block, 28.89 percent of Sorupathar block and 25.56 percent of Dergoan block visited 7 to 9 times for sanctioning the loan. Only 8.89 percent borrowers of Dergoan block, 11.11 percent of Sorupathar block, 13.33 percent of Kathalguri block and 16.67 percent of Bokakhat block able to sanctioned their loan after visiting 1-3 times to the bank.

**Table 6.16: Sector wise Number of Time Visited for Sanctioning the Loan**

Sector	1-3 times		4-6 times		7-9 times		10 or more than 10 times		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	10	5.21	79	41.15	66	34.38	37	19.27	192
MSE	16	21.05	27	35.53	20	26.32	13	17.11	76
OPS	19	20.65	32	34.78	26	28.26	15	16.30	92
Total	45	12.50	138	38.33	112	31.11	65	18.06	360

Source: Field Survey

Table 6.16 shows that majority borrowers of all the sectors visited 4 to 6 times for sanctioning their loan amount. 34.38 percent borrowers of agriculture sector, 26.32 percent of micro and small enterprise sector and 28.26 percent of other priority sector visited 7-9 times for sanctioning their loan amount. Only 5.21 percent borrowers of agriculture sector, 21.05 percent borrowers of small and medium enterprise sector and 20.65 percent borrowers of other priority sector visited 1-3 times for sanctioning their loan. Value of chi-square indicated that no significant differences existed among bank wise borrowers regarding number of times visited for sanction their loan.

### Reason for Delay in Sanction of Loan

In most of the cases, loan of prospective borrowers were not sanctioned in time due different reason such as paucity of bank staff, excessive documentation, unnecessary delay, callous attitude of staff etc. Responses of borrowers regarding reason for delay in sanction the loan shown as bank-wise in the table 6.17. Out of total borrowers, 36.94 percent borrowers said that excessive documentation is the main reason for delay in sanctioning the loan followed by unnecessary delay (25.56 percent). 19.27 percent borrowers expressed callous attitude of bankers, 17.78 percent said shortage of bank staff is responsible for delay in sanctioning the loan.

Table 6.17: **Bank wise Reason for Delay in Sanction of Loan**

Banks	Shortage of Bank Staff		Unnecessary Queries		Callous Attitude of Staff		Excessive Documentation		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	34	15.74	56	25.93	45	20.83	81	37.50	216
UBI	30	20.83	36	25.00	26	18.06	52	36.11	144
TOTAL	64	17.78	92	25.56	71	19.72	133	36.94	360

Source: Field Survey

Table 6.17 depict bank wise borrowers' responses regarding causes for delay in loan sanction. 37.5 percent borrowers of SBI and 36.11 percent borrowers of UBI expressed that excessive documentation is the main reason for delay in loan sanction. Unnecessary queries by bank officials is also another reason for delay in loan sanction is said by 25.93 percent borrowers of SBI and 25 percent of UBI. 20.83 percent borrowers of SBI and 18.06 percent of UBI said callous attitude of staff is responsible for delay in sanctioning the loan. 15.74 percent borrowers of SBI and 20.83 percent borrowers of UBI considered paucity of bank staff is also another reason for delay in loan sanctioned.

Table 6.18: **Block wise Reason for Delay in Sanction of Loan**

Block	Shortage of Bank Staff		Unnecessary Queries		Callous Attitude of Staff		Excessive Documentation		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	13	14.44	27	30.00	15	16.67	35	38.89	90
Dergoan	17	18.89	22	24.44	17	18.89	34	37.78	90

Sorupathar	19	21.11	19	21.11	21	23.33	31	34.44	90
Kathalguri	15	16.67	24	26.67	18	20.00	33	36.67	90
Total	64	17.78	92	25.56	71	19.72	133	36.94	360

Source: Field Survey

Table 6.18 depict that 38.89 percent borrowers of Bokakhat block, 37.78 percent borrowers of Dergoan block, 36.67 percent borrowers of Kathalguri block and 34.44 percent borrowers of Sorupathar block attributed excessive documentation is the main reason for delay in loan sanctioned. Unnecessary queries by bank official is also another reason for delay in loan sanction was said by 30 percent borrowers of Bokakhat branch followed by 26.67 percent borrowers of Kathalguri branch, 24.44 percent borrowers of Dergoan block and 21.11 percent borrowers of Sorupathar block. It was found that callous attitude of staff or bank officials also responsible for delay in sanction of loan, which was expressed by 23.33 percent, 20 percent, 18.89 percent and 16.67 percent borrowers of Sorupathar, Kathalguri, Dergoan and Bokakhat block respectively.

**Table 6.19: Sector wise Reason for Delay in Sanction of Loan**

Sector	Shortage of Bank Staff		Unnecessary Queries		Callous Attitude of Staff		Excessive Documentation		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	35	18.23	44	22.92	34	17.71	79	41.15	192
MSE	12	15.79	23	30.26	16	21.05	25	32.89	76
OPS	17	18.48	25	27.17	21	22.83	29	31.52	92
Total	64	17.78	92	25.56	71	19.72	133	36.94	360

Source: Field Survey

Table 6.19 shows sector-wise borrowers opinion regarding reason for delay in sanctioning the loan. In case of agriculture sector, 41.15 percent borrowers attributed excessive documentation is the main reason for delay in loan sanctioned followed by unnecessary delay, paucity of bank staff and callous attitude of bank officials. 32.89 percent borrowers of small and medium enterprise sector and 31.52 percent borrowers of other priority sector borrowers also attributed excessive documentation as a major reason for delay in loan sanctioned.

### Pre-Sanction Visit

Before sanctioning the loan, bank official or field officer visit the place of borrowers to verify their documents and appraisal economic and other aspect of their project. Delay in pre-sanction visit is also responsible for delay in sanction the loan. All the banks have some prescribed rules, regulations and guideline for sanctioning loan. The responses of borrowers regarding pre-sanction visit of bank official are depicted bank-wise, block-wise and sector wise in table 6.20, 6.21, 6.22 respectively. Out of the total borrowers, 61.39 percent of borrowers reported that bank official visited their place once before sanctioning the loan whereas 26.11 percent borrowers said that no bank official ever visited their place before sanctioning the loan.

Table 6.20: **Bank wise Borrowers Responses Regarding Pre-Sanction Visit**

Banks	Never		Once		Twice		Thrice or More		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	58	26.85	134	62.04	18	8.33	6	2.78	216
UBI	36	25.00	87	60.42	14	9.72	7	4.86	144
TOTAL	94	26.11	221	61.39	32	8.89	13	3.61	360

Source: Field Survey

Table 6.20 shows bank wise pre-sanction visit the bank officials. 62.04 percent borrowers of SBI and 60.42 percent borrowers of UBI had reported that bank officials visited their place once before sanctioning the loan. Again 26.85 percent borrowers of SBI and 25 percent borrowers of UBI reported that no bank official ever visited their place before sanctioning the loan.

