

CHAPTER - V

Growth of Banking Institutions and their Policies towards  
Rural Development with special Reference to Cooch Behar  
District.

I N T R O D U C T I O N

The nature of growth of banking institutions in Cooch Behar - a backward region - has not been properly discussed. Cooch Behar is a sample case to show how the banks grew in this area. Some sort of indigenous method of banking had developed in this district when it was an Indian State. Peasants and men of small means used to deposit their savings to the Merchants who in exchange met some of the daily needs of the investors. A full fledged non-scheduled bank named "Kamala Bank" was opened in Cooch Behar on July 1, 1929. It had paid-up capital and reserves between Rs. 50000 and Rs. 10 0000 at that time. Subsequently, in the year 1967, the State Bank of India took over the business of this bank by an order issued by the government of India under the State Bank of India Act of 1955. (1)

Facilities of finance through institutions are still poor, and upto 1966 banking facilities were available only in the district town. The present day financial institutions consist of commercial banks, co-operative banks, chit

fund company, Post Office, Life Insurance Corporation of India and a large number of money lenders both registered and unregistered. So long the commercial banks were confined to the urban areas, while the tottering co-operative credit societies operated in rural areas. As the district has considerable cash crop like Jute and Tobacco, credit facilities in rural areas are offered by big merchants, shopkeepers and rich farmers acting as money lenders to whom repayment is made through the crop. (2)

Before nationalisation, State Bank of India had two branches - one in Cooch Behar town (situated at the Eastern side of Sagardighi) and other at Dinhata sub-division (situated on the main road of Dinhata town). The United Bank of India and United Industrial Bank Ltd., both had one branch each in the town (situated respectively on Sunity Road and on Viswa Singha Road, Cooch Behar). In addition, there were a Central Co-operative Bank Ltd., and co-operative Land Mortgage Bank Ltd. in the district. (3)

Progress of opening of branches of different Commercial Banks in Cooch Behar District over 18 years is shown in table 5.1 (Upto December 1987):-

Table - 5.1

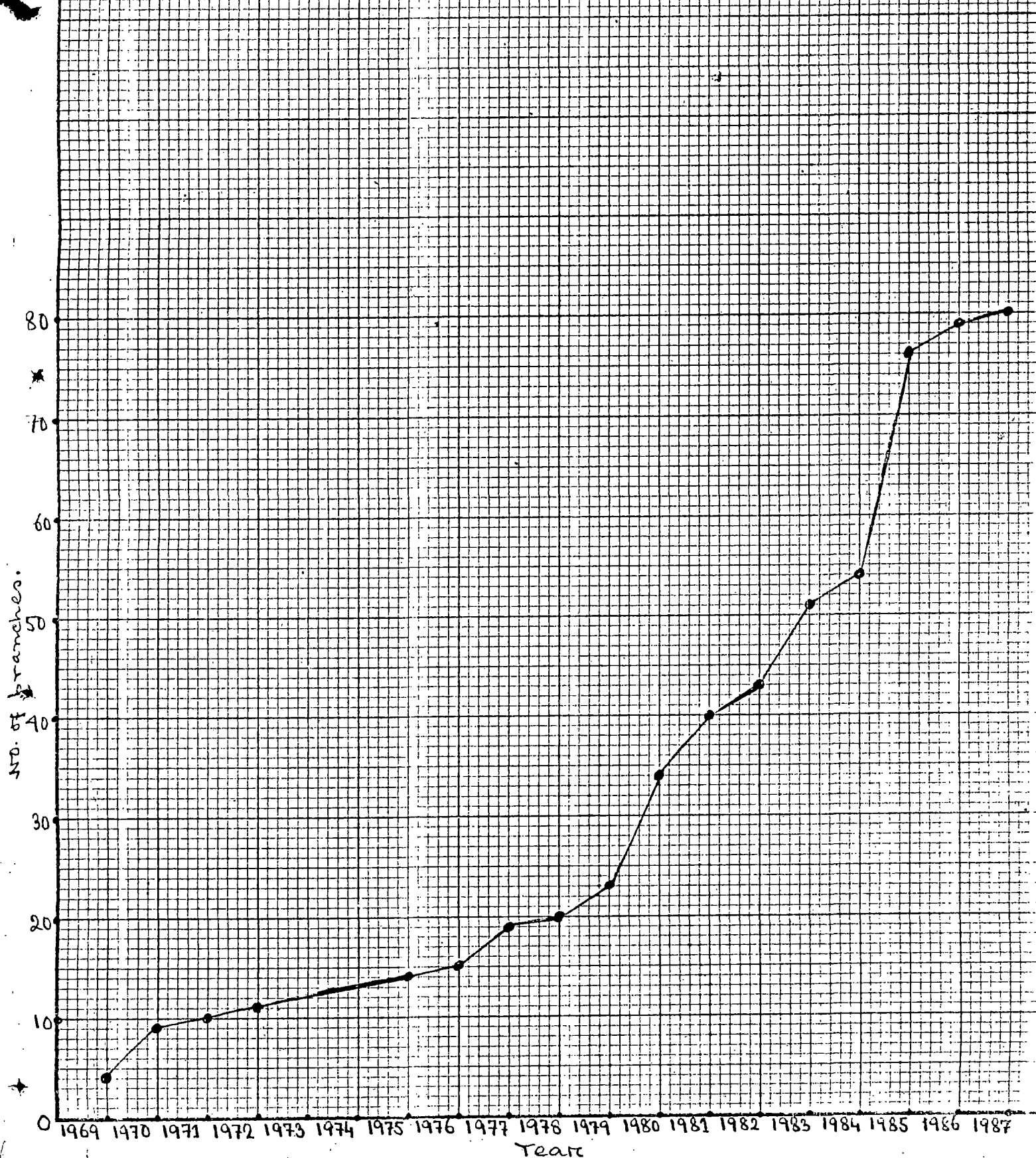
Year	1969	1970	1971	1972	1973	1974	1975
No. of Branches	4	9	10	11	..	..	14
year	1976	1977	1978	1979	1980	1981	
No. of Branches	15	19	20	23	34	40	
Year	1982	1983	1984	1985	1986	1987	
No. of Branches	43	51	54	76	79	80	

Source : Economic Review from 1969-70 to 1988-89,  
Government of West Bengal.

The above table shows that while there were only 4 branches of commercial banks in 1969, there were 80 branches in 1987. The branches increased by 20 times in 18 years. The other important point is to note that there had been a tremendous growth rate of branches in the last 10 years i.e. from 1977 to 1987. This tremendous growth of branches over this period is also due to the establishment of a regional rural bank (U.B.K.G.B) in the district in 1977.

Before nationalisation, there were two branches of State Bank of India, one was situated in town and other

Diagram 31 - Progress of opening of Bank Branches in Cough Behar District from 1969 to 1987



was situated in Dinhata sub-divisional town. After Nationalisation the yearwise expansion of different branches of the bank is given in table 5.2 upto December, 1987.

Table - 5.2

Year of Establishment	Name of the Branch
1973	Cooch Behar Bazar
1976	ADB Khagrabari
1981	Gosanimari
1982	Balarampur, New Cooch Behar
1987	Balika Bandar, Hazrahat, Jayantirhat.

