

# PERFORMANCE EVALUATION OF PRIMARY CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK: A STUDY OF PCARD BANK OF BHATKAL TALUK OF KARNATAKA

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## Abstract

It is the fact that majority of Indian farmers are poor. Therefore, Agricultural credit plays a prominent role in the life of farming community. Modernization and rural development requires the provision of cheap finance especially for long periods. The investment credit is of great importance in a capital-scarce country like India. All India Rural Credit Survey Committee (1954) observed that “The credit fell short of the right quantity, was not of the right type and did not serve the right people.”<sup>1</sup> The flow of credit to the agriculture sector failed to exhibit any appreciable improvement mainly due to the fact that commercial banks were not tuned to the needs and requirements of the small and marginal farmers, while the co-operatives, on the other hand, lacked resources to meet the expected demand.

Thus, the need for a special kind of institution to provide long-term finance to the Indian agriculturists was earnestly felt. Consequently, land development banks came into existence. Initially, the land development banks were instituted in the form of co-operative land mortgage banks. In view of the broader role of LDBs they are now known as ‘Primary Co-operative Agriculture and Rural Development Banks’. These PCARDBs are specialized Institutions catering to the complicated term loans of farmers in India. These banks are functioning on the principle of ‘co-operation’ and not entirely on the commercial parameters.

Here an attempt is made to Evaluate the Performance of Primary Co-operative Agricultural and Rural Development Bank of Bhatkal Taluk of Uttarkannada District.

**Key words:** Agricultural credit, farming community, term loans, specialized Institutions.

## 1.INTRODUCTION

The significance of agriculture in India arises also from the fact that the development in agriculture is an essential condition for the development of the national economy. The agricultural sector acts as a bulwark in maintaining food security and in the process national security as well. Recognising the crucial role played by the agricultural sector in enabling the widest dispersal of economic benefits, the tenth plan emphasised that, “agricultural development is central to rapid economic development of the country.”<sup>2</sup>

We can observe that, agriculture, in spite of its importance suffers from many deficiencies such as lack of value addition process, its dwindling share in Net Domestic Product and the declining productivity of agriculture in general and lack of development of viable organizational mechanism at the grass root level which can undertake planning and co-ordination. This calls for the need to develop the villages at the grass root level which holds the key for economic development.

Since majority of Indian Farmers are poor, Agricultural credit plays a prominent role in the development of Agriculture. Modernization and rural development requires the provision of cheap finance especially for long periods. The investment credit is of great importance in a capital-scarce country like India. The flow of credit to the agriculture sector failed to exhibit any appreciable improvement mainly due to the fact that commercial banks were not tuned to the needs and requirements of the small and marginal farmers, while the co-operatives, on the other hand, lacked resources to meet the expected demand. Consequently, land development banks came into existence. Initially, the land development banks were instituted in the form of co-operative land mortgage banks. In view of the broader role of LDBs they are now known as ‘Primary Co-operative Agricultural and Rural Development Banks’. These PCARDBs are specialized Institutions catering to the complicated term loans of farmers in India. These banks are functioning on the principle of ‘co-operation’ and not entirely on the commercial parameters.

The Karnataka State Cooperative Agriculture and Rural, Development Bank was established in 1929. There are 177 Taluk level Co-operative Agricultural and Rural Development Banks spread over all the 175 taluks in the state. In North Canara district there are 11 Taluks and in every Taluk there is a PCARD Bank serving the farmers of this region. Among 11 Taluks of the District Bhatkal Taluk is one and its Taluk headquarter is Bhatkal.

## 2. OBJECTIVES OF THE STUDY

The Primary objective of the study is to evaluate the Performance of Primary Co-operative Agricultural and Rural Development Bank of Bhatkal Taluk of Uttarkannada District of Karnataka.

## 3. METHODOLOGY

The study is based on empirical data such as annual reports of the PCARDB of Bhatkal Taluk and the KSCARD Bank, official documents, articles, and newspaper reports for the purpose of analysis and to draw conclusions. The researcher followed a case study research design to collect appropriate primary and secondary data. The study is directed to evaluate the performance of PCARD Bank of Bhatkal Taluk.

## 4. SCOPE OF STUDY

The study is confined to Performance evaluation of Primary Co-operative Agricultural and Rural Development Bank of Bhatkal Taluk of Uttarkannada District of Karnataka.

## 5. HYPOTHESIS

There is a positive impact of long term credit from PCARD Bank on particular issues of the borrowers

## 6. SAMPLE SIZE AND TECHNIQUE

The PCARD Banks are co-operative organizations. All the PCARDBs are registered under the Co-operative Society Act. There is only one State Co-Operative Agricultural and Rural Development Bank in each state and one Primary Co-operative Agriculture and Rural development bank at the taluk level. Random sampling technique has been followed for the selection of the beneficiaries. Borrowers residing in the different parts of Bhatkal Taluk and who have taken financial assistance during the year 2016-2017 are chosen randomly to fill the interview schedule.

## 7. STATISTICAL TOOLS APPLIED

Descriptive Statistics , Regression Analysis Model are the Statistical Tools Applied

## 8. LIMITATIONS OF THE STUDY

The study is limited to the performance of PCARD Bank of Bhatkal Taluk.

## 9. PROFILE OF THE STUDY AREA

**9.1 Geographic Features:** Batecala or Bhatkal is a port town in the north Canara District of Karnataka. The town of Bhatkala is situated on National Highway 66 which runs between Bombay and Cochin. Bhatkal has one of the major railway stations along the Konkan Railway line. Again Bhatkal is sometimes referred as Mini Daubai. The total land area of this taluk is 355.50 square kms. , and this taluk is just 10 feet higher than the sea level. Bhatkal taluk has 3 cities namely, Bhatkal town Municipal council, Jali and Venkatapura census towns and 59 villages.