Table 6.21: **Block wise Borrowers Responses Regarding Pre-Sanction Visit**

Block	Never		Once		Twice		Thrice or More		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	19	21.11	61	67.78	7	7.78	3	3.33	90
Dergoan	23	25.56	56	62.22	6	6.67	5	5.56	90
Sorupathar	28	31.11	51	56.67	9	10.00	2	2.22	90

Kathalguri	24	26.67	53	58.89	10	11.11	3	3.33	90
Total	94	26.11	221	61.39	32	8.89	13	3.61	360

Source: Field Survey

Block-wise borrowers responses regarding pre-sanction visit by bank official was presented in table 6.21. The table reveals that more than 55 percent of the total borrowers of each block reported that the bank officials visited their place once for pre-sanction visit. However, 31.11 percent borrowers of Sorupathar block, 26.67 percent borrowers of Kathalguri block, 25.56 percent borrowers of Dergoan block and 21.11 percent borrowers of Bokakhat block reported that no bank official ever visited their place before sanctioning their loan.

**Table 6.22: Sector wise Borrowers Responses Regarding Pre-Sanction Visit**

Sector	Never		Once		Twice		Thrice or More		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	63	32.81	107	55.73	18	9.38	4	2.08	192
MSE	6	7.89	53	69.74	10	13.16	7	9.21	76
OPS	25	27.17	61	66.30	4	4.35	2	2.17	92
Total	94	26.11	221	61.39	32	8.89	13	3.61	360

Source: Field Survey

The sector wise data presented in the table 6.22 reveals that more than 55 percent of the total borrowers of all the sectors reported that the bank officials visited their place once for pre-sanction visit. The table also indicates that 32.81 percent borrowers of agriculture sector and 27.17 percent borrowers of other priority sector reported that bank official never visited their place before sanctioning their loan.

### **Post-Sanction Visit**

Sometimes disbursement of loan instalment is delayed due to delay in post sanction visit. Post sanction visit are very much essential to ensure proper utilisation of loan amount. The responses of borrowers regarding number of post sanction visit made by the bank officials have been presented bank-wise, block-wise and sector-wise in tables 6.23, 6.24 and 6.25 respectively. The table reveals that majority of total borrowers reported that



bank officials visited their place occasionally and 19.17 percent reported that bank officials never visited their place after disbursement of loan.

**Table 6.23: Bank wise Borrowers Responses Regarding Post-Sanction Visit**

Banks	NIL		Occasionally		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	39	18.06	102	47.22	16	7.41	18	8.33	41	18.98	216
UBI	30	20.83	74	51.39	7	4.86	13	9.03	20	13.89	144
TOTAL	69	19.17	176	48.89	23	6.39	31	8.61	61	16.94	360

Source: Field Survey

Bank-wise responses of borrowers regarding post sanction visit by bank official shown in the table 6.23 reflects that maximum borrowers of both SBI and UBI have reported that bank official visited their place occasionally after sanctioning the loan. The study also reveals that 20.83 percent borrowers of UBI and 18.06 percent borrowers of SBI reported that bank official never visited their place after disbursement of loan amount.

**Table 6.24: Block wise Borrowers Responses Regarding Post-Sanction Visit**

Block	NIL		Occasionally		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	16	17.78	45	50	6	6.67	10	11.11	13	14.44	90
Dergoan	14	15.56	46	51.11	7	7.78	7	7.78	16	17.78	90
Sorupathar	18	20	43	47.78	5	5.56	6	6.67	18	20	90
Kathalguri	21	23.33	42	46.67	5	5.56	8	8.89	14	15.56	90
Total	69	19.17	176	48.89	23	6.39	31	8.61	61	16.94	360

Source: Field Survey

Table 6.24 reveals that majority of borrowers of all the blocks reported that bank officials visited occasionally after sanction the loan. 23.33 percent borrower's of kathalguri block, 20 percent of sorupathar block, 17.78 percent of Bokakhat block and 15.56 Dergoan block reported that bank officials never visited their place after sanctioning their loan.

**Table 6.25: Sector wise Borrowers Responses Regarding Post-Sanction Visit**

Sector	NIL		Occasionally		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	29	15.1	104	54.17	10	5.21	15	7.81	34	17.71	192
MSE	14	18.42	33	43.42	9	11.84	9	11.84	11	14.47	76
OPS	26	28.26	39	42.39	4	4.35	7	7.61	16	17.39	92
Total	69	19.17	176	48.89	23	6.39	31	8.61	61	16.94	360

Source: Field Survey

Table 6.25 depicts sector-wise borrowers' responses regarding post section visit by bank officials. Responses 54.17 percent borrowers of agriculture sector reported that bank official visited occasionally after disbursement of loan amount followed by 43.42 percent borrowers of small and medium enterprise sector and 42.39 percent borrowers of other priority sector. It was also found that 28.26 percent borrowers of other priority sector borrowers said that bank official never visited their place after loan sanction followed by 18.42 percent borrowers of MSE sector and 15.10 percent borrowers of agriculture sector.

**c) Inadequacy of Loan Amount**  
**Amount of loan taken**

Amount of loan taken by borrowers is the amount which was sanctioned and disbursed by the bank to carry out economic activity. The amount of loan sanctioned by the bank depends upon various factors of the borrowers such as need, purpose, income, credit worthiness, size of land holding etc. Bank-wise, block-wise and sector-wise amount of loan taken by the borrowers was shown in table 6.26, 6.27 and 6.28 respectively. Out of the total borrowers 33.44 percent borrowers borrowed less than Rs. 50000, 25.83 percent borrowed the amount from Rs. 50000-1 lakh, 18.33 percent from 1lakh-3 lakhs and 12.50 percent from Rs. 3 lakh to 5 lakhs.

**Table 6.26: Bank-wise amount of loan taken**

Banks	Below Rs. 50000		Rs. 50000- Rs. 1Lakh		Rs. 1Lakh- Rs. 3 Lakhs		Rs. 3 Lakhs- Rs. 5Lakhs		Above Rs. 5 Lakhs		Total No.
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	73	33.80	56	25.93	42	19.44	27	12.50	18	8.33	216
UBI	51	35.42	37	25.69	24	16.67	18	12.50	14	9.72	144
Total	124	34.44	93	25.83	66	18.33	45	12.50	32	8.89	360

Source: Field Survey

Bank-wise analysis reveals that out of the total borrowers of SBI 33.80 percent borrowers taken loan below Rs. 50000 followed by 25.93 borrowers in between Rs. 50000 to 1 lakh, 19.44 percent borrowers between Rs. 1 lakh-3 lakhs, 12.50 percent between 3-5 lakhs and 8.33 percent above 5 lakhs. In case of UBI, 35.42 percent borrowers taken loan below Rs. 50000 followed by 25.69 percent borrowers between Rs. 50000-1 lakhs, 16.67 percent borrowers between Rs. 1 lakh-3 lakhs, 12.50 percent between 3-5 lakhs and 9.72 percent above 5 lakhs.

**Table 6.27: Block-wise loan taken**

Block	Below Rs. 50000		Rs. 50000- Rs. 1Lakh		Rs. 1Lakh- Rs. 3 Lakhs		Rs. 3 Lakhs- Rs. 5Lakhs		Above Rs. 5 Lakhs		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	35	38.89	20	22.22	15	16.67	13	14.44	7	7.78	90
Dergoan	28	31.11	25	27.78	17	18.89	10	11.11	10	11.11	90
Sorupathar	31	34.44	22	24.44	23	25.56	8	8.89	6	6.67	90
Kathalguri	30	33.33	26	28.89	11	12.22	14	15.56	9	10.00	90
Total	124	34.44	93	25.83	66	18.33	45	12.50	32	8.89	360

Source: Field Survey

Block-wise responses regarding amount of loan taken reveals that majority of borrowers (34.44) of all the blocks taken loan below Rs. 50000. Table also reveals that 28.89 percent borrowers of kathalguri block and 27.78 percent borrowers of Dergoan block taken loan between Rs 50000-1 lakhs. 25.56 percent borrowers of Sorupathar block taken loan between Rs 1 lakh- 3 lakhs.