Source: Rural Development Officer, Cooch Behar Lead Bank (CBI).

Similarly, there was only one branch of United Bank of India in the town before nationalisation. But after nationalisation, this bank has a very insignificant branch expansion network in the 70's. The yearwise branch expansion of this bank is given below.

Table - 5.3

Year of Establishment	Name of the Branch
1980	Ghugumari
1985	Patlakhawa
1987	Guriahati

Source: Rural Development Officer, Cooch Behar Lead Bank (CBI).

The United Industrial Bank Ltd., a scheduled bank, had one branch in the town before nationalisation. After nationalisation, the bank has still only one branch in the district. The branch expansion network of this bank is nil.

In the context of opening of bank branches, it is worthwhile to show the branch expansion network of Central Bank of India, the Lead Bank of the District. Before nationalisation, it had no branch in the district. After nationalisation, this bank tops the list in case of branch expansion network in the district among all nationalised commercial banks. The yearwise branch expansion of the Bank is shown in the table No. 5.4 upto Dec. 1987.

Table - 5.4

Year of Establishment	Name of the Branch.
1970	Haldibari, Mathabhanga, Mekliganj, Tufanganj.
1970	Nil
1972	Pundibari, Cooch Behar main, Dewanhat.
1973	Nil
1974	Dinhata
1975, 76	Nil
1977	Sitalkuchi

Contd.....

Contd.....Table - 5.4

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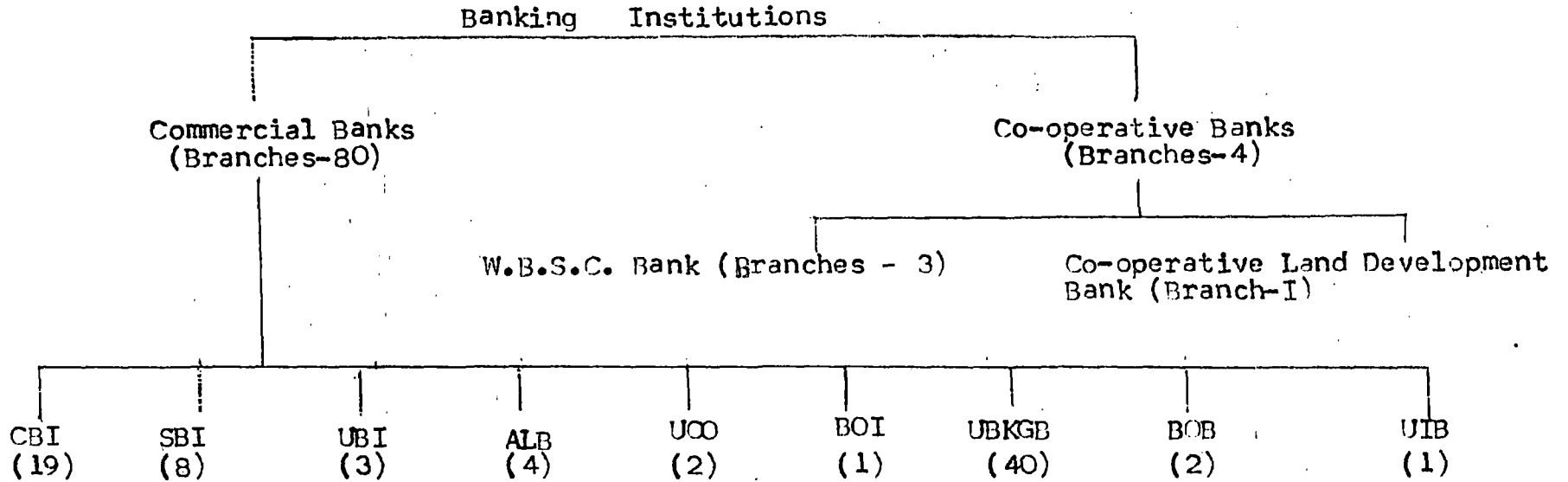
1978	Puthimari, Chowdhurihat
1979	Sahebganj, Sitai
1980	Ghoksadanga
1981, 82, 83, 84	Nil
1985	Dakghara, Deocharai, Naggkatigach, Cooch Behar Bazar.
1986	Nil
1987	Burirhat

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Source: Rural Development Officer, Cooch Behar Lead Bank (CBI).

The existing set up of Banking institutions in Cooch Behar District is given in Chart-I (Upto December, 1987).

Chart - I



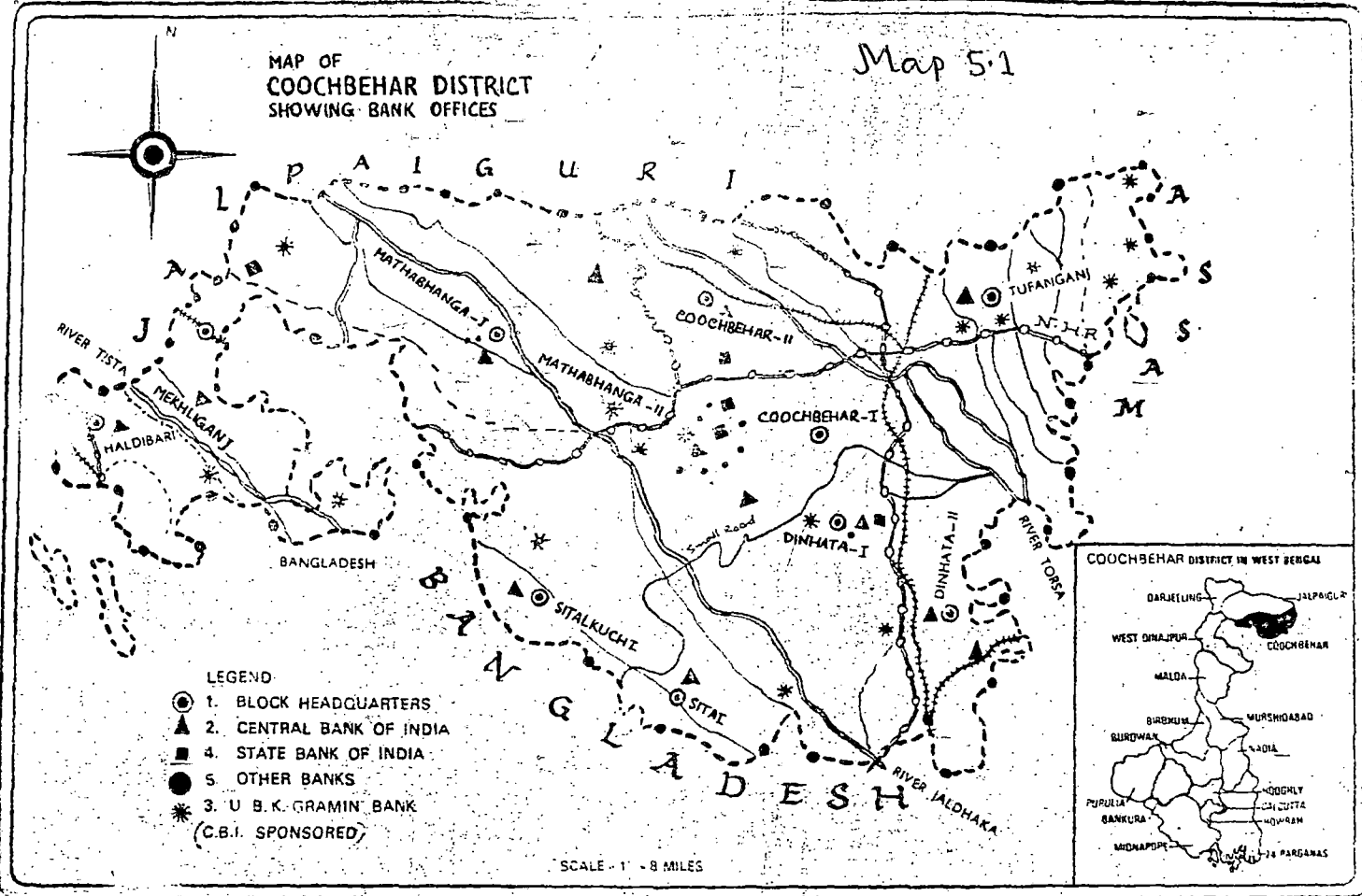
- CBI - Central Bank of India
- SBI - State Bank of India
- UBI - United Bank of India
- ALB - Allahabad Bank
- UCO - United Commercial Bank
- BOI - Bank of Baroda
- UBKGB - Uttarbanga Kshetriya Gramin Bank
- BOB - Bank of Baroda
- UIB - United Industrial Bank.

