

**AN EMPIRICAL STUDY ON RECOVERY PERFORMANCE OF GDCCB LTD., TENALI:
ITS SELECTED GDCCBs DURING 2016-'20**

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Abstract: The issue of mounting overdues is one of the critical factors affecting the financial soundness of institutional agencies of credit. This has been a chronic feature of co-operative finance at all levels and has been causing great concern because of growing loan business of the co-operative sector. Rising overdues adversely affect the liquidity of the co-operative credit agencies. Their dependence on the outside agencies increases eroding their financial health. Overdues measured in terms of demand are lower than in terms of loans outstanding for all levels of credit dispensation. The level of overdues measured in either terms is lower for the State than in the case of the country. Overdues to outstanding of Guntur District Central Co-operative Bank (GDCCB) have been steadily rising. However, its recovery performance (collections to demand) had been gradually improving in the last decade. Age-wise classification of overdues also indicates an improvement in the financial health of GDCCB. The incidence of overdues of sample societies is lower than that of their counterparts in the country. However, the incidence of defaulters is higher for medium term loans than those of short-term loans of the sample societies as in the case of the nation at large. There has been a gradual decrease in the level of overdues of short-term credit. The incidence of defaulting is higher in the case of large farmers compared to small.

Key words:

One of the most disquieting features of the agricultural co-operative credit structure in India is the incidence of ever increasing overdues. Overdues at the level of CCBs rose to 37 per cent of the demand as on March 31, 2005 as against 34.5 per cent on March 31, 1995. There is a marked variation in the distribution of overdues as four states accounted for 51 per cent of total overdues.¹ At the end of March, 2004 overdues formed 46 per cent of the total loans outstanding of the PACSs. As on March 31, 2003 there were 22 million defaulting members forming 53 per cent of the indebted members.² An attempt is made in the present Chapter to examine the dimensions of overdues at the level of the CCBs, PACSs and borrower in Guntur district against the macro context of the country.

MEASUREMENT OF OVERDUES:

Default rates are measured in various ways, such as the collection ratio for an accounting period, the percentage of the arrears at a given time, the proportion of borrowers who repay, and the repayment index.³ Each of these methods has its own advantages and limitations. They are used in combination rather than independently to provide a reliable estimate of the nature and extent of overdues. Except the repayment index, the other measures are employed in the present study.

High rates of default ranging from 50 per cent to as much as 80 or 95 per cent have been reported in small farmer credit programmes in African Middle East and Latin American countries. Most South and South-East Asian countries have had similar experiences with low recovery rates, yet in East Asia strong village co-operatives have enabled Japan, the Republic of Korea and Taiwan to resolve this problem.⁴

The position of agricultural overdues in India is presented in the following Table.

TABLE - 1: Overdues of Agricultural loans to Demand

(Percentage)

Institution	2017-18	2018-19	2019-20
A. Co-operative Institutions: (at the end of March)			
(i) Primary Agricultural Credit Societies	46.3	41.4	43.0
(ii) Central Co-operative Banks	42.2	37.0	35.3
Commercial Banks (at the end of March)	47.9	47.1	48.0
Regional Rural Banks (at the end of March)	17.0	16.8	22.2

Sources: (1) Government of India, *Economic Survey*, 2019-20, p. 11.

(2) RBI, *Reports on Currency and Finance*, Vol. II, 2017-18 to 2019-20.

It may be observed that the period under reference the incidence of overdues was higher in commercial banks, followed by co-operatives and RRBs. Apart from leading to diversion and substitution of credit resulting in misallocation of resources, the higher degree of overdues adversely affect the liquidity of lending agencies and their capacity to maintain and expand farm credit. It is also an index of the degree of interaction between the organized (Institutional) credit market and the unorganized. Prior to an examination of the position of co-operative overdues in the Guntur district, it is appropriate to have an idea of the overdue position at the State level. The Table - 2 offers the relevant particulars at the Co-operative Central Bank level.