**Table 6.28: Sector wise loan taken**

Sector	Below Rs. 50000		Rs. 50000- Rs. 1Lakh		Rs. 1Lakh- Rs. 3 Lakhs		Rs. 3 Lakhs- Rs. 5Lakhs		Above Rs. 5 Lakhs		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	98	51.04	73	38.02	14	7.29	5	2.60	2	1.04	192
MSE	9	11.84	11	14.47	27	35.53	16	21.05	13	17.11	76
OPS	17	18.48	9	9.78	25	27.17	24	26.09	17	18.48	92
Total	124	34.44	93	25.83	66	18.33	45	12.50	32	8.89	360

Source: Field Survey

Sector-wise distribution of loan taken shows that majority of borrowers of agriculture sector i.e., 51.04 percent borrowers have taken loan below Rs 50000 followed by 38.02 percent between Rs. 50000 to 1 lakh. Within the MSE sector 35.53 percent borrowers had taken loan between Rs. 1 lakh-3 lakhs followed by 21.05 percent borrowers had taken loan between Rs. 3 lakh-5 lakhs. It was also found that 27.17 percent borrowers of other priority sector had taken loan between Rs. 1 lakh to 3 lakhs followed by 26.09 percent borrowers had taken loan between Rs. 3 lakhs to 5 lakhs.

### **Credit Requirement, Credit obtained and Credit Gap**

Bank and financial institutions provide credit to borrowers to carry out economic activity. Credit sanctioned to borrowers by banks does not always match always with their requirement. Small and marginal borrowers do not have own resources to manage the additional requirement of fund and for this reason inadequacy of loan amount results in diversion of fund. Credit gap is the difference between the amount of credit required by a borrower to carry out his economic activities and amount of credit obtained from the bank. Bank-wise, bock-wise and sector-wise borrower's responses regarding credit required, credit obtained and credit gap shown in table 6.29, 6.30 and 6.31 respectively. Mean credit requirement of sample borrowers was Rs. 178694.4 out of which mean credit disbursed by the banks amounted to Rs. 153304.17. Average credit gap as a whole was calculated Rs. 25390.27. The survey has also revealed that 14.21 percent of credit requirement of the borrowers was not met by the public sector banks.

**Table 6.29: Bank-Wise Credit Requirement, Credit Obtained and Credit Gap**

Bank	Number of Borrowers	Mean Credit Required (Rs.)	Mean Credit Obtained (Rs.)	Mean Credit Gap (Rs.)	Credit Gap as Percentage of Credit Requirement
SBI	216	184006.94	158916.67	25090.27	13.64
UBI	144	170725.04	144885.42	25839.62	15.14
Total	360	178694.4	153304.17	25390.27	14.21

Source: Field Survey

Bank-wise mean credit requirement, credit obtained, credit gap and the percentage of credit gap to the credit required are shown in table 6.29. Mean credit requirement of borrowers of SBI and UBI were Rs. 184006.94 and Rs. 170725.04 respectively out of which mean credit obtained were Rs 158916.67 and Rs. 144885.42 respectively. Average credit gap of UBI (Rs. 25839.62) is comparatively higher than that of SBI 25090.27). Percentage of credit gap was also comparatively higher in case of UBI (15.14 percent) than that of SBI (13.64).

**Table 6.30: Block-Wise Credit Requirement, Credit Obtained and Credit Gap**

Block	Number of Borrowers	Mean Credit Required (Rs.)	Mean Credit Obtained (Rs.)	Mean Credit Gap (Rs.)	Credit Gap as Percentage of Credit Requirement
Bokakhat	90	165083.33	150133.33	14950.00	9.06
Dergoan	90	192444.44	162494.44	29950.00	15.56
Sorupathar	90	170277.78	138033.33	32244.45	18.94
Kathalguri	90	186972.22	162555.56	24416.66	13.06
Total	360	178694.44	153304.17	25390.28	14.21

Source: Field Survey

Table 6.30 exhibits block-wise average credit need, average credit obtained, average credit gap and the percentage of credit gap. Block-wise mean credit requirement was highest in Dergoan block with Rs. 192444.44 followed by Rs. 186972.22 in Kathalguri block, Rs. 170277.78 in Sorupathar block and Rs. 165083.33 in Bokakhat block. Average credit obtained was highest in Kathalguri block with Rs. 162555.56 followed by Rs. 162494.44, Rs. 150133.33 and Rs. 138033.33 in Dergoan, Bokakhat and Sorupathar block respectively. Block-wise classification shows significant disparity in mean credit requirement, mean credit obtained and mean credit gap between the four blocks. Mean credit gap was highest in Sorupathar block (Rs. 32244.45) and lowest in Bokakhat block (Rs. 14950). Percentage of credit gap also varies considerably among the four blocks. The percentage of credit gap was highest in Sorupathar block (18.94 percent) and lowest in Bokakhat block (9.06 percent).

**Table 6.31: Sector-Wise Credit Requirement, Credit Obtained and Credit Gap**

Sector	Number of Borrowers	Mean Credit Required (Rs.)	Mean Credit Obtained (Rs.)	Mean Credit Gap (Rs.)	Credit Gap as Percentage of Credit Requirement
Agriculture	192	102942.7	65403.65	37539.06	36.47
MSE	76	268585.5	237697.4	30888.16	11.50
OPS	92	300081.5	268146.7	31934.78	10.64
Total	360	188291.67	153172.22	35119.44	18.65

Source: Field Survey

Sector-wise classification of credit requirement, credit obtained and credit gap presented in table 6.8 highlights the fact that mean credit requirement and mean credit obtained was highest in agriculture sector followed by other priority sector and MSE sector. Average credit gap of borrowers was highest in agriculture sector (Rs. 34856.77) followed by other priority sector (Rs. 14802.63) and MSE sector (Rs. 14380.44). Percentage of credit

gap indicates huge variation in agriculture sector with MSE and other priority sector. Percentage of credit gap was highest in agriculture sector (35.22 percent) and lowest in other priority sector (5.07 percent).

### **Adequacy of loan amount**

The amount of loan sanctioned by the bank is not always match with the needs of the borrowers. In order to know the opinion of borrowers regarding adequacy of amount they were asked whether the loan amount was adequate or not. Bank-wise, block-wise and sector-wise responses of the borrowers have been shown in the table 6.32, 6.33 and 6.34 respectively. These tables indicate that majority of borrowers were getting loan amount less than their requirement.

**Table: 6.32. Bank-wise adequacy of loan amount**

Banks	Yes		No		Total
	No.	Percent	No.	Percent	
SBI	69	31.94	147	68.06	216
UBI	53	36.81	91	63.19	144
Total	122	33.89	238	66.11	360

Source: Field Survey

Table 6.32 reveals that majority of the borrowers got inadequate amount of loan. According to 68.06 percent borrowers of SBI and 63.19 percent borrowers of UBI found the loan amount inadequate.