**9.2 Demography:** The total population of the taluk as per the 2011 census is 1,61,576 with a density of 450 per square km. Among these 49.98% are males while 50.02% are females. Out of this 30.8% live in the Urban areas while 69.92% live in the village area. The official language of the Taluk is Kannada, Nawayathi and Kokani are the local languages used as a medium of communication. The major religions in this taluk are Hindu, Muslim, Jain and Christian. The average literacy of urban area is 69% whereas rural area is 31%. The total literacy rate of the taluk is 83.35%. The male literacy rate is 78.72% while the female literacy rate is 69.37%.

**9.3 Climatic condition:** Bhatkal taluk falls under coastal Agro-climatic zone. Bhatkal is in the coastal region and it receives highest rainfall compared to other regions. The annual average rainfall of Bhatkal taluk is 4237 mm. Rainy season starts from June and continues till November. South west monsoon brings most of the rainfall and the climate is hot and humid. River Venkatapur flows through this taluk is the main source of water for agricultural purpose. Kadavinakatta Dam is constructed across the river Venkatapur which supplies water to Bhatkal city and to neighbouring villages.

**9.4 Occupation:** The economy of Bhatkal taluk mainly dependent on tourism and fishing. Bhatkal is also a market for imported goods. Nearly 70 % of the Nawayathr youths are employed or having a business in the Middle East, Europe and America and in various other large cities of India. Out of the total population 4,376 were cultivators and 2,985 were Agricultural labourer. Paddy, pulses, groundnut, Sugarcane are the main crops grown in this taluk. Since Bhatkal comes under coastal region where saline water intrusion is present, the traditional Prawn cultivation is another occupation of the people.

## 10. THE PCARD BANK OF BHATKAL TALUK

The PCARD Bank of Bhatkal taluk was established with the registration number DRKR 178/72-73 on 04.10.1972. The bank is located in the heart of the city and on the side of National Highway 66. This is the only Bank which has started banking business along with Agricultural loans for the first time in Karnataka. This bank has been running on profit continuously for several years. For

the wonderful performance of this bank in Agricultural finance, this bank was identified by the NABARD at the National and state level and rewarded properly. Further, in the year 2010-2011 and 2011-2012 it was rewarded by the state Apex Bank for its all-round developmental programmes. It has opened branches within the taluk as well as outside the taluk. At present there are 5 branches in Bhatkal taluk, two branches in Honnavar taluk and one in Kumuta taluk. Further this bank has obtained permission from the head office to open branches in Sirsi, Sidapura and Gokarna.

### 10.1 ACTIVITIES OF THE BANK

Initially, like the PCARDBs of other taluks this PCARDB was established to provide financial assistance to the farmers. Later on this bank started to provide financial assistance to the fishermen for the traditional Prawn cultivation since Bhatkal is a port town. When youths of Bhatkal town and surrounding area moved to Middle East, Europe and America either for business purpose or for employment foreign money started to flow into the taluk. Realising this bank has started banking business. This Banking business has improved the financial position and helped to earn profits regularly. Now this taluk PCARD Bank is considered as one of the successful PCARDBs of the state.

### 10.2 TYPE CREDIT

This PCARDB provide long term loans to the farmers against the conveyance of land as security. Loans are usually given on the first mortgage and sometimes even on the second mortgage of land or agricultural property. Generally, it gives loans up to 50 to 60 % of the market value of the mortgaged property. The bank also supplies short- term loans in the form of crop finance, demand loans; agricultural advances etc. to meet the short term financial requirements. Again this PCARDB provide both farm and non-farm loans i.e., loans for minor irrigation, farm mechanization, sericulture development, horticulture and plantation crop development, diversified scheme, non-farm sector and rural housing.

### 10.3 PERFORMANCE EVALUATION OF THE PCARD BANK BHATKAL

TABLE-1  
Progress Report of the PCARD Bank of Bhatkal, (Rs. In Lakhs)

Year	No. of Members (A Class)	Deposits	Investments	Reserve Fund	Loan Disbursed	% of Loan recovered	Net P/L	Dividend declared
2006-07	15513	1210.12	216.17	290.16	1534.42	50.32%	15.38	8%
2007-08	15730	1314.13	224.16	304.01	1642.54	51.42%	16.62	8%
2008-09	16520	1624.23	243.76	350.97	1735.84	50.45%	19.55	8%
2009-10	17844	1865.73	317.99	397.83	2181.54	54.79%	84.52	10%
2010-11	19171	2242.5	478.38	479.00	2594.26	70.35%	129.96	12%
2011-12	20927	2701.02	545.9	687.93	3499.83	70.48%	137.9	10%
2012-13	22414	3268.63	573.96	952.83	4293.79	70.35	150.2	10%
2013-14	23810	4062.14	944.02	1198.02	5057.08	77.18	166.8	12%
2014-15	25094	4687.32	1186.49	1478.77	6612.86	76.50	176.25	12%
2015-16	26580	5781.24	1834.48	1785.00	7019.32	74.05	188.73	12%
2016-17	27747	6786.19	2311.84	2040.21	7659.59	66.10	140.99	10%

Source: Annual reports of the Bank

The above Table depicts the progress of Bhatkal PCARDB during the ten years time period. While analyzing the above table we can observe that, the number of membership, Deposits, investments, reserve fund, loans disbursed, and percentage of loan recovered, net profit and dividend declared are showing an increasing trend year after year. This is because of the efficient management and the participation of members of the Bank in various new schemes introduced by this Bank. The bank is able to earn profit every year. Again the rate of profit earning capacity is also increasing year after year. Increase in profit also resulted in increase