Table - 5.5

BANK BRANCHES IN COOCH BEHAR DISTRICT  
Number of branches in Panchayat Samities/Blocks as on December, 1987.

Items	Cooch Behar	Cooch Behar	Hinhata	Dinhata	Sitai	Sital-kuchi	Matha-bhanga	Matha-bhanga	Tufan-gang	Mekli-ganj	Haldi-bari	District Total
	I	II	I	II			I	II	I & II			
SBI	1	2	2(ADB)	2	..	..	..	..	..	1	..	8
CBI	4	3	1	2	2	1	2	1	1	1	1	19
UCO	..	2	..	..	..	..	..	..	..	..	..	2
UBI	..	2	1	..	..	..	..	..	..	..	..	3
UIB	..	1	..	..	..	..	..	..	..	..	..	1
BOI	..	1	..	..	..	..	..	..	..	..	..	1
BOB	..	1	..	..	1	..	..	..	..	..	..	2
ALB	..	2	..	1	1	..	..	..	..	..	..	4
UBKGB	5	4	2	2	1	2	4	4	10	3	3	40
WBSCB	..	1	..	1	..	..	..	1	..	..	..	3
CLDB	..	1	..	..	..	..	..	..	..	..	..	1
<b>Total</b>	<b>10</b>	<b>20</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>11</b>	<b>5</b>	<b>4</b>	<b>84</b>

Source: District Credit Plan (1988-90), Cooch Behar District, Central Bank of India (Lead Bank).



If we compare the districtwise spread of commercial bank offices (except co-operative and LDBs) in West Bengal (See Appendix. VC), we will see that the number of bank offices (branches) of different Commercial Banks operating in Cooch Behar District is lowest among the North Bengal districts but only higher than Purulia among the different districts of West Bengal. Number of bank offices (branches) is highest in Calcutta among the districts of West Bengal. Average population per office in Cooch Behar District was 22000 in 1987, which was higher than other North Bengal districts (except West Dinajpur). This is also higher than State average 16000. So, it can be concluded that banking facilities are available in a better way in south Bengal (specially in Calcutta than in North Bengal).

Similarly, if we consider the statewise distribution of bank offices (branches) in India (See Appendix-VD), we shall see that while the all India average number of population per bank office was 13000 in 1987, the average number of population per branch was 16000 in West Bengal which is also much higher than the all India average number. On the contrary, this number was only 7000 in Himachal Pradesh, 8000 in Jammu & Kashmir and Punjab. The banking facilities in Manipur, Assam, Sikkim and in Bihar were not so good as is depicted from Appendix-VD .

If we again look at the table 5.5, we see that 9

commercial banks are operating their banking functions in Cooch Behar district. Most of the Branches of these banks are situated in rural areas. Only 12 branches (out of 84) are functioning in Cooch Behar town.

So, it is clear that only after nationalisation, commercial banks expanded its operations in the backward areas of Cooch Behar. Prior to nationalisation, there were only a few Banks in Cooch Behar.

(A) Commercial Banks.

Various other commercial banks are functioning in Cooch Behar District, among them, Uttarbanga Kshetriya Gramin Bank (UBKGB) is the new entrant in the rural credit scene and occupies a prominent position in financing the rural poor.

(i) Uttarbanga Kshetriya Gramin Bank (UBKGB).

In 1975, the government of India appointed a working group under the chairmanship of Shri M. Narasimham to review the flow of institutional credit especially to the weaker sections of the rural community. The group pointed out certain deficiencies in the role of the two major agencies in the field, the co-operative credit institutions and the commercial banks. It also came to the conclusion that the regional and functional gaps in rural credit can not be met within a reasonable period by

reorganising or restructuring the two systems. At the sametime, certain commendable features were noticed in both the systems which could be combined in a new type of institution. The working group, therefore, recommended the setting up of state sponsored, regionally based and rural oriented banks called Regional Rural Banks (RRBs). They were meant to combine the "Local feel and familiarity with several problems which the co-operatives possess and the degree of business organisation, ability to mobilise deposits, access to Central money markets and a modernised outlook which the commercial banks have." Accepting this recommendation, the GOI promulgated the RRBs ordinance on September 26, 1975 and the first five RRBs were established on October 2, 1975. The ordinance was later replaced by the RRBs Act, 1976. (4)

According to this Act, the RRBs were to be set up mainly:-

"with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers,

artisans and small entrepreneurs and for matters connected therewith and incidental thereto."<sup>(5)</sup>

The operational area of each RRB is concentrated to a compact area of one to three revenue districts with homogeneity in agro-climatic conditions and rural clientele. The RRBs were to open their branches in the unbanked and underbanked centres, where both the co-operatives and commercial banks are weak and unable to cater to the needs of weaker sections.<sup>(6)</sup>

In this context "Uttarbanga Kshetriya Gramin Bank" (UBKGB), a regional rural bank, was established in 1977 under the sponsorship of Central Bank of India (CBI). The area of operation of this bank comprises the underdeveloped districts of West Bengal State viz. Cooch Behar, Jalpaiguri and Darjeeling. Since inception the bank in consonance with the objectives behind its establishment is deeply engaged in channeling its limited resources for a greater impact on the downtrodden society for their economic upliftment by activities in bringing the poor into growth process by providing institutional credit support with large network for branches ranging from riverine Cooch Behar to the hilly tracts of Darjeeling and by creating right atmosphere for small and marginal farmers, rural artisans, landless labourers, small entrepreneurs, persons of small means

who have capabilities to use credit more productively to make investments, wipe-off disguised unemployment in addition to creating new employments and make the desired contribution to the National Production. (7)

Branch expansion:-

The branch expansion network of this regional bank is very much impressive in comparison to other nationalised commercial banks. In order to extend rural banking facilities to the remote unbanked areas, the bank has already opened 101 branches upto December, 1987 among the three under developed districts of West Bengal viz. Cooch Behar, Jalpaiguri and Darjeeling. In 1977, total number of branches was 2. It increased to 101 in 1987. Cooch Behar is the Head Office of UBKGB. UBKGB has 40 branches in Cooch Behar District (excepting Head office), 37 branches in Jalpaiguri and 24 branches in Darjeeling District. The yearwise and districtwise expansion of branches are given in table 5.6

Table - 5.6

Yearwise and districtwise expansion of branches of UBKGB upto December, 1987.