**Table 6.33: Block-wise adequacy of loan amount**

Block	Yes		No		Total
	No.	Percent	No.	Percent	
Bokakhat	36	40.00	54	60.00	90
Dergoan	27	30.00	63	70.00	90
Sorupathar	30	33.33	60	66.67	90
Kathalguri	29	32.22	61	67.78	90
Total	122	33.89	238	66.11	360

Source: Field Survey

Block-wise responses of borrowers clearly indicate that majority of borrowers from each block consider the amount of loan they received was inadequate. Responses of borrowers regarding insufficient loan amount was highest in Dergoan block (70 percent) and lowest in Bokakhat block (60 percent).

Table: 6.34. **Sector-wise adequacy of loan amount**

Sector	Yes		No		Total
	No.	Percent	No.	Percent	
Agriculture	51	26.56	141	73.44	192
MSE	28	36.84	48	63.16	76
OPS	43	46.74	49	53.26	92
Total	122	33.89	238	66.11	360

Source: Field Survey

Sector-wise analysis reveals that the amount of loan sanctioned considered inadequate was highest in agriculture sector (73.44 percent) followed by MSE sector (63.16 percent) and other priority sector (53.26 percent).

#### **Sources of additional fund**

Inadequacy of loan amount leads to diversion of fund or force the borrowers to borrow additional fund from other sources like friends and relatives, money lender, other financial institutions and selling of own assets. Bank-wise, block-wise and sector-wise responses of the borrowers regarding sources of additional fund have been shown in the table 6.35, 6.36 and 6.37 respectively. Majority of borrowers depended on friend or relatives (48.74 percent) for procurement of additional fund followed by selling of their assets (20.59 percent).

Table: 6.35. **Bank wise Borrowers Responses Regarding Sources of Additional fund**

Banks	Friends/Relatives		Money lender		Other financial institution		Selling of own Assets		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	75	51.02	26	17.69	17	11.56	29	19.73	147
UBI	41	45.05	18	19.78	12	13.19	20	21.98	91
TOTAL	116	48.74	44	18.49	29	12.18	49	20.59	238

Source: Field Survey

Bank-wise data reveals that majority borrowers of both the bank i.e., 51.02 percent of SBI and 45.05 percent of UBI have depended on friends and relatives to fill up the credit gap. 21.98 percent borrowers of UBI and 19.73 percent of SBI procured additional fund by selling their assets. The table also highlights that 19.78 percent borrowers of UBI and 17.69 percent borrowers of SBI have compelled to borrow money from money lender and 13.19 percent borrowers of UBI and 11.56 percent of SBI borrow money from other financial institutions due inadequacy of loan amount.

Table: 6.36. **Block wise Borrowers Responses Regarding Sources of additional fund**

Block	Friends/Relatives		Money lender		Other financial institution		Selling of own Assets		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.
Bokakhat	21	38.89	12	22.22	7	12.96	14	25.93	54
Dergoan	32	50.79	11	17.46	7	11.11	13	20.63	63
Sorupathar	34	56.67	9	15.00	6	10.00	11	18.33	60
Kathalguri	29	47.54	12	19.67	9	14.75	11	18.03	61
Total	116	48.74	44	18.49	29	12.18	49	20.59	238

Source: Field Survey

Block-wise analysis reveals that borrowers of all the blocks get financial help from friend and relatives for additional fund. 56.67 percent borrowers of Sorupatar block, 50.79 percent borrowers of Dergoan block, 47.54 percent borrowers of Kathaguri block and 38.89 percent borrowers of Bokakhat block depended on friends and relatives for additional fund. 25.93 percent and 22.22 borrowers of Bokakhat block filled the credit gap by selling their own assets and taking oan from money ender respectively.

Table: 6.37. **Sector-wise Borrowers Responses Regarding Sources of additional fund**

Sector	Friends/Relatives		Money lender		Other financial institution		Selling of own Assets		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	76	53.90	25	17.73	8	5.67	32	22.70	141
MSE	19	39.58	8	16.67	12	25.00	9	18.75	48
OPS	21	42.86	11	22.45	9	18.37	8	16.33	49
Total	116	48.74	44	18.49	29	12.18	49	20.59	238

Source: Field Survey

Table 6.37 reveal that borrowers of agriculture sector (53.90 percent) followed by other priority sector (42.86 percent) and MSE sector (39.58 percent) managed the credit gap with the help of friends and relatives. 25 percent borrowers of MSE sector procured additional fund from other financial institutions finding no other alternative, 22.70 percent borrowers of agriculture sector procured additional fund by selling of their assets and 22.45 percent borrowers of other priority sector had borrowed from money lender with a high rate of interest.

#### **d) Problems of Borrowers Regarding Utilisation of Fund**

The objectives of the priority sector lending will be fulfilled if the borrowers utilise their loan for the purpose for which loan was granted. Proper utilisation of loan for scheduled



productive purposes had direct relation with repayment behaviour of the borrowers. Utilisation of loan in unproductive purposes results in absence of income from investment and failed to repay their loan amount.

### Utilisation of Loan Amount

Utilisation of loan is examined in the context of the purposes for which the credit had been advanced and for which it was actually used. Borrower's responses regarding utilisation of loan amount was shown bank-wise, block-wise and section-wise in table 6.38, 6.39, 6.40. Out of the total borrowers, 60.28 percent borrowers partly utilised their loan amount, 29.44 percent borrowers fully utilised their loan amount and 10.28 percent borrowers have not utilised their loan amount for the purpose for which loan was taken.

Table 6.38: **Bank wise Borrowers Responses Regarding Utilisation of Loan Amount**

Banks	Fully Utilised		Partly Utilised		Not Utilised		Total
	No.	Percent	No.	Percent	No.	Percent	
SBI	65	30.09	127	58.80	24	11.11	216
UBI	41	28.47	90	62.50	13	9.03	144
Total	106	29.44	217	60.28	37	10.28	360

Source: Field Survey

Table 6.38 reveals that 30.09 percent borrowers of SBI and 28.47 percent borrowers of UBI fully utilised their loan amount whereas 62.50 percent borrowers of UBI and 58.80 percent borrowers of SBI utilised their loan amount partly for which loan was taken. However 11.11 percent borrowers of SBI and 9.03 percent borrowers of UBI have diverted their loan amount fully to other purposes.

Table 6.39: **Block wise Borrowers Responses Regarding Utilisation of Loan Amount**

Block	Fully Utilised		Partly Utilised		Not Utilised		Total
	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	23	25.56	56	62.22	11	12.22	90
Dergoan	27	30.00	53	58.89	10	11.11	90
Sorupathar	32	35.56	48	53.33	10	11.11	90
Kathalguri	24	26.67	60	66.67	6	6.67	90

Total	106	29.44	217	60.28	37	10.28	360
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Source: Field Survey

From the table 6.39, it is clear that majority of borrowers of all block have partially utilised their loan amount. However, 35.56 percent borrowers of Sorupathar block, 30 percent of Dergoan block, 26.67 percent of Kathalguri block and 25.56 percent of Bokakhat block have fully utilised their loan amount for which loan was taken. It was also seen that 12.12 percent borrowers of Bokakhat block, 11.11 percent borrowers of both Dergoan as well as Sorupathar block and 6.67 percent of Kathalguri block have fully diverted their loan amount.