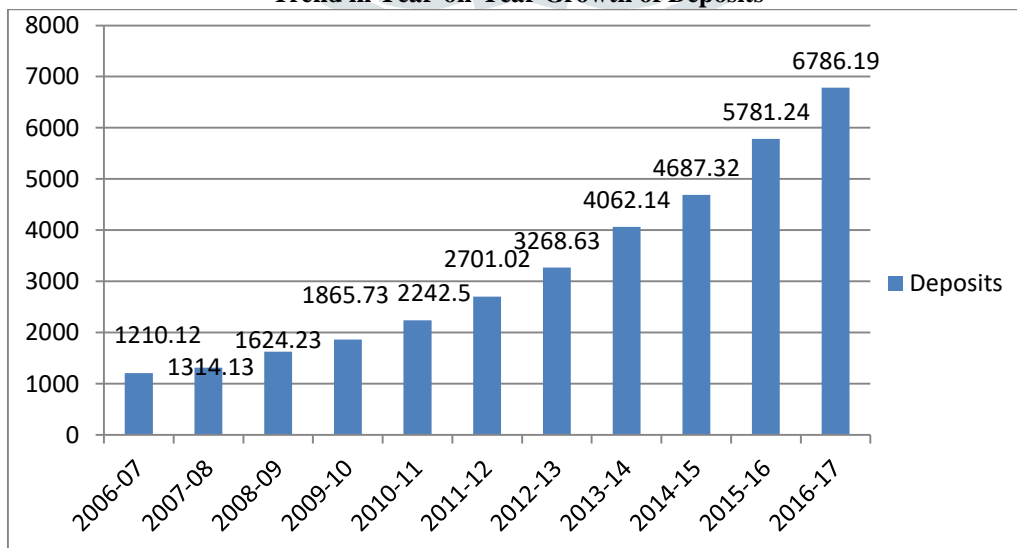
in the rate of dividend declared by the Bank. Further the steady rate of dividend also shows the efficiency in the management and in its performance. Further the number of membership is one of the important indicators of performance of the PCARD Bank. Here we can observe that the membership of the bank has increased year after year showing that, the customers of the Bank satisfied with the functioning of the bank to a greater extent.

**TABLE-2**  
**Trend in Year-on-Year Growth of Deposits**

Year	Deposits	Year on Year Growth
2006-07	1210.12	
2007-08	1314.13	8.6
2008-09	1624.23	23.6
2009-10	1865.73	14.9
2010-11	2242.5	20.2
2011-12	2701.02	20.4
2012-13	3268.63	21.0
2013-14	4062.14	24.3
2014-15	4687.32	15.4
2015-16	5781.24	23.3
2016-17	6786.19	17.4
<b>CAGR</b>	<b>16.97</b>	
<b>Mean</b>	<b>3231.2</b>	
<b>Median</b>	<b>2701.0</b>	

Source: Annual reports of the Bank

**FIGURE-1**  
**Trend in Year-on-Year Growth of Deposits**



To begin with, the Deposits of the Bhatkal PCARD bank is depicted in Table- 2. Accordingly, it is observed that during 2006-07 and 2007-08, the total Deposits were Rs 12.10 lakhs and Rs 1314.13 lakhs. Furthermore, a significant increase in Deposits was seen from 2009-10 onwards with a Mean of 3231.2 and a Median of 2701.0. Interesting to note from the data that, a linear trend (Fig1) in the Deposits is observed. In essence, a higher percentage of growth in Deposits is observed over the ten years time period.

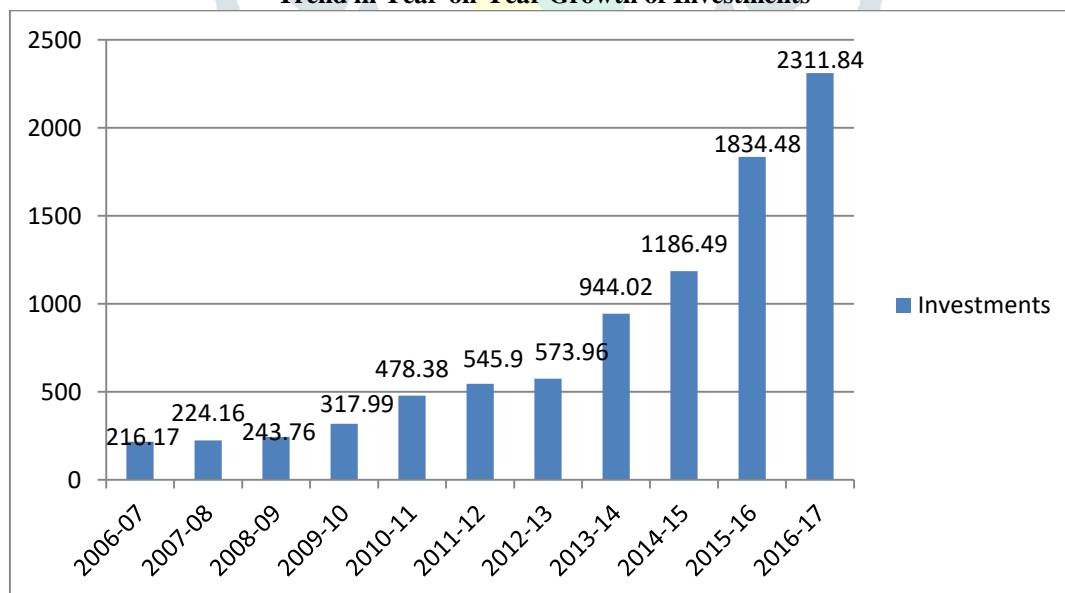
Deposits of PCARD banks include amount deposited by the members and non-members and the surplus profit. Deposits are usually more with the banks located in the taluk headquarters comparing to the banks located in the district headquarters because of the dominance of commercial banks. Further except in the year 2008-09 the deposits of the PCARDB have increased year after year. This year on year growth in the deposits of this PCARDB is mainly because of the credibility of bank, increase in the membership of bank and the increase in the profit earning capacity of this bank. Further, this bank is even able to attract the savings of youths who are working in the Gulf countries. In addition this bank has opened braches in other places of the same taluk and also in other taunks. Again in this taluk most of the crops grown are commercial crops.