TABLE - 2: Overdues of Central Co-operative Banks in Andhra Pradesh (as on 31st March)

(Rs. in thousands)

Year	Advances	Recoveries	% of overdues to advances	Out- Standing	Over dues	% of overdues to outstanding
2015-16	9,99,720	8,00,063	20.0	8,32,893	2,31,703	27.8
2016-17	17,11,153	13,11,993	23.3	13,35,557	3,19,617	23.9
2017-18	10,94,056	89,226@	91.8	14,19,026*	5,94,995	41.9
2018-19 ⁺	13,55,351	9,48,831	30.0	18,24,918	6,81,445	37.3
2019-20 ⁺	13,55,781	9,00,928	33.55	18,73,175	8,34,573	44.6

+ Provisional, @ Excludes the amount under highest outstanding of cash credits and overdrafts and bills discounted.

* Excludes the amount under outstanding of cash credits and overdrafts and bills outstanding.

Source: Government of Andhra Pradesh, *A.P. Statistical Abstract*, 2019, p. 323.

It may be noted that there is an increase in the level of overdues during the period under reference. Percentage of overdues to demand reached a level of 92 per cent in 2017-18 due to natural calamities like cyclones. There is a steady growth in the case of overdues to loans outstanding from 28 per cent in 2015-16 to 45 per cent in 2019-20.

FINANCIAL STATUS OF GDCCB:

The Table - 3 presents the financial status of the GDCCB since the advent of planning.

TABLE - 3: Financial Structure of the GDCCB Ltd.,

(Rs. in lakhs)

Year	Share capital	Reserve fund	Deposits and borrowings	Working capital	Loans and advances	Over dues	Percentage of overdues to advances
2005-06	412	93	2,218	2,761	2,230	316	14
2006-07	516	98	3,386	4,402	3,270	1,249	38
2007-08	587	100	3,574	4,162	3,663	1,510	41
2008-09	617	107	3,104	3,802	3,120	1,994	64
2009-10	622	112	2,930	3,745	2,887	1,424	49
2010-11	632	114	2,922	3,756	2,637	1,367	52
2011-12	653	114	2,810	3,667	2,586	889	34
2012-13	824	114	3,647	4,676	3,438	974	28
2013-14	798	88	5,069	6,027	4,381	706	16
2014-15	1,229	90	5,930	7,322	5,480	3,080	56
2015-16	1,701	92	8,602	10,472	8,684	3,741	43
2016-17	1,944	96	8,864	10,984	9,115	4,175	46
2017-18	2,035	170	8,646	11,097	8,791	4,623	53
2018-19	2,101	226	8,188	10,864	8,520	7,401	87
2019-20	2,873	259	8,870	11,759	9,490	8,104	85

Source: The GDCCB Ltd., Audit Report: 1992 to 2006, pp. 77-78.

The Table - 3 portrays the trends in the financial structure of the GDCCB for over 15 years. There has been a steady growth in all the components of working capital namely paid-up share capital, reserve fund, deposits and borrowings. The aggregate of the three components (Five years – one component) namely working capital (column 5) is slightly different from the total of the three due to approximation of figures. The annual growth rate (compound) of share capital, reserve fund, deposits and borrowings, working capital, loan and advances and overdues are 13.7, 6.3, 9.0, 11.07, 8.6 and 12.6 respectively. Overdues as a percentage of loans outstanding has been steadily rising over the years. The average for the first five years (1991-96), second five years (1996-2001) and third five years (2001-06) works out to 41.2, 37.2, 62.8 respectively.

The proportion of loans and advances to working capital has been varying from 69 per cent to 88 per cent during the period under review.

The financial position of the GDCCB may be evaluated in a much better method by looking at its own funds and the amount of default to demand whose particulars are provided in the Table - 4.

TABLE - 4: Owned Funds and Overdues of GDCCB Ltd., (Rs. in lakhs)

Year	Owned funds	Overdues	Percentage of Owned funds to Overdues
2010-11	6,242	16,967	271.8
2011-12	8,374	20,154	240.6
2012-13	11,732	25,729	219.3
2013-14	15,079	30,805	204.3
2014-15	19,996	37,418	187.1
2015-16	22,776	41,751	183.3
2016-17	26,125	46,230	177.0

2017-18	28,925	42,225	145.6
2018-19	30,471	46,170	151.5
2019-20	32,399	56,540	174.6

Source: The GDCCB, *Action Programmes*, 1996 to 2006.