**Table 6.40: Sector wise Borrowers Responses Regarding Utilisation of Loan Amount**

Sector	Fully Utilised		Partly Utilised		Not Utilised		Total
	No.	Percent	No.	Percent	No.	Percent	
Agriculture	26	13.54	143	74.48	23	11.98	192
MSE	34	44.74	36	47.37	6	7.89	76
OPS	46	50.00	38	41.30	8	8.70	92
Total	106	29.44	217	60.28	37	10.28	360

Source: Field Survey

Table 6.40 reveals that 74.48 percent borrowers of agriculture sector, 47.37 percent of MSE sector and 41.30 percent of other priority sector have partly utilised their loan amount. The table also indicates that 50 percent borrowers of other priority sector and 44.74 percent borrowers of micro and small enterprise sector fully utilised their loan amount whereas only 13.54 percent borrowers of agriculture sector fully utilised their loan amount.

### **Reasons for Fund Diversion**

Partly utilisation of loan or not utilisation of loan for the purpose for which loan was taken leads to fund diversion. There are various reason for fund diversion such as inadequacy of loan amount, untimely credit, repayment of old debt, amount spent on social ceremonies, amount spent on better investment etc. Out of the total borrowers 35.04 percent diverted their loan amount due to delay on disbursement of loan, 23.62 percent have compelled to spend on social ceremonies, 22.44 percent diverted fun due to inadequacy of loan amount, 11.42 percent borrowers due to repayment of old debt and 7.48 percent borrowers invested the loan amount in order to reap a higher return.

**Table 6.41: Bank wise Borrowers Responses on Reason for Fund Diversion**

Banks	Inadequacy of Loan Amount		Untimely Credit or Delay on Disbursement		Repayment of Old Debt		Amount Spent on Social Ceremonies		Amount Spent on Better Investment		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	36	23.84	52	34.44	15	9.93	37	24.50	11	7.28	151
UBI	21	20.39	37	35.92	14	13.59	23	22.33	8	7.77	103
Total	57	22.44	89	35.04	29	11.42	60	23.62	19	7.48	254

Source: Field Survey

Table 6.41 reveals that the main reason for diversion of funds is untimely or delayed in credit disbursement followed by amount spent on social ceremonies, inadequacy of loan amount, repayment of old debt and amount spent for better investment which is applicable for borrowers of both the banks i.e., SBI and UBI.

**Table 6.42: Block wise Borrowers Responses on Reason for Fund Diversion**

Block	Inadequacy of Loan Amount		Untimely Credit or Delay on Disbursement		Repayment of Old Debt		Amount Spent on Social Ceremonies		Amount Spent on Better Investment		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	11	16.42	28	41.79	7	10.45	15	22.39	6	8.96	67
Dergoan	15	23.81	21	33.33	10	15.87	13	20.63	4	6.35	63
Sorupathar	17	29.31	18	31.03	8	13.79	12	20.69	3	5.17	58
Kathalguri	14	21.21	22	33.33	4	6.06	20	30.30	6	9.09	66
Total	57	22.44	89	35.04	29	11.42	60	23.62	19	7.48	254

Source: Field Survey

Block-wise borrowers' responses regarding reason for fund diversion (Table 6.42) reveals that maximum borrowers of the four blocks diverted their loan amount due to untimely credit or delay in disbursement of loan. However, 30.30 percent borrowers of Kathalguri

block diverted their loan amount due to amount spent on social ceremonies and 29.31 percent of Sorupathar block due to inadequacy of loan amount.

**Table 6.43: Sector wise Borrowers Responses on Reason for Fund Diversion**

Sector	Inadequacy of Loan Amount		Untimely Credit or Delay on Disbursement		Repayment of Old Debt		Amount Spent on Social Ceremonies		Amount Spent on Better Investment		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	39	22.94	65	38.24	20	11.76	37	21.76	9	5.29	170
MSE	8	21.05	9	23.68	4	10.53	11	28.95	6	15.79	38
OPS	10	21.74	15	32.61	5	10.87	12	26.09	4	8.70	46
Total	57	22.44	89	35.04	29	11.42	60	23.62	19	7.48	254

Source: Field Survey

Table 6.43 shows sector-wise borrowers responses regarding reason for fund diversion. It was found that within the agriculture sector, 38.24 percent borrowers diverted their loan due to untimely credit or delay in disbursement followed by 22.94 percent due to inadequacy of loan amount, 21.76 percent due to amount spent on social ceremonies and 11.76 percent due to repayment of old debt. In case of MSE sector, 28.95 percent borrowers diverted their loan amount due to amount spent on social ceremonies, 23.68 percent due to untimely credit, 21.05 percent due to inadequacy of loan amount, 10.53 percent due to repayment of old debt and 15.79 percent due to amount spent on better investment. It was found that 32.61 percent borrowers of other priority sector diverted their loan due to delay in disbursement followed by 26.09 percent due to amount spent on social ceremonies, 21.74 percent due to inadequacy of bank loan, 10.87 percent due to repayment of old debt and 8.70 percent due to amount spent on better investment.

#### **e) Problems Related to Repayment of Loan**

##### **Loan Repayment Schedule**

After getting the loan borrowers have to repay their loan in monthly, quarterly, half yearly or yearly instalment. The study reveals that majority of borrowers repaying their loan amount in half yearly instalment followed by 35.83 percent.

**Table 6.44: Bank wise Borrowers Loan Repayment Schedule**

Banks	Monthly		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	78	36.11	27	12.50	95	43.98	16	7.41	216
UBI	51	35.42	16	11.11	67	46.53	10	6.94	144
Total	129	35.83	43	11.94	162	45.00	26	7.22	360

Source: Field Survey

Bank-wise loan repayment schedule shown in the table 6.45 indicates that 46.53 percent borrowers of UBI and 43.98 of SBI repaying their loan amount in half yearly instalment 36.11 percent borrowers of SBI and 35.42 percent borrowers of UBI repaying their loan amount monthly instalment system.

**Table 6.45: Block wise Borrowers Loan Repayment Schedule**

Block	Monthly		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	34	37.78	10	11.11	37	41.11	9	10.00	90
Dergoan	30	33.33	13	14.44	41	45.56	6	6.67	90
Sorupathar	29	32.22	12	13.33	45	50.00	4	4.44	90
Kathalguri	36	40.00	8	8.89	39	43.33	7	7.78	90
Total	129	35.83	43	11.94	162	45.00	26	7.22	360

Source: Field Survey

Block-wise responses regarding loan payment system depict in table 6.45 reveals that maximum borrowers of entire block repay their loan in half yearly instalment system followed by monthly instalment system.

**Table 6.46: Sector wise Borrowers Loan Repayment Schedule**

Sector	Monthly		Quarterly		Half Yearly		Yearly		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	0	0.00	15	7.81	156	81.25	21	10.94	192
MSE	53	69.74	17	22.37	4	5.26	2	2.63	76
OPS	76	82.61	11	11.96	2	2.17	3	3.26	92

Total	129	35.83	43	11.94	162	45.00	26	7.22	360
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Source: Field Survey

Sector-wise borrowers responses regarding loan repayment system shown in the table 6.46 reveal that 82.56 percent borrowers of other priority sector repay and 69.74 percent borrowers of MSE sector repaying their loan in monthly instalment basis. The table also reveals that 81.25 percent borrowers of agriculture sector repay their loan in half yearly instalment basis.