**TABLE-3**  
**Trend in Year-on-Year Growth of Investments**

Year	Investments	Year-on-Year Growth
2006-07	216.17	
2007-08	224.16	3.7
2008-09	243.76	8.7
2009-10	317.99	30.5
2010-11	478.38	50.4
2011-12	545.9	14.1
2012-13	573.96	5.1
2013-14	944.02	64.5
2014-15	1186.49	25.7
2015-16	1834.48	54.6
2016-17	2311.84	26.0
<b>CAGR</b>	<b>24.04</b>	
<b>Mean</b>	<b>807.0</b>	
<b>Median</b>	<b>545.9</b>	

Source: Annual reports of the Bank

**FIGURE-2**  
**Trend in Year-on-Year Growth of Investments**



To begin with, the Investments of Bhatkal Taluk PCARD bank is depicted in Table-3. Accordingly, it is observed that during 2006-07 and 2007-08, the total Investments were Rs 216.17 lakhs and Rs 224.16 lakhs. However rate of increase in Investments is in a greater scale from 2008-09 onwards. In essence, a higher percentage of growth in Investments is observed over the ten years time period with a Mean of 807.0 and Median of 545.9.

The Primary Co-operative Agriculture and Rural Development Bank invests in the shares of apex bank, as liquid reserve in nearby Banking Institutions, in employee's provident fund account, in LIC and as share capital in other co-operative Institutions.

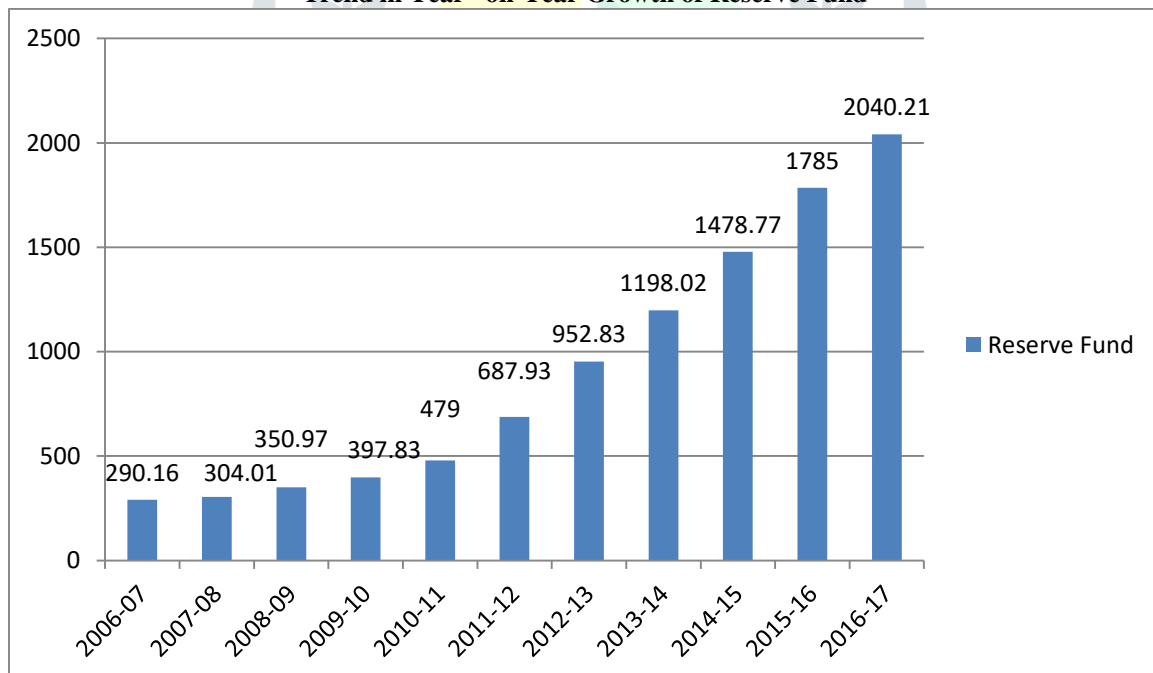
Investments of the PCARDBs include investments made out of the long-term deposits received from the customers and out of profits. When deposits received increases, definitely the investment of the bank also increases considerably. In the year 2011- 2012 and 2012-2013 the total Deposits received comparatively less, this has resulted in reduction in the total Investments of the PCARDB in these years. It is noticed from the analysis that there is a positive growth in the total investments of Bhatkal Taluk PCARDB. This shows that this PCARDB is receiving deposits from non-members and also earning certain amount of profit every year.