It may be noticed that there has been a steady increase in owned funds as also in overdues to demand except in 2016-17 and 2018-19. During the period under reference the percentages of 'overdues to demand' and 'owned funds' varied from 145 to 271. The financial dependence of the Bank on outside funds has not been reduced as in the case of most of the co-operative credit institutions.

The financial performance of the GDCCB especially from the point view of liquidity management may be from the Table - 5.

TABLE - 5: Recovery Performance of GDCCB Ltd., 1996-2006

(Rs. in lakhs)

Year	Demand	Collection	Percentage of overdue to demand
2010-11	47,620	21,667	45.5
2011-12	55,921	26,954	48.2
2012-13	60,433	32,392	53.6
2013-14	69,257	38,452	55.5
2014-15	80,043	42,625	53.2
2015-16	89,494	47,743	53.3
2016-17	1,06,182	59,850	56.4
2017-18	1,25,165	83,140	66.4
2018-19	1,35,866	89,696	66.0
2019-20	1,78,043	1,21,503	68.0

Source: The GDCCB, *Action Programme*, 1996-2006.

There has been a steady growth in the business operations of the bank in terms of loans issued and recovered between 2010-11 and 2019-20 except for the slight fall in recovery performance of the bank during the period of its reorganization. There is a steady improvement in its recovery performance leading to better liquidity management. The GDCCB has secured 'A' Certificate from RBI, which is awarded for recovery oriented Central banks.

Age-wise classification of overdues is an index of liquidity management and details in this regard are furnished in Table - 6.

During the period under reference (Table - 6) overdues (amount) below one year duration ranged between 62 to 83 per cent except 2014-15 which was a cyclonic year, when the level dipped to 36 per cent. Overdues above three years have been fluctuating between 3.5 to 10 per cent.

TABLE - 6: Age-wise Classification of Overdues in GDCCB Ltd.,

(Rs. in lakhs)

Year	Below one year	Between 1 and 3 years	Above three years	Total
2010-11	10,462 (61.8)	3,962 (23.3)	2,543 (14.9)	16,967 (100.0)
2011-12	12,559	4,378	3,217	20,154

	(62.3)	(21.7)	(16.0)	(100.0)
2012-13	19,126 (74.4)	4,821 (18.7)	1,782 (6.9)	25,729 (100.0)
2013-14	25,697 (83.42)	3,623 (11.76)	1,485 (4.82)	30,805 (100.0)
2014-15	13,455 (36.0)	22,647 (60.5)	1,316 (3.5)	37,418 (100.0)
2015-16	26,314 (63.0)	13,978 (33.5)	1,457 (3.5)	41,751 (100.0)
2016-17	28,814 (62.3)	11,289 (24.4)	6,179 (13.3)	46,282 (100)
2017-18	30,000 (71.2)	8,212 (19.5)	3,913 (9.3)	42,125 (100.0)
2018-19	33,698 (73.0)	7,713 (17.0)	4,763 (10.0)	46,174 (100.0)
2019-20	45,945 (81.0)	7,257 (13.0)	3,358 (6.0)	56,560 (100.0)

Source: The GDCCB, *Action Programme*, 1996 to 2006.

The trend of overdues at the level of the primary societies in the district can be appreciated better in the context of the State. The Table - 7 presents these details.

TABLE - 7: Overdues of Primary Agricultural Credit Societies in A.P. (as on 31st March)
(Rs. in '000)

Year	Advances	Recoveries	% of overdues to advances	Outstanding	Overdues	% of overdues to outstanding
2015-16	7,35,079	5,42,258	26.2	8,49,414	3,15,258	37.1
2016-17	9,99,498	7,34,592	26.5	10,77,831	3,60,188	33.4
2017-18	9,42,642	7,21,791	23.4	12,83,270	4,27,140	33.2
2018-19	9,57,484	7,31,829	23.6	15,08,860	4,66,647	31.0
2019-20	10,87,358	9,01,235	17.1	16,92,377	7,03,707	41.6

Source: Government of A.P.: *A.P. Statistical Abstract*, 2006, p. 323.