Period	No. of Branches		
	Cooch Behar	Jalpaiguri	Darjeeling.
Upto Dec. 1977	1	1	..
" " 1978	1	1	..
" " 1979	4	3	3
" " 1980	16	15	8
" " 1981	18	24	15
" " 1982	19	27	16
" " 1983	25	31	20
" " 1984	29	33	21
" " 1985	40	37	23
" " 1986	40	37	23
" " 1987	40	37	24

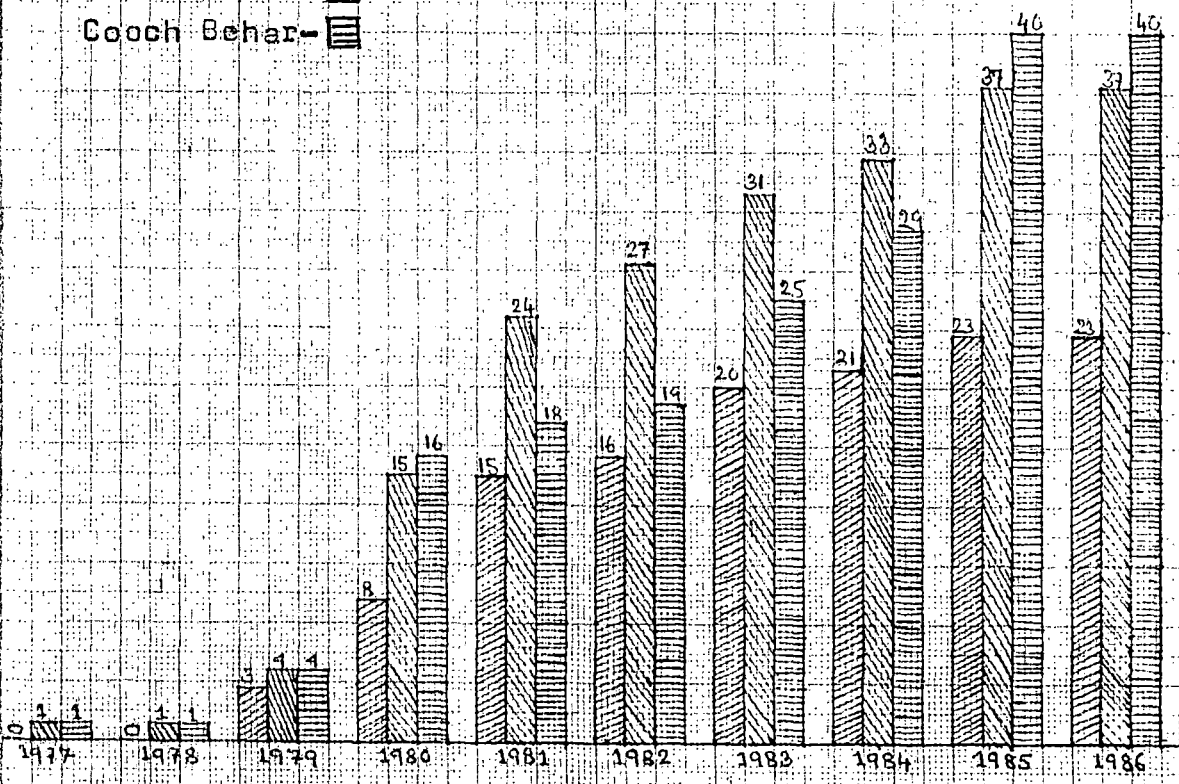
Source: Annual reports of UBKGB from 1977 to 1987.

The names and number of branches of UBKGB block-wise in the district Cooch Behar upto December, 1987 are shown in table 5.7.

Diagram 5.2- Growth of Branches of Uttarbanga Kshetriya Gramin Bank in Darjeeling, Jalpaiguri and Cooch Behar from 1977 to 1986.

INDEX-

- Darjeeling- [diagonal lines]
- Jalpaiguri- [diagonal lines]
- Cooch Behar- [horizontal lines]



Year

Table - 5.7

Name of the Block	Name of the Branch	No. of Branches
Cooch Behar - I	Chilkirhat, Jiranpur, Saheberhat, Satmile, Sutkabari.	5
Cooch Behar - II	Baburhat, Ban eswar, Kholta Morijbari, Rajarhat.	4
Dinhata - I	Bhetaguri, Nigamnagar	2
Dinhata - II	Nayarhat (Karla), Nazirhat	2
Sitai	Adabarighat	1
Tufanganj - I	Andaran Fulbari, Balabhut, Dhalpal, Maruganj, Chilakana, Natabari.	6
Tufanganj - II	Baxirhat, Jorai, Kashiyabari, Saldanga	4
Mathabhanga - I	Nayarhat, Bairagirhat, Pachagar, Sikarpur	4
Mathabhanga - II	Borosoulmari, Nisiganj, Premerdanga, Angarkata. Paradubi.	4
Sitalkuchi	Boromaricha, Goassairhat	2
Mekliganj	Jamaldah, Kuchibari, Ranirhat.	3
Haldibari	Dewanganj, Kashiabari, Santinagar	3
Total Branches		40

Source : 1. Annual Report of UBKGB, 1987.  
2. Annual Action Plan 1988-89, DRDA, Cooch Behar.

Deposit Mobilisation:-

"Deposits are like blood to the life of banks. Their other activities are chiefly dependent upon deposits. Mobilisation of deposits forms an integral part of the development process."<sup>(8)</sup>

The UBKGB, with its rapid branch expansion network has made a considerable thrust in mobilising rural savings and improving the banking habit amongst the rural poor of the districts. The absolute increase in the amount of deposits achieved over the years 1977-1987 (as shown in table 5.8) may be considered good. The increase was largely due to personal level campaign launched by the chairman of the bank who was ably assisted by staff of the branches. But the growth rate in deposit could not reach the level as expected. Because, bulk of the deposit has come from amongst the eligible clientele of the bank. Moreover, the surplus generation in the hands of the rural poor whose mainstay i.e. agriculture, is affected to a large extent by the drought and uncertainties of Nature. The scope for increasing agricultural as well as non-agricultural incomes in the district is very limited. The exclusion of rich farmers and other rich persons in the village society from the loaning activities, demotivated them from depositing their savings with the regional rural bank. The stiff competition with other financial institutions also restricts the bank from securing the required rate of deposit. The growth of deposit, accounts, break-up of various types of deposits from 1977 to 1987 are presented in table 5.8.