**TABLE-4**  
**Trend in Year-on-Year Growth of Reserve Fund**

Year	Reserve Fund	Year-on-Year Growth
2006-07	290.16	
2007-08	304.01	4.8
2008-09	350.97	15.4
2009-10	397.83	13.4
2010-11	479	20.4
2011-12	687.93	43.6
2012-13	952.83	38.5
2013-14	1198.02	25.7
2014-15	1478.77	23.4
2015-16	1785.00	20.7
2016-17	2040.21	14.3
<b>CAGR</b>	<b>19.40</b>	
<b>Mean</b>	<b>905.9</b>	
<b>Median</b>	<b>687.9</b>	

Source: Annual reports of the Bank

**FIGURE-3**  
**Trend in Year-on-Year Growth of Reserve Fund**



The above table depicts the Trend in Year-on-Year Growth of Reserve Fund of Bhatkal Taluk Primary Co-operative Agricultural and Rural Development Bank over ten years period. While examining the trends one can find considerable increase in reserve fund balance year after year. This increase in reserve fund is due to increase in the profit level of the bank. Except in the year 2009-10, the year on year growth rate is showing an increasing trend to a considerable extent. Again in the year 2015-16 and 2016-2017 also the year on year growth rate declined to some extent.

Nonetheless, the structural break or the considerable increase in Reserve fund actually began in the year 2011-12, where the total Reserve Fund increased to Rs 687.30 lakhs as compared to Rs 479 lakhs in 2010-11 showing an annual growth of more than



25%. This shows that a substantial increase in the revenue in the form of Reserve Fund was accumulated by this PCARD bank. Interesting to note, from the data that, a linear trend (Fig 4.) in the Reserve Fund is observed. In essence, a higher percentage of growth in Reserve Fund is observed over the ten years time period with a Mean of 905.9 and Median of 687.9 (table 5).

The Primary Co-operative Agriculture and Rural Development Bank also maintain reserve fund by transferring certain portion of the profits to a separate account called Reserve Fund Account every year. Reserve fund is mainly maintained for reducing the risk of NPA, for providing depreciation to fixed assets, for the purpose of dividend equalization, for public welfare, for the redemption of share of government etc. The reserve fund of PCARDBs protects its members from the risk of unlimited liability. Again, the reserve fund helps the PCARDBs to get funds from the state bank. At present every PCARDB should transfer not less than 25 % of its net profits to reserve fund account. This reserve fund should be invested in the Apex Bank.

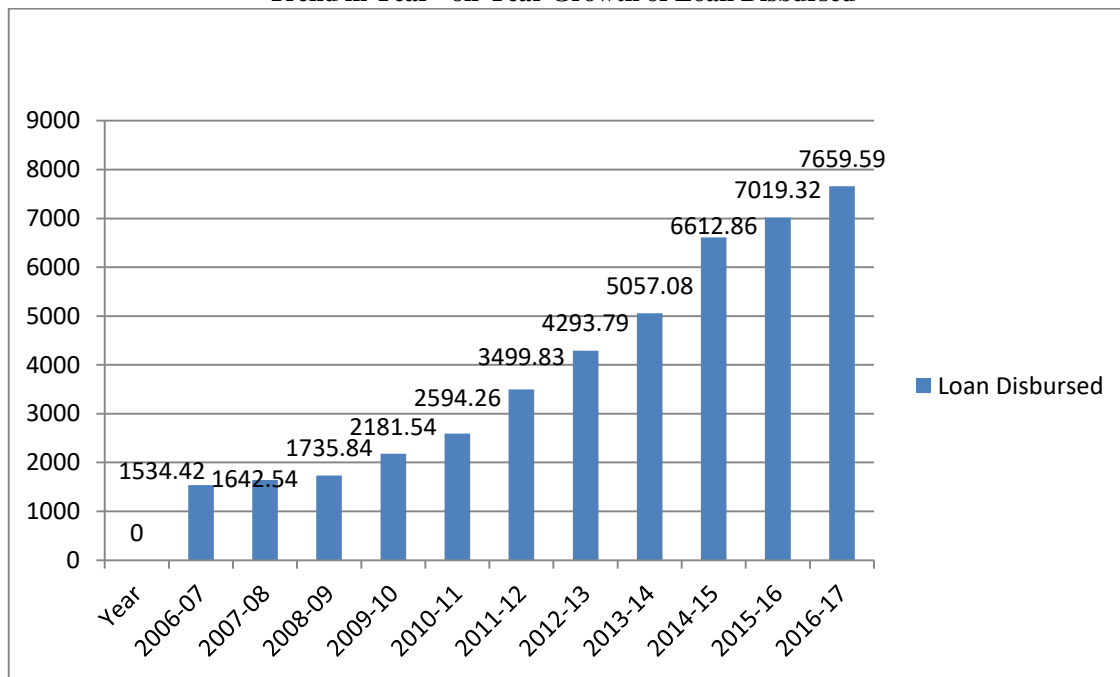
In the year in which the PCARDB earns huge amount of profit it is able to transfer sufficient amount to the reserve fund account. As it is observed that, most of the PCARDBs located in the district head quarters are under losses or not earning sufficient amount of profit to transfer to the reserve fund account. But the Bhatkal PCARDB even though located in the taluk headquarter it is earning sufficient amount of profit since it is able to attract huge amount of deposits from the youngsters who are employed in foreign countries resulting in increase in Reserve fund year after year.

**TABLE-5**  
**Trend in Year-on-Year Growth of Loan Disbursed**

Year	Loan Disbursed	Year-on-Year Growth
2006-07	1534.42	
2007-08	1642.54	7.0
2008-09	1735.84	5.7
2009-10	2181.54	25.7
2010-11	2594.26	18.9
2011-12	3499.83	34.9
2012-13	4293.79	22.7
2013-14	5057.08	17.8
2014-15	6612.86	30.8
2015-16	7019.32	6.1
2016-17	7659.59	9.1
<b>CAGR</b>	<b>15.74</b>	
<b>Mean</b>	<b>3984.6</b>	
<b>Median</b>	<b>3499.8</b>	

Source: Annual reports of the Bank

**FIGURE-4**  
**Trend in Year –on-Year Growth of Loan Disbursed**



The Loan Disbursed by the PCARD bank is depicted in Table 5. Accordingly, it is observed that during 2006-07 and 2007-08, the total Loan Disbursed was Rs 1534.42 lakhs and Rs 1642.54 lakhs. Furthermore, a significant increase in Loan Disbursement was seen in 2009-10 onwards. In essence, a higher percentage of growth in Loan Disbursed is observed over the ten years time period with a Mean of 3984.6 and a Median of 3499.8.