A note-worthy feature of the data shown in Table - 7 is the falling trend of overdues to demand. A similar tendency is noticed with regard to overdues in relation to loans outstanding except in the year 2016-17. The improvement in the recovery performance of PACS is a sign of their general financial health in Andhra Pradesh.

EXTENT OF OVERDUES AT SOCIETY LEVEL:

The particulars of sample societies covered by the present study, their membership, borrowers and defaulters are presented in the Table - 8.

TABLE - 8: Membership, Borrowers and Defaulters in Sample PACS (at the end of March 31st, 2006)

Name of the Society	No. of Members	No. of Borrowers		No. of Defaulters	
		S.T. loans	M.T. loans	S.T. loans	M.T. loans
(A) Tenali					

1. Kovelamudi	924	367	38	82	31
2. Pedanandipadu	540	69	84	20	80
3. Karempudipadu	461	143	73	9	30
4. Manthenavari Palem	326	74	24	15	13
5. Pedamatlapudi	317	53	17	5	7
6. Tumulur	517	111	76	72	71
Sub-total	3,085	817	312	203	232
(B) Guntur					
7. Nagavaram	553	82	5	12	5
8. Endroy	972	401	73	97	48
9. Bhrugubanda	379	66	15	49	12
10. Utukuru	1,631	202	34	49	22
11. Perstyalluru	247	85	5	29	4
Sub-total	3,782	836	132	236	91
(C) Narasaraopet					
12. Pedanemalipuri	494	143	24	39	24
13. Zoolakallu	360	103	54	36	10
14. Rompicherla	958	226	-	33	-
15. Chinagarlapadu	1,335	345	1	61	1
16. Brahmanapalli	372	122	1	24	1
17. Kunkalagunta	394	102	3	28	2
18. Kambhampadu	787	87	13	74	10
19. Tallapalli	511	73	26	28	16
20. Sirigiripadu	622	97	25	19	25
21. Madugula	567	143	63	28	22
22. Madinapadu	372	176	10	36	10
23. Nadikudi	410	135	10	17	10
24. Vipparla	352	111	21	26	21
25. Palapadu	570	83	23	73	12
Sub-total	8,104	1,946	274	522	164
Total	14,971	3,599	718	961	487

Source: Sample Data.

Of the samples, six societies are located in Tenali division, five societies in Guntur division and fourteen societies in Narasaraopet division. Average membership for sample societies works out to about 600; borrowers of short-term loans and medium term loans were 146 and 29 respectively. Similarly the average number of defaulters of short-term and medium term loans was 37 and 20 respectively. Borrowing membership (short and medium term loans) to total membership constituted 29 per cent whereas at the national level the percentage was 36 for the year 2016-17. Defaulters of short-term loans were of the order of 25 per cent whereas that of medium term loans 68 per cent. Therefore, the incidence of default is more in respect of medium term loans than in the case of short-term loans.

With a view to finding out the structural characteristics of members, borrowers and defaulters between different regions of the district the “null” hypothesis namely that there is no significant difference in membership, borrowers and defaulters of sample PACS in different regions is tested by using ANOVA and the results are set out in the Table - 9.

TABLE - 9: ANOVA Results

Particulars	Source of variation	d.f	Sum of squares	Mean of squares	F.Value
Membership	σ^2 between	2	171951.69	85975.845	4.86*
	σ^2 within	22	371597.12	17695.101	
Borrowers Short-term loans	σ^2 between	2	2915.5982	1457.7991	0.943@
	σ^2 within	22	32472.255	1546.2979	
Borrowers Medium term Loans	σ^2 between	2	4222.5616	2111.2808	21.80**
	σ^2 within	21	1936.743	96.83715	
Defaulters Short-term loans	σ^2 between	2	659.1392	329.5696	2.841@
	σ^2 within	22	2436.4063	116.01935	
Defaulters Medium-term Loans	σ^2 between	2	1828.2781	914.13906	16.72**
	σ^2 within	21	1093.4714	54.67357	

*Significant at 5 per cent level.