### **Instalment Payment in Time**

Banks always want to receive borrowers' instalment money in time for smooth running their business. Fails in collecting instalment in time leads to increase overdue position of the bank and which results in adverse affect on overall performance of the bank. The responses of borrowers regarding instalment payment in time had shown bank-wise, block-wise and sector wise in table 6.47, 6.48 and 6.49 respectively. Out of the total borrowers, 35 percent borrowers repay their instalment in time in few cases followed by 26.11 percent in most of the cases, 24.17 percent irregular schedule and 14.72 percent always repay their instalment in time.

**Table 6.47: Bank wise Instalment Payment in Time**

Banks	Always		In Most of the cases		In few cases		No Regularly Schedule		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	30	13.89	56	25.93	79	36.57	51	23.61	216
UBI	23	15.97	38	26.39	47	32.64	36	25.00	144
Total	53	14.72	94	26.11	126	35.00	87	24.17	360

Source: Field Survey

Table 6.47 reveals that majority of borrowers of both the banks have repaying the loan amount in few cases at time followed by 26.39 percent of UBI and 25.93 percent of SBI repay their instalment in time in most of the cases. Only 15.97 percent borrowers of UBI and 13.89 percent borrowers of SBI always repay their instalment in time.

**Table 6.48: Block wise Instalment Payment in Time**

Block	Always		In Most of the cases		In few cases		No Regularly Schedule		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	15	16.67	21	23.33	32	35.56	22	24.44	90
Dergoan	12	13.33	24	26.67	36	40.00	18	20.00	90
Sorupathar	10	11.11	26	28.89	30	33.33	24	26.67	90
Kathalguri	16	17.78	23	25.56	28	31.11	23	25.56	90
Total	53	14.72	94	26.11	126	35.00	87	24.17	360

Source: Field Survey

Block-wise borrowers responses regarding regular repayment of instalment reveal that maximum borrowers of entire block repay their instalment regularly in few cases followed by 28.89 percent borrowers of Sorupathar block repay their instalment regularly in most of the cases.

**Table 6.49: Sector wise Instalment Payment in Time**

Sector	Always		In Most of the cases		In few cases		No Regularly Schedule		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	5	2.60	35	18.23	89	46.35	63	32.81	192
MSE	21	27.63	25	32.89	17	22.37	13	17.11	76
OPS	27	29.35	34	36.96	20	21.74	11	11.96	92
Total	53	14.72	94	26.11	126	35.00	87	24.17	360

Source: Field Survey

Sector-wise borrowers' responses regarding regularity in instalment payment reveals that 46.35 percent borrowers of agriculture sector repay their loan regularly in few cases. The table also indicates that 36.96 percent borrowers of other priority sector and 32.89 percent of MSE sector repay their loan regularly in most of the cases. It was also found that 29.35 percent borrowers of other priority sector and 27.63 percent of MSE sector always repay their loan in time. 32.81 percent borrowers of agriculture sector repay their loan without following regular schedule.

### Reason for Non-payment of loan in Time

Sometimes borrowers were not able to repay their loan regularly due to various factor like low return from the activity, compelling family income, repayment of old debt, hoping for loan waive off, lack of recovery effort from bank, unsuitable repayment schedule, unwilling to repay etc. Borrower's responses regarding reason for non payment of loan regularly had shown bank-wise block-wise and sector wise in table 6.50, 6.51 and 6.52 respectively. Out of the total borrowers, 42.35 percent borrowers due to low return from the activity, 22.15 percent due to hoping for loan waive off, 16.94 percent due to compelling family consumption, 14.33 percent due to repayment of old debt and 4.23 percent due to lack of recovery effort from bank fails to repay their loan timely.

**Table 6.50: Bank wise Reason for non payment of loan**

Banks	Low Return from the Activity		Compelling Family Consumption		Lack of Recovery Effort from Bank		Hoping for loan Waive off		Repayment of Old Debt		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
SBI	82	44.09	30	16.13	8	4.30	42	22.58	24	12.90	186
UBI	48	39.67	22	18.18	5	4.13	26	21.49	20	16.53	121
Total	130	42.35	52	16.94	13	4.23	68	22.15	44	14.33	307

Source: Field Survey

Bank-wise borrowers' responses regarding reason for non payment of loan reveals that majority of borrowers of both banks i.e., SBI and UBI have failed to repay their loan due to low return from the activity followed by hoping for loan waive off, compelling family consumption, repayment of old debt and lack of recovery effort from bank.

**Table 6.51: Block wise Reason for non payment of loan**

Block	Low Return from the Activity		Compelling Family Consumption		Lack of Recovery Effort from Bank		Hoping for loan Waive off		Repayment of Old Debt		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Bokakhat	29	38.67	16	21.33	3	4.00	14	18.67	13	17.33	75
Dergoan	30	38.46	14	17.95	5	6.41	19	24.36	10	12.82	78
Sorupathar	40	50.00	12	15.00	4	5.00	12	15.00	12	15.00	80
Kathalguri	31	41.89	10	13.51	1	1.35	23	31.08	9	12.16	74
Total	130	42.35	52	16.94	13	4.23	68	22.15	44	14.33	307

Source: Field Survey



Block-wise borrowers responses regarding reason for non payment of loan shown in table 6.51 reflects that majority of borrowers of four blocks fails to repay their loan due to low return from the activity. The table also indicates that 31.08 percent borrowers of Kathalguri block and 24.36 percent of Dergoan block fails to repay their loan due to hoping for loan waive off.

**Table 6.52: Sector wise Reason for non payment of loan**

Sector	Low Return from the Activity		Compelling Family Consumption		Lack of Recovery Effort from Bank		Hoping for loan Waive off		Repayment of Old Debt		Total
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	
Agriculture	87	46.52	15	8.02	4	2.14	64	34.22	17	9.09	187
MSE	31	56.36	9	16.36	2	3.64	1	1.82	12	21.82	55
OPS	12	18.46	28	43.08	7	10.77	3	4.62	15	23.08	65
Total	130	42.35	52	16.94	13	4.23	68	22.15	44	14.33	307

Source: Field Survey

Table 6.52 reveal that 56.36 percent borrowers of MSE and 46.52 percent of agriculture sector fails to repay their loan due to low return from the activity. 43.08 percent borrowers of other priority sector fails to repay their loan due to compelling family consumption and 34.22 percent of agriculture sector due to hoping for loan waive off.

### **Section III**

#### **6.3. Opinion of the Bank Managers Regarding various Problems of Priority Sector Lending**

In order to understand the problems faced by the bank managers for implementation of priority sector lending scheme, information from the bank managers were taken by administering schedule containing some relevance questions which are given below:

##### **Target Achievement by Banks**

According to RBI Master Circular on Priority Sector Lending in July 2012, target for priority sector lending for all domestic commercial banks and foreign banks with 20 and above branches has fixed by 40 percent of Adjusted Net Bank Credit (ANBC), and 32

percent of ANBC for foreign banks with less than 20 branches. During the survey, attempt was made to collect information from bank manager regarding achievement of target.