Table - 5.8

(Amount in thousand)

Year upto Dec. 31st	Savings Bank (S.B.)	Term Deposit (TD)	KSP	Current & Call Deposit	Total accounts & Deposit amount	Growth rate.
1977 No. of A/Cs					633	
Amount					126	
1978 No. of A/Cs					893	41.07%
Amount					206	63.49%
1979 No. of A/Cs	2349	87	..	1	2437	172.90%
Amount	688	41	..	1	730	254.36%
1980 No. of A/Cs	14725	1820	..	87	16632	582.47%
Amount	5212	921	..	231	6364	771.78%
1981 No. of A/Cs	40592	4602	..	366	45560	173.92%
Amount	15305	4121	..	574	20000	214.26%
1982 No. of A/Cs	66166	6496	4235	1512	78409	72.10%
Amount	20752	6667	2483	1594	31496	57.48%
1983 No. of A/Cs	49702	8529	7811	2412	98454	25.56%
Amount	31807	10375	6635	2506	51323	62.95%
1984 No. of A/Cs	110539	11349	10052	2115	134055	36.16%
Amount	55752	15797	13485	4524	89558	74.50%

Contd.....

Contd.....Table - 5.8.

1985 No. of A/Cs	..	..	..	..	156229	16.54%
Amount	69518	22931	17388	5074	114911	28.30%
1986 No. of A/Cs	..	..	..	..	181523	16.19%
Amount	94821	31987	26776	4880	158464	37.90%
1987 No. of A/Cs	..	..	..	..	..	..
Amount	115923	84231	..	8433	208587	31.63%

Source : Annual Reports of UBKGI) from 1977 to 1987.

Note : Growth rate here means growth of total deposit in a given year over the preceding year.

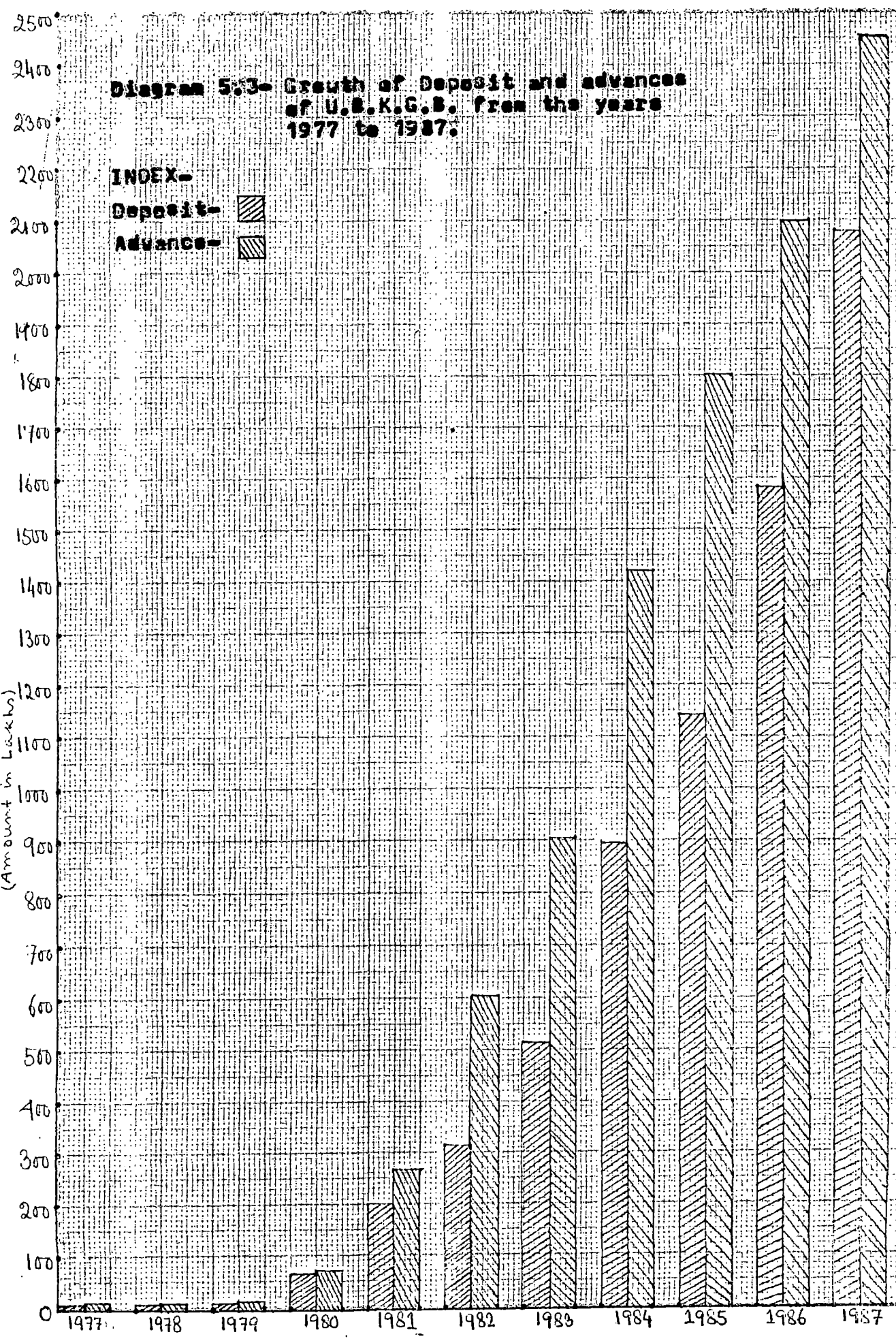
The table 5.8 shows that the growth rate of deposit amount has been increasing every year upto 1980. On the whole, the yearwise growth rate of deposit amount tended to decline since 1981, although the growth rate of deposit amount still remained positive due to expansion of deposit amount in absolute terms. The average growth rate of deposit amount during 10 years was 159.66%. The growth rate of accounts has been increasing upto 1980. From 1981 onwards, it has been decreasing (except the year 1984). The average growth rate of accounts during 9 years was 126.32%. An interesting point to be noted here is that growth rates (both for the deposit as well as accounts) stood highest in the year 1980. This was mainly because of massive branch expansion of the bank during that year.

Credit expansion:

Keeping parity with the objectives for setting up of Regional Rural Banks, the UBKGB continues to register a satisfactory growth of credit extension over the periods under review both in terms of quantum of loan disbursed and amount outstanding. The bank has created a very impressive and favourable impact on its area operation by providing adequate and timely credit assistance through its various innovative Programmes and activities. The lion's share of advance is going to the "Priority Sector". Non priority sector advance is very negligible. The bank is

**Diagram 5.3- Growth of Deposit and advances of U.B.K.G.B. from the years 1977 to 1987.**

**INDEX-**  
**Deposit-** [diagonal lines pattern]  
**Advance-** [diagonal lines pattern]



meeting mostly the credit needs of the agricultural labourers, marginal and small farmers, rural artisans, scheduled caste and tribe population who belong to the neglected section of our society. The growth of advance by UBKGB for the period 1977 to 1987 is shown in table 5.9.

Table - 5.9

Deployment of credit by UBKGB for the years 1977- 87.