** Significant at 5 per cent level and 1 per cent level.

@Not significant at 5 and 1 per cent level.

The null hypothesis, namely that there is no significant difference in membership, borrowers of medium term loans and defaulters of medium term loans is rejected for the reason that the calculated value is greater than the table value at 5 per cent level. Whereas null hypothesis is accepted in the case of borrowers have short-term loans and defaulters of short-term loans. It means there is no significant difference in the borrowers and defaulters in S.T. loans of the three divisions. In the case of borrowers and defaulters of M.T. loans there is a significant difference in between three divisions.

TABLE - 10: Overdues and Own Funds of Sample Societies

(Rupees)

Name of the Society (1)	Overdues to demand (as on 2019-20) (2)	Owned funds (paid-up share capital+Govt., share capital+ reserves) (3)	Difference (2-3)
(A) Tenali			
1. Kovelamudi	1,84,218	1,14,724	69,494
2. Pedanandipadu	22,863	14,377	8,486
3. Karempudipadu	19,950	1,27,185	-1,07,235
4. Manthenavari Palem	34,155	1,04,064	-69,909
5. Pedamatlapudi	4,602	21,467	-16,865
6. Tumulur	2,72,274	84,488	1,87,786
Sub-total	5,38,062	4,66,305	71,757
(B) Guntur			
7. Nagavaram	37,425	42,939	-5,514
8. Endroy	1,93,383	1,48,200	45,183
9. Bhrugubanda	1,61,075	54,619	1,06,456
10. Utukuru	1,33,703	1,06,778	26,925
11. Perstyalluru	1,03,482	58,716	44,768

Sub-total	6,29,068	4,11,252	2,17,816
(C) Narasaraopet			
12. Pedanemalipuri	54,860	52,171	2,689
13. Zoolakallu	1,10,238	85,487	24,751
14. Rompicherla	94,194	80,084	14,110
15. Chinagarlapadu	1,71,600	1,08,409	63,191
16. Brahmanapalli	32,083	21,905	10,178
17. Kunkalagunta	1,11,508	1,05,211	6,299
18. Kambhampadu	1,86,825	46,258	1,40,567
19. Tallapalli	52,775	38,589	14,186
20. Sirigiripadu	35,115	44,399	-9,284
21. Madugula	77,700	76,871	829
22. Madinapadu	2,28,624	52,414	1,76,210
23. Nadikudi	50,635	64,007	-13,372
24. Vipparla	60,600	44,102	16,498
25. Palapadu	52,275	38,089	14,180
Sub-total	13,19,032	8,57,996	4,61,030
Total	24,86,162	17,35,553	7,50,603

Source: Sample Data.

Own funds exceed overdues in respect of only 6 societies of 25 samples. The average overdues to demand per society is Rs. 99,446 whereas owned funds works out to Rs. 69,422. The difference between the two stands at 30.19 per cent of overdues and is an index of the financial health of the samples. Regional variation in this respect is examined by using 't' test ($\bar{X}_1, \bar{X}_2 = 0$) and the results are shown in Table - 11.

TABLE - 11: T-test Results

Particulars	\bar{X}_1	\bar{X}_2	t-value
Tenali	89.6	77.5	0.24*
Guntur	126.0	82.0	1.264*
Narasaraopet	98.0	99.0	-0.025*

*Note significant at 5 per cent level of significance. As the difference in the parameters is not significant the null hypothesis is accepted.

The incidence of overdues at the primary level based on observational data is indicated in Chapter IV. The purpose of the present study as already stated in the introductory chapter is to arrive at an estimate of overdues at the level of PACS in Guntur district. For this purpose an intensive study of 25 societies has been taken up. Their structural characteristics and operational aspect are described in the succeeding chapter in which the causes of overdues are explored. Based on the inductive investigation of the sample societies, overdues are computed at the society level for short-term and medium term loans and the details are furnished in the Table - 12.

TABLE - 12: Incidence of Overdues of Sample Societies, 2019-20

Item	Amount of loan (Rs.)	Overdues (Rs.)	Percentage of Amount of loan to Overdues
Short –term loans	94,17,255	24,33,888	26.0
Short-term outstandings	1,25,68,237	39,77,655	32.0
Medium-term outstandings	13,12,925	8,66,071	66.0

Total outstandings	1,38,81,162	48,43,726	35.0
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Source: Sample Data.