The PCARD Banks disburse long-term loans mainly out of funds received from Karnataka State Co-operative Agricultural and Rural Development bank and out of own fund. Major part of loan disbursement to the members is out of funds given by the KSCARD bank. This apex bank receives funds from the NABARD. Thus the total loans disbursed by a particular PCARDB depends upon the funds released by the apex bank, further if funds are released in time when it is demanded by the farmers then, the total loan disbursement will be more. Therefore, loan amount disbursed will be more when funds are released by the apex bank in time and in sufficient quantity, otherwise it will be very low. While analyzing the total loan amount disbursed by this PCARD Bank, it is observed that, in the year 2006-07, 2007-08 and 2008-09 it is less comparing to other years. There after we can see an increasing trend which is due to increase in its own fund and increase in number of branches.

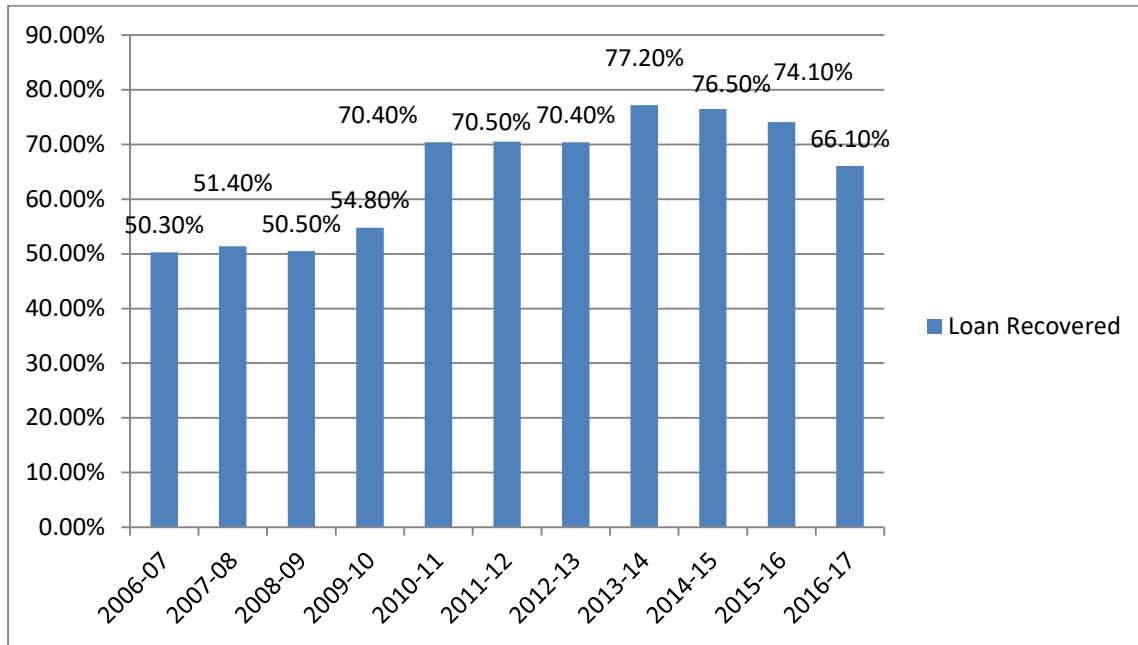
**TABLE-6**  
**Trend in Loan Recovered**

Year	Loan Recovered
2006-07	50.3 %
2007-08	51.4 %
2008-09	50.5 %
2009-10	54.8 %
2010-11	70.4 %
2011-12	70.5 %
2012-13	70.4 %
2013-14	77.2 %
2014-15	76.5 %
2015-16	74.1 %
2016-17	66.1 %
<b>Mean</b>	<b>69.00%</b>
<b>Lowest</b>	<b>50.30%</b>
<b>Highest</b>	<b>72.20%</b>

Source: Annual reports of the Bank



**FIGURE-5**  
**Trend in Loan Recovered**



The percentage of Loan Recovered by the PCARD bank of Bhatkal Taluk is depicted in Table 6. Accordingly, it is observed that during 2006-07 and 2007-08, the Loan Recovered was 50.30 percent and 51.40 percent. Furthermore, an increase was observed in 2013-14 with 77.2 percent. Now, the overall weighted mean percentage of Loan Recovered by the bank is, Mean = 69.0 %, lowest= 50.3 %, Highest = 77.2 %.

Interesting to note from the data that, on an average nearly 70 percent of the total loan disbursed was able to recover and thus, resulting about 30 percent of overall inefficiency by the PCARD bank. The percentage of loan recovered by the PCARDB depends upon the efficiency of the bank management, the policy of the government and the apex bank and the morality of the customers. The government policy of loan waiver directly affects on the amount of loan recovered by the PCARDB, the policy of not to take legal action either by the government or apex bank on defaulter also affects on the amount loans recovered by the PCARDBs. While analyzing the trend in percentage of loan recovered by the PCARD of Bhatkal Taluk it is observed that, on an average 70% of the loans disbursed recovered which is double the percentage of loan recovered by the apex bank at the state level. Further the percentage of loan recovered is more than the percentage of loan amount due. This shows that this PCARD Bank is far ahead in loan recovery. Further the farmers are not waiting for loan waiver by the government or to become a defaulter. Again, in this Taluk agriculture is dependent on monsoon which is not so irregular compared to other northern Taluks of Karnataka. And this Taluk is having good underground water resource and river water which are used by the farmers for the farm irrigation. In addition to these in Coastal belt of Karnataka crop failure is very rare. All these are responsible for higher loan recovery rate.