(Amount in Thousand)

Year upto Dec.31st	Crop Loan	Term Loan	Term Loan allied to agriculture.	SSI & RA	Road Transport	Services	Non Priority sector	Total Advance	Growth rate of advance	Total priority sector advance	% of priority sector advance to total advance.	Total agricultural advance	% of agric. advance to total priority sector advance.
1977 Amount outstanding								327					
1978 Amount outstanding								672	105.50%				
1979 Amount outstanding								1027	52.82%				
1980 Amount outstanding	525	1209	1631	2814	574	54	..	6807	562.80%	6807	100%	3365	49.43%
1981 Amount outstanding	250	2878	5742	605	..	14645	224	26600	290.77%	26376	99.19%	11126	42.18%
1982 Amount outstanding	7428	6124	13873	1755	..	34597	638	64414	142.16%	63777	99.00%	27425	43.00%
1983 Amount outstanding	11404	9614	20269	2460	..	48987	1875	94610	46.87%	92735	98.01%	41287	44.52%
1984 Amount outstanding	20029	12030	30249	4315	4082	68499	3145	142349	50.45%	139204	97.79%	62308	44.76%

Contd.....

Contd.....Table - 5.9

1985 Amount outstanding	24221	15870	38746	5571	4863	87283	3962	180516	26.81%	176554	97.80%	78837	44.65%
1986 Amount outstanding	28368	18069	45563	7096	5336	100075	5999	210506	16.61%	204507	97.15%	92000	44.98%
1987 Amount outstanding	[ 106643 ]			8863	6003	113317	10498	245324	16.54%	234826	95.72%	106643	45.41%

Source: Annual Report UBKGB from 1977 to 1987.

- Note :
1. Sourcewise break-up of credit deployment was not available for the period 1977 to 1979.
  2. Growth rate here means growth of total advance in a given year over the preceding year.

The table 5.9 shows that growth rate of advance amount outstanding was 105.50% in 1978. During 1979, the growth rate declined to 52.82% and then increased to 562.80% in 1980. From the year 1981 onwards, the yearwise growth rate of advance amount outstanding showed a declining tendency. Highest growth rate was marked during the year 1980. This was due to the largest branch expansion network in that year. The average growth rate of advance amount outstanding during the period of 10 years was 131.13%. The share of priority sector advance to total advance showed a very satisfactory position. As national object was to attain by March 1985, a level of 40% of total lending to priority sector advances, this figure for the bank was 98.09% (an average percentage share of priority sector advance to total advance for the period 1980-87). The table 5.9 also reveals another good feature in respect of share of agriculture in total priority sector advances. The average percentage share of agriculture within the priority sector advance for the period 1980-87 was 44.9%. This was also higher than National target of 40%.

Credit-deposit ratio:-

Credit deposit ratio is the proportion of the credit sanctioned by banks in a region or state to deposit collected in that region or state. It explains the extent to which a region or state has been benefited from bank credit out of their deposits. Variations in this ratio indicate that certain regions or states

gain more than certain others in terms of credit flows. One of the most important features of UBKGB (a regional rural bank) is that the bank has deployed more credit locally than the deposit locally raised. The credit-deposit ratio of UBKGB within the area of its Jurisdiction is shown in table 5.10.

Table - 5.10

Credit-deposit ratio of UBKGB within its area operation for the period 1977-1987

(Amount in Thousand)

Year (as on 31st Dec.)	Total Credit	Total deposit	Credit Deposit ratio.
1977	327	126	259 : 100
1978	672	206	326 : 100
1979	1027	730	140 : 100
1980	6807	6364	107 : 100
1981	26600	20000	144 : 100
1982	64415	31496	205 : 100
1983	94610	51323	184 : 100
1984	142349	89558	159 : 100
1985	180516	114911	157 : 100
1986	210506	158464	133 : 100
1987	245324	208587	118 : 100

Source : Annual reports of UBKGB, 1977 to 1987.

The credit-deposit ratio was 259 in 1977 within the area of jurisdiction of the bank which increased to 326 in

1978. During 1979, the ratio declined to 140 and then further declined to 107 in 1980. In 1981, the ratio again increased to 133 and further increased to 205 in 1982. From 1983, the C·D· ratio shows a declining trend. On the whole, there is a declining trend of C · D· ratio. This may be corroborated by fitting a trend equation with the above data. The fitted function is  $Y = 174.63 - 11.55t$ . It clearly shows that the trend of C · D· ratio is significantly negative for the period of our study. The calculated t value ( $t^*$ ) for the slope of our equation is - 2.12 while the table value of t is 1.83 at 5 percent level of significance for degree of freedom equal to 9. since  $|t^*| > t$ , the relation is statistically significant.

Inspite of significantly negative trend of C · D· ratio, the position of this bank is quite impressive for its area operation. The C · D· ratio was 118 in 1987. It means out of the local deposit of Rs. 100, Rs. 118 were deployed as credit locally. The notable thing in this regard is that the bank has by-passed even the national object to attain by March 1985, a C · D· ratio of 60% in respect of semi-urban and rural branches separately. The bank attained this target as most of the branches are rural and a few are semi-urban.

The credit deposit ratio of UBKGB in Cooch Behar district stands much higher than C · D· ratio of any other commer-

cial bank. The credit - deposit ratio of UBKGB for the district was 127 as on 31.12.1987. It means out of the deposit of Rs.100 of district, Rs. 127 were utilised here as credit. Thus the district has also by-passed even the national object to attain by March 1985, a credit deposit ratio of 60% in respect of rural and semi-urban branches separately. So, the enthusiasm of this bank (UBKGB) for helping the rural poor with the credit aid is quite appreciable. The comparative picture of C · D·ratio bankwise is shown in table 5.11.

Table - 5.11

Bankwise C : D ratio in Cooch Behar district as on 31.12.1987.

District	Name of the Bank	Advance	Deposit (ex-inter Bank Deposit.	C.D. Ratio.
Cooch Behar	C.B.I.	1619.42	1627.21	99.52 : 100
	B.O.I.	16.24	18.78	86.47 : 100
	U.B.I.	171.13	590.69	28.97 : 100
	U.I.B.	47.83	172.10	27.79 : 100
	A.L.B.	89.91	136.99	65.03 : 100
	B.O.B.	79.27	203.46	38.96 : 100
	U.C.O.	97.29	137.41	70.80 : 100
	S.B.I.	789.90	1936.68	40.78 : 100
	U.B.K.G.B.	847.93	667.66	127.00 : 100

Source : District credit plan 1988 - 90, Cooch Behar district, Lead Bank (CBI).

ii) Other commercial banks:

The following commercial banks except Uttarbanga Kshetriya Gramin Bank (UBKGB) are functioning in Cooch Behar District upto December, 1987 (with their number of branches).