**Table 6.53: Bankers Opinion Regarding Achievement of Priority Sector Lending Target**

Banks	Yes		No		Total	
	No.	Percent	No.	Percent	No.	Percent
SBI	7	87.50	1	12.50	8	44.44
UBI	8	80.00	2	20.00	10	55.56
Total	15	83.33	3	16.67	18	100

Source: Field Survey

Table 6.53 shows the bank wise achievement of priority sector lending target. The table reveals that out of total bank manager 83.33 percent bank manager achieved the RBI target set for priority sector. Bank-wise analysis reveals that 87.50 percent of SBI and 80 percent of UBI have achieved the target of priority sector lending set by RBI. 20 percent of UBI branches and 12.50 percent of SBI branches failed to achieve the priority sector target set by RBI.

There is provision for penalties for non achievement of priority sector lending targets (Revised guidelines of Priority Sector Lending 2007 and 2012). Thus the banks are compelled to achieve the target to avoid penalty. Thus except a few new branches, all bank branches have achieved the target. Non achieving of priority sector targets by a bank, is taken into account while granting regulatory clearance or approval for various purposes by the RBI.

#### **Awareness Regarding various schemes of Priority Sector Lending**

Government of India launch various lucrative credit schemes for development of priority sector with the help of RBI and commercial banks. The bank can make the people aware of the benefit of different schemes related to priority sector. Bank can organise awareness camp, 'loan mela' etc jointly with the help of other government and non-government organisation such as DICCC, NABARD, SIDBI, agriculture department etc. They can go for advertisement of various schemes of priority sector through Bank manager communicate various information regarding schemes of priority sector by different

medium like wall poster, brochures, circulars, news paper, awareness camp etc. In this regard, responses of bank manager regarding creating awareness of various priority sector schemes are shown in table 6.54.

**Table 6.54: Bankers Responses Regarding Creating Awareness of Priority Sector Lending Scheme**

Banks	Yes		No		Total	
	No.	Percent	No.	Percent	No.	Percent
SBI	53	62.50	3	37.50	8	44.44
UBI	73	70.00	3	30.00	10	55.56
Total	6	66.67	12	33.33	18	100

Source: Field Survey

Table 6.54 shows that out of the total bank manager 66.67 percent bank manager took an active role in order to create awareness regarding priority sector lending schemes whereas 33.33 percent respondent have not communicate various schemes of priority sector due to heavy work load in the branch. Bank-wise analysis shows that only 62.50 percent bankers of SBI and 70 bankers of UBI took active role in order to make awareness among the masses regarding the benefits of various priority sector schemes.

#### **Time taken for sanction the loan**

After submission of loan application form, bank take time to sanction the loan due to following some formalities such as document verification, field verification, project evaluation etc. Time taken for sanctioning the loan is differ from sector to sector as well as bank to bank.

**Table 6.55: Bankers Responses about Time Taken for Sanctioning Agriculture Loan**

Banks	Less than 7 days		7-14 days		15 Days-1 month		More than 1 month		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	1	12.50	2	25.00	3	37.50	2	25.00	8	44.44
UBI	1	10.00	2	20.00	4	40.00	3	30.00	10	55.56
Total	2	11.11	4	22.22	7	38.89	5	27.78	18	100

Source: Field Survey

Table 6.55 reveals bank wise time taken for sanctioning agricultural loan. Table reveals that 38.89 percent bank manager take 15 days to one month, 27.78 percent take more than 1 month for sanctioning the agriculture loan. Table also shows that 40 percent managers of UBI and 37.50 percent managers of SBI sanctioning the agriculture loan between 15 days to 1 month followed by 30 percent of UBI and 25 percent of SBI sanctioning the loan after one month.

**Table 6.56: Bankers Responses about Time Taken for Sanctioning MSE Loan**

Banks	Less than 7 days		7-14 days		15 Days-1 month		More than 1 month		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	0	0.00	1	12.50	4	50.00	3	37.50	8	44.44
UBI	0	0.00	1	10.00	5	50.00	4	40.00	10	55.56
Total	0	0.00	2	11.11	9	50.00	7	38.89	18	100

Source: Field Survey

Time taken for sanction MSE loan by bank manager shows in the table 6.56 reveals that 50 percent bank manager sanctioning the loan between 15days to 1 month followed by 38.89 percent sanction the loan after 1 month. It was also found that 50 percent bank managers of both SBI and UBI sanctioning the MSE loan between 15days to 1 month.

**Table 6.57: Bankers Responses about Time Taken for Sanctioning Other Priority Sector Loan**

Banks	Less than 7 days		7-14 days		15 Days-1 month		More than 1 month		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	2	25.00	3	37.50	2	25.00	1	12.50	8	44.44
UBI	3	30.00	4	40.00	2	20.00	1	10.00	10	55.56
Total	5	27.78	7	38.89	4	22.22	2	11.11	18	100

Source: Field Survey

Time taken for sanction other priority sector loan (table 6.57) reveals that 38.89 percent bank managers took 7 to 14 days, 27.78 percent within 7 days and 22.22 percent 15 days to 1 month for sanctioning the loan. The table also reveals that 40 percent manager of UBI and 37.5 percent of SBI sanction the loan within 7 to 14 days followed by 30 percent manager of UBI and 25 percent of SBI sanction the loan within 7 days. However 25 percent manager of SBI and 20 percent manager of UBI sanction the loan between 15-1 month.

### Reason for delay in sanctioning the loan

Before sanctioning the loan bank have to follow some formalities like document verification, field verification, project evaluation etc and due to these reason sanctioning of loan delayed. Project evaluation, field verification and document verification need plenty of time and bank employees also. Bank group-wise responses of bank managers regarding reason for delay in sanctioning loan has been shown in table 6.58.

**Table 6.58: Bankers Responses Regarding Reason for Delay in Sanctioning the Loan**

Banks	Paucity of Bank Staff		Excessive documentation		Project appraisal/Field Verification		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	2	25.00	1	12.50	5	62.50	8	44.44
UBI	3	30.00	2	20.00	5	50.00	10	55.56
Total	5	27.78	3	16.67	10	55.56	18	100

Source: Field Survey

The table reveals that majority of bankers i.e., 55.56 percent feels that due to project appraisal and field verification sanctioning of loan have delayed followed by 27.78 percent due to paucity of bank staff. Bank wise analysis reveals that 62.50 percent bank manager of SBI and 50 percent of UBI opined due to project evaluation and field verification, 30 percent bank manager of UBI and 25 percent of SBI opined due to paucity of bank staff sanctioning of loan amount delayed.

### Pre-Sanction Visit

Pre-sanction visit is very much essential for every bank before sanctioning priority sector loan. Pre-sanction visit are made to see the viability of project for which the loan is being taken. The responses of borrowers regarding pre-sanction visit had shown in table 6.59.