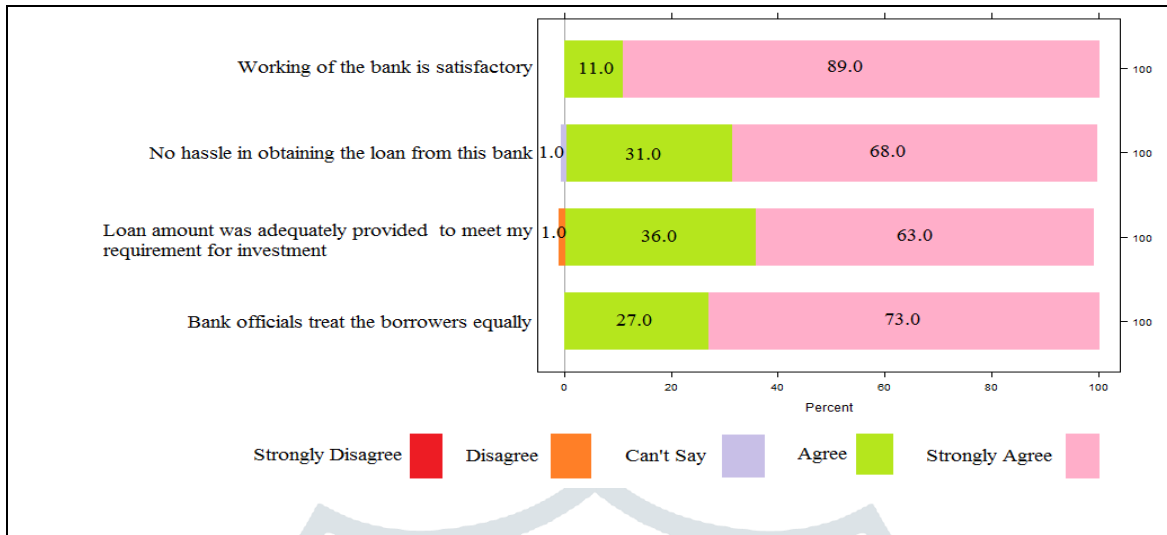
**10.3 REFLECTION FROM THE FIELD**

**TABLE-7**  
**Satisfaction Level of Customers with Regard to Performance of PCARD Bank**

Components	Strongly Disagree	Disagree	Can't say	Agree	Strongly Agree
Working of the bank is satisfactory				11.0	89.0
Bank officials treat the borrowers equally				27	73
Loan amount was adequately provided to meet my requirement for investment		1.0	0	36.0	63.0
No hassle in obtaining the loan from this bank			1.0	31.0	68.0

Source: Survey Data

**FIGURE-6**  
**Satisfaction Level of Customers with Regard to Performance of PCARD Bank**



The figure 6 depicts the percentage of the respondents’ scale of acceptance on each aspects of the PCARD bank facilitating the farm community for overall satisfaction with the performance of the Bank. Firstly, it is observed that 89 percent of the farmers strongly agree and 11 percent of them agree to the statement that, the **‘Working of the bank is satisfactory’**. On the flipside, none of the farmers disagree or strongly disagreeing that, the **‘Working of the bank is satisfactory’**.

So also, it is observed that 68.0 percent of the farmers strongly agree and 31.0 percent of them agree to the statement **‘No hassle in obtaining the loan from this bank’**. However, one percent of them did not give any comment on the above statement and remained neutral. On the flipside, none of the farmers disagree or strongly disagreeing that **‘No hassle in obtaining the loan from this bank’**.

Further, it is observed that 63.0 percent of the farmers strongly agree and 36.0 percent of them agree to the statement that, the **‘Loan amount was adequately provided to meet my requirement for investment’**. On the flipside, 1.0 percent of the farmers disagree and none of the farmers strongly disagreeing that the **‘Loan amount was adequately provided to meet my requirement for investment’**.

Finally, it is observed that 73.0 percent of the farmers strongly agree and 27.0 percent of them agree to the statement that, the **‘Loan amount was adequately provided to meet my requirements for investment’**. On the flipside, none of the farmers disagree and none of the farmers strongly disagreeing that the **‘Loan amount was adequately provided to meet my requirements for investment’**.

**10.3.1 TESTING OF HYPOTHESIS**

There is a positive impact of long term credit from PCARD Banks on the following issues of the borrowers-

- a) There is a significant impact of long term credit in helping them to undertake permanent improvement of their farm land.
- b) There is a significant impact of long term credit in providing them the opportunity to increase non-farm assets.
- c) There is a significant impact of long term credit in helping farmers to Purchase additional land.
- d) There is a significant impact of long term credit in helping to start farming activities.
- e) There is a significant impact of long term credit in helping to improve the Socio-economic status of the families of the rural community
- f) There is a significant impact of long term credit in helping to create additional employment opportunity among the rural community