1. Central Bank of India	..	19
2. State Bank of India	..	8
3. United Bank of India	..	3
4. Allahabad Bank	..	4
5. United Commercial Bank	..	2
6. Bank of India	..	1
7. Bank of Baroda	..	2
8. United Industrial Bank	..	1
Total	..	<u>40 Branches</u>

The number of branches (given in table 5.5) in different blocks shows that Uttarbanga Kshetriya Gramin Bank has a larger branch net-work in comparison to other commercial banks. The UBKGB has shown somewhat liberal policy as it has opened its new branches in most neglected, unbanked rural areas of different blocks to serve the rural poor in a better way.

b) The West Bengal State Co-operative Bank Ltd. (Cooch Behar Unit.)

The Cooch Behar district Central Co-operative Bank Ltd. was established in the year 1953. The Head Office of this bank was situated on the Rupanarayan Road Cooch Behar town. Total number of employees were then 20.<sup>(9)</sup> The bank had two branches - one at Mathabhanga within the district Cooch Behar and other at Alipurduar, in Alipurduar Sub-division. This bank provided short term loans to the members of co-operative societies for agricultural activities during the seasons and for marketing of crops. It also rendered rural banking services to both members and non-members.<sup>(10)</sup> Since the period of establishment there was a managing committee having 12 members and the District Commissioner was the Chairman of the Committee. Later on, in the year 1973, this bank came under the purview of West Bengal State Co-operative Bank Ltd., having a managing Committee of 24 elected members and out of which 6 elected local members will form a sub-committee. From 1981, this bank went under the jurisdiction of administrator. The administrator's Committee is now composed of : I) two retired Judges, appointed by the Supreme Court of India (Administrators) II) one Reserve Bank Officer (Member) III) two officers from NABARD (Members) IV) one

Government Officer (Member).

Now the bank has four branches:-

1. Mathabhanga (Situated in Cooch Behar district).
2. Alipurduar (Situated at Alipurduar Sub-division).
3. Falakata (Situated at Alipurduar Sub-division).
4. Birpara (Situated at Alipurduar Sub-division)

A short cut picture of this bank from 1974-75 to 1987-88 has been shown in table 5.12.

Table - 5.12

Financial position of Cooch Behar unit of the W.B.S.C.B Ltd.

( Amount in lakhs)

Year	Demand	Investment	Collection	Balance outstanding.
1975-76	67.04	94.43	60.59	100.88
1976-77	100.88	164.00	79.42	185.46
1977-78	185.46	76.30	35.04	226.72
1978-79	226.72	28.35	30.13	224.94
1979-80	224.94	39.09	58.07	205.91
1980-81	205.91	71.05	19.60	257.36
1981-82	257.36	203.55	185.93	274.98
1982-83	274.98	40.63	30.43	285.18
1983-84	285.18	72.33	41.91	315.60
1984-85	315.60	46.69	28.53	333.76
1985-86	333.76	15.87	4.49	345.14
1986-87	345.14	52.83	20.18	377.79
1987-88	377.79	69.07	26.81	420.05

Source: Office of the Unit Manager, W.B.S.C.B. Ltd. Cooch Behar Unit.

The above table 5.12 shows investment(advance) of this bank was highest (Rs. 203.55 lakhs) in the year 1981-82 and became minimum in the year 1985-86 (Rs. 15.87 lakhs).

This distribution of loan (current + overdue) to different types of farmers by this bank is shown in table 5.13.

Table - 5.13

Distribution of Loan (Current & overdue) to different types of farmers from 1977-78 to 1987-88

Year	Marginal	small	Big	Total
1977-78	113.47 (50.00)	91.35 (40.29)	22.00 (9.70)	226.72
1978-79	113.40 (40.41)	92.54 (41.14)	20.00 (8.89)	224.94
1979-80	109.57 (53.21)	76.34 (37.07)	20.00 (9.71)	205.91
1980-81	140.36 (54.54)	87.00 (33.80)	20.00 (7.77)	257.36
1981-82	150.40 (54.70)	97.58 (35.50)	27.00 (9.81)	274.98
1982-83	153.00 (53.65)	98.18 (34.42)	34.00 (11.92)	285.18
1983-84	165.15 (52.33)	108.45 (34.36)	42.00 (13.30)	315.60
1984-85	170.56 (51.10)	120.20 (36.01)	43.00 (12.88)	333.76

Contd.....

Contd.....Table-5.13

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1985-86	173.04 (50.14)	130.10 (37.70)	42.00 (12.17)	345.14
1986-87	194.29 (51.43)	135.50 (35.88)	48.00 (12.71)	377.79
1987-88	220.00 (52.37)	145.05 (34.53)	55.00 (13.09)	420.00

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Source : Office of the Unit Manager, W.B.S.C.B. Ltd.,  
Cooch Behar Unit.

Note : Figures in parenthesis are percentage of loan  
amount to total loan amount.

From the above table, it appears that most of the loans were distributed among marginal and small farmers. Big farmer's share in relation to marginal and small farmer is small. On an average, the respective shares of loan of marginal, small and big farmers to total loan are 52.17%, 36.42% and 11.08% respectively.

(c) The Cooch Behar Co-operative Land Development Bank.

The Cooch Behar Co-operative Land Development bank was established in the year 1959. The Head Office of this bank is situated on the Bangchatra Road, Cooch Behar town. It has one branch office situated in Dinhata sub-division. (12) The main function of this bank is to provide long-term loans to the members of the society for reclamation of land, construc-

tion of ringwells or cattleshed, redepmtion of old debts, purchase of agricultural implements like Pumpset, powertiller, tractor, sinking shallow-tubewells etc. (13) The bank is financed mainly by NABARD. The financing is made through West Bengal Central Co-operative Bank Ltd., The fund is financed 95% by NABARD and 5% by West Bengal Government. The bank is administered by the Chief Executive Officer deputed by the Government of West Bengal. There is also an assistant manager selected from the members of the staff. There is an appointed managing committee consisting of 12 directors. Out of 12 directors, 9 are elected and 3 are nominated by the government of West Bengal. One Chairman is elected from among the 12 directors. (14)

A consolidated financial position of the primary Land Development Bank of Cooch Behar is shown in table 5.14.

Table - 5.15

Consolidated financial position of PLDB, Cooch Behar.

(Amount in la khs)

Total	Total Demand	Collection	% of collection.	%of overdue
1974-75	4.09	2.74	66.50	33.50
1975-76	5.81	5.39	92.66	7.34
1976-77	13.13	11.23	85.53	14.47
1977-78	27.25	15.38	56.44	43.56

Contd.....

Contd.....Table 5.15

1978-79	42.34	22.96	51.86	48.14
1979-80	65.30	23.90	36.68	63.32
1980-81	100.06	19.68	19.67	80.33
1981-82	148.77	21.02	14.13	85.87
1982-83	195.62	22.62	11.56	88.44
1983-84	154.39	20.34	13.17	86.83
1984-85	175.25	13.63	7.70	92.30
1985-86	204.95	10.51	5.13	94.87
1986-87	234.00	16.67	7.12	92.88

Source : Official records, Cooch Behar LDB.

The above table 5.14 shows a pitiful financial position of the Primary Land Development Bank of the district.

Total loan issued (Normal + AFDC) to different types of farmers by the bank is given in table 5.15.

Table - 5.15

Distribution of loan to different types of farmers.