**Table 6.59: Bankers Responses regarding Pre-sanction Visit**

Banks	Never		Once		Twice		Thrice or More		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	0	0.00	7	87.50	1	12.50	0	0.00	8	44.44
UBI	0	0.00	9	90.00	1	10.00	0	0.00	10	55.56
TOTAL	0	0.00	16	88.89	2	11.11	0	0.00	18	100

Source: Field Survey

From the above table it was found that 88.89 percent bank managers visited the borrowers place once before sanctioning the loan and 11.11 percent bank visited twice before sanctioning the loan. Bank wise analysis reveals that 90 percent bankers of UBI and 87.50

percent of SBI visited once before sanctioning the loan followed by 12.50 percent of SBI and 10 percent of UBI visited borrowers place twice before sanctioning the loan.

### **Post sanction visit by bank official**

Post sanction visit of bank official helps in ensure proper utilisation of loan amount of borrowers. Bank manager's responses regarding post sanction visit shown in table 6.60.

**Table 6.60: Bankers Responses regarding Post-sanction Visit**

Banks	Nil		Occasionally		Half Yearly		Yearly		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	0	0.00	7	87.50	0	0.00	1	12.50	8	44.44
UBI	0	0.00	9	90.00	0	0.00	1	10.00	10	55.56
<b>TOTAL</b>	<b>0</b>	<b>0.00</b>	<b>16</b>	<b>88.89</b>	<b>0</b>	<b>0.00</b>	<b>2</b>	<b>11.11</b>	<b>18</b>	<b>100</b>

Source: Field Survey

From the table it was found that 88.89 percent bankers visited occasionally and 11.11 bankers visited yearly after sanctioning the loan. Bank-wise analysis shows that 90 percent bankers of UBI and 87.50 percent bankers of SBI visited occasionally after sanctioning the loan to see the utilisation of loan amount.

### **Regularity of the Repayment of Loan**

Regularity in repayment of instalment is very much essential from the both borrowers and bankers point of view. Defaults in repayment of loan adversely affect the profitability of the bank and also have negative impact on credit creation of the bank.

**Table 6.61: Bankers Responses regarding Regularity in Instalment Payment**

Banks	Yes		No		Total	
	No.	Percent	No.	Percent	No.	Percent
SBI	3	37.50	5	62.50	8	44.44
UBI	4	40.00	6	60.00	10	55.56
<b>Total</b>	<b>7</b>	<b>38.89</b>	<b>11</b>	<b>61.11</b>	<b>18</b>	<b>100</b>

Source: Field Survey

Table 6.61 reveals that 62.50 percent managers of SBI and 60 percent managers of UBI opined that borrowers have not repaid their loan instalment regularly whereas 40 percent managers of UBI and 37.50 percent of SBI opined that borrowers pay their instalment regularly.

### Action taken in case of default in payment

Banks are not a charitable organisation. In order to run banking business smoothly they must take proper action against the defaulters in order to recovery of loan amount. Some bank manager's personally visits or send other bank officials to understand the problems faced by the borrowers and suggest various measures for the financial improvement of the borrowers so that they can recover the loan regularly. When all the measures were failed to recover the loan amount bank managers have go for legal proceedings for recovery of loan amount. Bank-wise opinion of bankers regarding action taken in case of defaulters is shown in table 6.62. Out of the total bank managers 72.22 percent bankers send bank staff for recovery of loan and 22.22 percent bankers follow legal proceedings in case of default in payment.

**Table 6.62: Bankers Responses on Action Taken in case of Default Payment**

Banks	Personal visit		Send bank staff for recovery		Legal proceedings		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	0	0.00	6	75.00	2	25	8	44.44
UBI	1	10.00	7	70.00	2	20.00	10	55.56
Total	1	5.56	13	72.22	4	22.22	18	100

Source: Field Survey

Bank-wise analysis reveals that 75 percent bankers of SBI and 70 percent managers of UBI send bank staff to recovery of instalment followed by 25 percent managers of SBI and 20 percent bankers of UBI follow legal proceedings.

### Priority sector with high Non Performing Assets (NPAs)

Non-performing assets is more in priority sector in comparison to other priority sector. Priority sector also mainly divided into three main sectors namely agriculture, MSE and other priority sector.

**Table 6.63: Bankers Responses regarding High Non Performing Assets**

Banks	Agriculture		MSE		Other Priority Sector		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	7	87.50	1	12.50	0	0.00	8	44.44
UBI	9	90.00	1	10.00	0	0.00	10	55.56
Total	16	88.89	2	11.11	0	0.00	18	100

Source: Field Survey

Analysis of data reveals that majority of bankers opined that non-performing assets is the highest in agriculture sector followed by MSE sector and other priority sector.

### Reason for more NPAs in Priority Sector

Some of the most important reasons for high non-performing assets in priority sector are low return from the activity, amount spent on family consumption, unwilling to repay or hoping for loan waive off, lack of recovery efforts from the bank etc. From the responses of bankers regarding reason for more NPAs in priority sector found that lack of willingness to repay or hoping for loan waive off is the major reason followed by low return from the activity, lack of recovery efforts from the bank and compelling family consumption.

**Table 6.64: Bankers Responses on Reason for more NPA in Priority Sector**

Banks	Low Return from the Activity		Compelling Family Consumption		Unwilling to repay or hoping for loan waive off		Lack of recovery efforts from the bank		Total	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
SBI	2	25.00	1	12.50	3	37.50	2	25.00	8	44.44
UBI	3	30.00	1	10.00	4	40.00	2	20.00	10	55.56
Total	5	27.78	2	11.11	7	38.89	4	22.22	18	100.00

Source: Field Survey

Table 6.64 reveals that majority of bankers of both banks opined that lack of willingness to repay the loan or hoping for loan waive off is the major reason for more NPAs in priority sector followed low return from the activity; lack of recovery effort from the bank.

From the above information and unstructured initiatives with the bank managers the following problems are identified:

- 1) In order to achieve target of priority sector, public sector banks sometime compelled to sanction the loan totally ignoring the economic viability and feasibility of the project. The burden of default in respect of priority sector has been quite severe and has put a heavy obligation on banks.
- 2) The number of skilled staff for project evaluation, field visit is comparative very less. This also adversely affects in proper evaluation, sanctioning and monitoring of projects.
- 3) High non-performing assets in priority sector are great problem for the banks. Loan waive off by the Government in different times is one of the reason for wilful default.



A reasonable portion of priority sector borrowers do not repay their loan amount on the hope that the government may waive off their loan in near future.

### **Testing of Hypothesis**

H<sub>0</sub>: Public sector banks are unable to meet fully the needs of the borrowers.

There is no significance difference between the loan requirement and loan obtained of the borrowers of public sector banks. Mann-Whitney test was used to test the hypothesis. Z values were calculated for the sample borrowers of various sectors tabulated below:

**Agriculture Advances:** The Z-Score is 6.3552. The p-value is 0. The result is significant at  $p \leq 0.05$ . There is significance difference between the loan requirement and loan obtained of the borrowers of agriculture sector. Hence, public sector banks are unable to meet the credit requirement of borrowers.

**MMSE Advances:** The Z-Score is 1.2418. The p-value is 0.10749. The result is not significant at  $p \geq 0.05$ . There is no significance difference between the loan requirement and loan obtained of the borrowers of MMSE sector.

**Other priority sector advances:** The Z-Score is 1.2333. The p-value is 0.10935. The result is not significant at  $p \geq 0.05$ . There is no significance difference between the loan requirement and loan obtained of the borrowers of other priority sector.