**TABLE-8**  
**Benefits Derived by the Customers with PCARD Bank Loan Facility.**

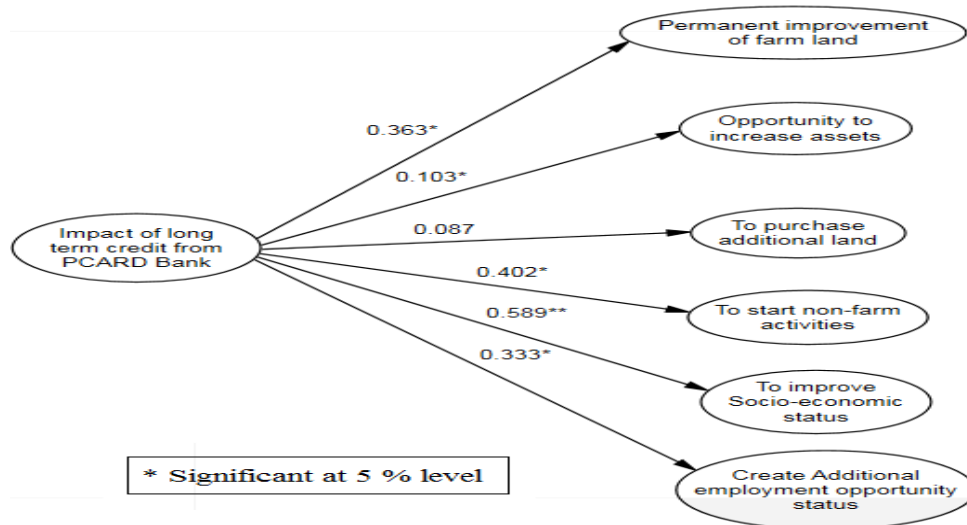
Components	Percentage of the Respondents				
	To a great Extent	To a some extent	Can't say	To a very limited	Not at all
Helped me to undertake permanent improvement of my farm land	73.0	26.0			1.0
Provided me to opportunity to increase assets	47.0	52.0			1.0

Helped me to purchase land	13.0	15.0	9.0		63.0
My farm productivity and production increased	62.6	37.0			1.0
I am able to start non-farm activities	27.0	31.0	4.0	5.0	34.0
Socio-economic status of my family has improved	84.0	16.0			
Additional employment opportunity created	55.0	42.0			3.0

Source: Survey Data

10.3.2 CFA MEASUREMENT MODEL

FIGURE 7  
Benefits Derived by the Customers with PCARD Bank Loan Facility.



The regression result is presented in Figure 7 accordingly, it is observed that long-term credit from PCARD Bank has a significant (statistically) impact on Permanent improvement of farm land ( $\beta = 0.363$ ;  $CR=7.500$ ,  $p = 0.000$ ,  $p<0.05$ ), in providing them the opportunity to increase assets ( $\beta = 0.103$ ;  $CR=2.122$ ,  $p = 0.034$ ,  $p<0.05$ ), on helping them to undertake more farming activities( $\beta = 0.402$ ;  $CR=8.304$ ,  $p = 0.000$ ,  $p<0.05$ ), on improving the socio-economic status of the families of the rural community( $\beta = 0.589$ ;  $CR=12.169$ ,  $p = 0.000$ ,  $p<0.05$ ), on creating additional employment opportunity( $\beta = 0.33$ ;  $CR=6.884$ ,  $p = 0.000$ ,  $p<0.05$ ) and has no significant (statistically) impact in helping the farmers to purchase land. ( $\beta = 0.103$ ;  $CR=2.122$ ,  $p = 0.034$ ,  $p<0.05$ ).

11. FINDINGS

While analyzing the fiscal parameters of Bhatkal Primary Co-operative Agricultural and Rural Development Bank a higher percentage of growth with respect to the total Deposits, Investments, Reserve Fund, Loan Disbursement and loan recovery is found. From the primary survey the satisfaction Level of Customers with Regard to Performance of PCARD Bank and benefits derived by availing the PCARD Bank Loan was analyzed. Accordingly, the following aspects are inferred;

1. With respect to ‘starting certain non-farm activities’ after the receipt of loan from the PCARD bank it was noticed that 57 percent of the respondents saying that the loan was useful to them to a great extent.
2. On the percentage of the respondents’ scale of acceptance on PCARDBs loan helping them to undertake permanent improvement of their farm land, after getting financial support from the PCARD Banks 99 percent of respondents were of the opinion that it was useful to a great extent.
3. With regard to ‘purchasing additional land’ after the receipt of loan from the PCARD bank, it was noticed that cumulatively more than one-fourth (28%) of the respondents saying that, the loan was helped them to purchase additional land.
4. With respect to the statement that ‘PCARD bank loan provided me an opportunity to create additional employment opportunity,’ 97 percent of respondents acknowledged that, it was helpful to a great extent after getting financial support from the PCARD Banks.

5. Again, 89 % of the farmers strongly agree to that the statement 'working of the bank is satisfactory'

## 12. SUGGESTIONS

There is a need for change in the policy of the rural banks so that, additional loans are also provided for the purchase of land by the farming community. It is suggested to educate the farmers about the various credit facilities available across the various types of farmers. Further it is recommended that, the children of farmers, those who aspire higher education, loans can be given at concessional rates. The NABARD is following the old and outdated lengthy procedures comparing to the nationalized banks. This is one of the reasons for which farmers are hesitating to apply for loans from these banks. It is suggested to have the discretionary power while disbursing the loans out of own fund. It is suggested to stop the government intervention and restrictions on collection of outstanding loans. Again it is suggested to give the loan recovery power to the Bank officials.

## 13. CONCLUSION

Thus, the PCARD Banks are essential for the agricultural and rural development of our economy. Therefore, suitable changes must be made in the policies and the programmes of the government towards these PCARDBs in the light of findings and suggestions of the present research work. Further, these banks must realize their role in the promotion of agriculture and rural development. On the other side, farmers, who are the backbones of Indian economy must learn to make use of the available facilities of PCADB to the extent possible. The financial condition and the activities of these banks should be reviewed and monitored periodically, in order to improve their performance.

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