( Amount in lakhs)

Year	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
Amount	85.22	58.71	30.27	5.69	5.11	0.19
Year	1983-84	1984-85	1985-86	1986-87		
Amount	4.00	1.43	0.10	1.22		

Source : Official records, Cooch Behar LDB.

The table 5.15 shows that the quantum of loan issued to different types of farmers stood highest to the amount of Rs. 85.22 lakhs in 1977-78. From 1978-79 to 1981-83, the amount of loan issued was gradually declining significantly. In the year 1983-84 again, the amount rose to Rs. 4 lakhs. During 1984-85 the loan amount decreased to Rs. 1.43 lakhs and then further decreased to a very insignificant level of Rs. 0.10 lakh in 1985-86. In 1986-87 again, the loan amount rose to Rs. 1.22 lakhs. On the whole, loan issued to different types of farmers shows a declining trend over the period. It is due to very poor recovery of loan of the bank. It is a matter of great anxiety that if the tendency continues in future, it will lead to a great disadvantage to farmers for getting long term co-operative loans.

Before independence, commercial banks were virtually non-existent in this region. Between independence and nationalisation of commercial banks, the growth of banking institutions was slow and tardy. Since nationalisation of commercial banks, the growth of branches has been fast in comparison to the previous period. Now commercial banks are directly engaged in improving the conditions of rural poor. The strategy in this respect is to expand branches in the rural areas and to finance viable bankable schemes for the poor by its lending operations. Consequently, we find a shift of emphasis in the working of

commercial banks. Before nationalisation, Commercial Banks were urban oriented and lending was confined to serve the rich urban entrepreneurs. After nationalisation, commercial banks have adopted different schemes to change the rural situation.

S U M M A R Y

Before nationalisation of commercial banks in 1969, the growth of banking institutions in a backward district like Cooch Behar was slow and tardy. While there were only 4 branches of commercial banks in 1969 there were 80 branches upto December, 1987 i.e. the branches have increased by 20 times in 18 years. Taking into consideration the co-operative banks, total number of bank branches were 6 in 1969, while it rose to 84 upto December 1987 i.e. the branches increased by 14 times in 18 years. The existing number of branches of different banking institutions (upto December, 1987) is given below:

1. W.B.S.C.B. - 3, 2. LDB - 1, 3. CBI - 19,
4. SBI - 8, 5. UBI -3, 6. ALB-4, 7. UCO -2,
8. BOI-1, 9. UBKGB-40, 10. BOB-2, 11. UIB-1.

In this connection a noteworthy point is that after nationalisation, commercial banks have expanded their branches in rural and backward areas of Cooch Behar. The blockwise

bank branches will prove the truth:

1. Cooch Behar I - 10, 2. Cooch Behar II - 20,
3. Dinhata I - 6, 4. Dinhata II - 8, 5. Sitai-5,
6. Sitalkuchi-3, 7. Mathabhanga I-6, 8. Mathabhanga II - 6,
9. Tufanganj I & II - 11, 10. Mekliganj-5,
11. Haldibari-4. Total = 84.

Uttarbanga Kshetriya Gramin Bank (a regional rural bank was established in 1977 under the sponsorship of Central Bank of India. The area operation of this bank comprises the underdeveloped districts of West Bengal state viz. Cooch Behar, Jalpaiguri and Darjeeling. The branch expansion network of the Regional Rural Bank is very much impressive in comparison to other commercial banks. In order to extend rural banking facilities to the weaker sections in the unbanked and hitherto neglected areas, the bank has already opened 101 branches upto December 1987 among the three underdeveloped districts. In 1977, the total number of branches were 2. It rose to 101 in 1987. UBKGB has 40 branches in Cooch Behar, 37 branches in Jalpaiguri and 24 branches in Darjeeling district. The bank has expanded its branches in remote rural areas of the district Cooch Behar. The blockwise bank branches will delineate the fact:

1. Cooch Behar I - 5, 2. Cooch Behar II - 4,
3. Dinhata I - 2, 4. Dinhata II - 2, 5. Sitai-1,

6. Tufanganj I - 6, 7. Tufanganj II - 4,  
8. Mathabhanga I - 4, 9. Mathabhanga II - 4,  
10. Sitalkuchi-2, 11. Mekliganj-3, 12. Haldibari-3.  
Total = 40.

The UBKGB has made a considerable thrust in mobilising rural savings and improving the banking habits among the rural poor of the districts. But the growth rate in deposit (as shown in table 5.8) could not increase as expected because bulk of the deposit has come from amongst the eligible clientele of the bank. Moreover, the stiff competition with other financial institutions also restricts the bank from securing the required rate of deposit.

Performance of UBKGB regarding credit expansion is satisfactory in comparison to other commercial banks in Cooch Behar. The bank has created a very favourable impact by providing adequate and timely credit assistance to the poor. The share of "Priority Sector" advance to total advance shows a very satisfactory position. The average figure for the bank is 98.08% (as shown in table 5.9) which is much higher than the national object of obtaining by March 1985, a level of 40% of total lending to priority sector advances. Another good feature for the bank is that the average share of agriculture within priority sector advance is 44.9%, which is also much higher than National target of 40%.

The trend of C:D ratio of UBKGB is significantly negative for the period of our study (Table 5.10). In spite of the significantly negative trend, the position of the bank is quite impressive. The C:D ratio is 118 in 1987. The notable thing is that the bank has by passed even the national object to attain by March 1985, a C:D ratio of 60% in respect of semi-urban and rural branches separately. In comparison to other commercial banks, the C:D ratio of UBKGB is much higher in Cooch Behar district (as shown in table 5.11).

There are 40 branches of other commercial banks (except UBKGB) in Cooch Behar District, but in comparison to UBKGB, these banks have not shown liberal policy in opening branches in most neglected and unbanked rural areas of this region.

The Cooch Behar district Central Co-operative Bank Ltd. was established in the year 1953. The Head office of this bank was situated on Rupanarayan Road, Cooch Behar town. The Bank had two branches - one at Mathabhanga within the district and the other at Alipurduar, in Alipurduar Sub-division. From 1973, this bank came under the purview of West Bengal State Co-operative Bank Ltd. . Now Cooch Behar unit of the West Bengal State Co-operative Bank Ltd. is functioning as the Central institution of Primary Agricultural Credit Societies. The bank now has four

branches under its range. On the whole, the performance regarding credit as is depicted in table 5.12 was not at all satisfactory due to poor repayment position. However, most of the loans are distributed among marginal and small farmers. On an average, the respective share of loan of marginal, small and big farmers are 52.17%, 36.42% and 11.08% respectively. The Cooch Behar Co-operative Land Development Bank was established in the year 1959. The Head office of this bank is situated on Bangchatra Road, Cooch Behar. It has one branch office in Dinhata Sub-division. The bank is catering to the development of agriculture. The performance of this bank regarding loan issued to different farmers as is depicted in table 5.15 is quite unsatisfactory for the period of our study. Loan issued to different farmers shows a declining trend during the period 1977-78 - 1986-87 due to very poor recovery of loan. From table 5.14, it is seen that while percentage collection was 92.66% in 1975-76, it fell down to a very low level of 7.12% in 1986-87. If the tendency continues, it will cause a great disadvantage to farmers in getting long-term co-operative loan.

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