For the sample societies as a whole overdues to demand of short-term loans stood at 26.0 per cent during the year of investigation. The level of overdues to short-term outstanding, medium term outstanding and total outstanding was 32 per cent, 66 per cent and 35 per cent respectively. Just as in the case of the district, state and national level overdues to outstandings are higher than overdues to demand in the sample societies of the district. This is a circular and cumulative causation phenomenon.

The trends in overdues are a better indicator of financial health rather than the picture drawn for any single year. These trends are presented in Table - 13.

TABLE - 13: Trends in Overdues of Sample Societies

Year	Demand (Rs.)	Overdues (Rs.)	Percentage of overdue to demand
2015-16	40,14,776	18,74,994	47.0
2016-17	46,51,247	21,91,495	47.0
2017-18	55,15,712	22,55,092	41.0
2018-19	68,67,543	22,78,060	33.0
2019-20	94,23,055	24,17,155	26.0

Source: Sample Data.

It may be discerned from the Table - 13 that the rate of growth (compound) of loans (demand) and overdues recovered are 23.3 and 5.6. A striking feature of the data is the steady decline in the level of overdues to demand from 47 per cent to 26 per cent. The falling trend of overdues of the sample societies is a reflection of the better recovery performance of the GDCCB as noted earlier. It can easily be perceived that the financial soundness of the Central bank as revealed by the recovery performance and that of the sample PACS are interwoven.

Unequal distribution of overdues among different size groups is one of the thorny issues in the literature. Table - 14 shows these particulars.

TABLE - 14: Category-wise Short-term Loans and Overdues, 2019-20

(in Rupees)

Category	Number of defaulters	Distribution of total outstandings	Overdues to outstandings
Large	135 (4.0)	13,27,856 (9.5)	6,90,201 (13.8)
Medium	457 (13.0)	30,23,410 (21.7)	12,06,923 (24.0)
Small	1,719 (49.0)	62,21,127 (44.8)	22,56,067 (45.0)
Marginal	1,205 (34.0)	33,08,769 (24.0)	8,60,251 (17.2)
Total	3,516 (100)	1,38,81,162 (100)	50,13,442 (100)

Note: Percentages in parentheses.

Source: Sample Data.

4 per cent of large farmers account for 9.5 per cent of short-term loans outstanding and 14 per cent of overdues, 13 per cent of medium farmers account for 22 per cent and 24 per cent of loans and overdues respectively. 49 per cent of small farmers had a share of 45 per cent of credit and

overdues. Marginal farmers (34%) received 24 per cent of credit and had 17 per cent of overdues. Infact, there is a positive relationship between the size of holdings and level of overdues.

The distribution of sample PACS according to level of overdues is shown in Table - 15.

TABLE - 15: Distribution of Sample PACS According to Level of Overdues to Outstanding: 2019-20

Percentage of Overdues to outstanding	Number of PACS	Cumulative total of PACS	Percentage of PACS to total	Cumulative total of percentage
Below 20	5	5	20	20
20-40	13	18	52	72
40-60	3	21	12	84
60 and above	4	25	16	100.0

Source: Sample Data.

5 samples fall in the frequency group of overdues to outstandings below 20 per cent. 13 samples are in the 20 to 40 per cent range of overdues whereas 3 samples are in the 40 to 60 per cent range of overdues and 4 samples are in the above 60 per cent overdue range. Thus, 75 per cent of societies are in the 0 to 40 per cent range of overdues.

TABLE - 16: Overdues and Size of Loan Business of Sample Societies

Average loan overdues per society (Rs. in lakhs)	Number of PACS	Average percentage of overdues to outstanding
Below 2	2	14.0
2-4	14	35.0
4-6	4	45.0
6-8	2	21.0
8-10	1	26.0
10 and above	2	20.0

Source: Sample Data.

The percentage of overdues to outstandings increases upto the loan business of Rs. 6 lakhs. Subsequently, there is a fall. It may be stated that overdues tend to increase as loan business increases and vice and versa.

EXTENT OF OVERDUES AT DEFAULTER LEVEL:

With a view to arriving at an estimate of overdues at the farm level, 192 defaulters have been sampled and their distribution on the basis of level of default is indicated in Table - 17.

TABLE - 17: Defaulter and the Sum Defaulted

Size group Rs.	Number of defaulters	Amount defaulted Rs.	Percentage of defaulters	Percentage of amount defaulted
0-1000	31	23,286	16.0	4.0
1001-2500	58	1,09,895	30.0	18.0
2501-5000	74	2,60,575	39.0	42.0
5001-7500	16	96,000	8.0	15.0

7501-10000	8	72,800	4.0	11.0
10001 & above	5	61,148	3.0	10.0
Total	192	6,23,704	100.0	100.0

Source: Sample Data.

TABLE - 18: Defaulters – Region-wise

Size group (Rs.)	Number of Defaulters			Amount Defaulted (in Rs.)		
	Tenali	Guntur	Narasa raopet	Tenali	Guntur	Narasa raopet
0-1000	14	4	13	9,636	3,600	10,050
1001-2500	8	8	42	14,010	15,500	80,385
2501-5000	15	16	43	50,675	59,200	1,49,700
5001-7500	5	8	3	29,800	48,200	18,000
7501-10000	4	3	1	38,800	26,000	8,000
10001 & above	2	1	2	24,148	16,000	22,000
Total	48	40	104	1,67,069	1,68,500	2,88,135

Source: Sample Data.

It is obvious that there is an uneven distribution of defaulters and the extent of default across regions. ANOVA computed for the data shown in the Table - 19 is given below.

TABLE - 19: ANOVA Results

Particulars	Source of variation	Sum of squares	Mean of squares	F- Value
Defaulters	σ^2 between 2	602.547	301.2735	11.8763*
	σ^2 within 15	380.5155	25.3677	
Amount defaulted	σ^2 between 2	1609.5308	804.7654	3.7194*
	σ^2 within 15	3245.5234	216.36823	

* Significant at 5 per cent level.

It is clear that there is no significant in difference the distribution of defaulters and the extent of default among three regions.

CONCLUSION:

The issue of mounting overdues is one of the critical factors affecting the financial soundness of institutional agencies of credit. This has been a chronic feature of co-operative finance at all levels and has been causing great concern because of growing loan business of the co-operative sector. Rising overdues adversely affect the liquidity of the co-operative credit agencies. Their dependence on the outside agencies increases eroding their financial health. Overdues measured in terms of demand are lower than in terms of loans outstanding for all levels of credit dispensation. The level of overdues measured in either terms is lower for the State than in the case of the country. Overdues to outstanding of GDCCB have been steadily rising for 15 years. However, its recovery performance (collections to demand) had been gradually improving in the last decade. Age-wise classification of overdues also indicates an improvement in the financial health of GDCCB.

The incidence of overdues of sample societies is lower than that of their counterparts in the country. However, the incidence of defaulters is higher for medium term loans than those of short-term loans of the sample societies as in the case of the nation at large. There has been a gradual decrease in the level of overdues of short-term credit. The incidence of defaulting is higher in the

case of large farmers compared to small. Except in the case of 5 sample societies overdues exceed owned fund of the societies and this indicates their external dependence. There are considerable regional variations in terms of membership, borrowing, default, difference between overdues and owned funds of societies. Among the sample PACS a greater proportion (75%) fall in the 0 to 40 per cent range of overdues to outstanding. Beyond Rs. 6 lakhs loan business overdues tend to decline. At the farm level the average amount defaulted works out to Rs. 3,248, though there is a considerable variation in the level of default among the three divisions.

NOTE & REFERENCES

1. Reserve Bank of India: *CRAFICARD*, op. Cit., p. 354.
2. Reserve Bank of India: *ibid.*, p. 353.
3. Pischke, J. D. V., *et al.*, *op. cit.*, p. 183.
4. Nirmal Sanderatne: An Analytical Approach to Loan Defaults by Small Farmers, *ibid.*, p. 184.