

## CHAPTER- VI

### OVERDUES IN RURAL CREDIT IN GUJARAT STATE : AN ANALYSIS

Poor recovery of rural credit is one of the serious and sticky problems in most of the third world countries, including India. Higher levels of overdues create problem in recycling of funds in the lending institutions, and also in raising more resources in the form of refinance from the apex financing agencies, leading ultimately to sizeable reduction in the quantum of new credit and in some cases even total stoppage. Moreover, it leads to operational inefficiencies, lowering of morale of the bank staff and above all tarnishes the public image of banks. Hence, for the lending system, the problem of overdues cuts at the roots and creates an unhealthy environment.

#### Objectives

As the problem of overdues is a matter of serious policy concern, this chapter is devoted to examining the problem of overdues in the rural banking system of Gujarat State. The analysis aims at achieving the following specific objectives :

Firstly, to measure the overdues, using the indicator a ratio of overdues to the demand of credit, in the Gujarat State & compare it with the position in other States;

Secondly, to undertake an inter-state comparison of the agencywise overdues position;

Thirdly, to make a comparative analysis of overdues position of lending institutions in Gujarat,

Lastly, to undertake the comparative analysis of the overdues position of lending institutions in Gujarat State, with reference to various economic sectors.

#### Data Source and Methodology

The data for lending agencywise overdues and demand of agricultural loans in various states were collected from The Report of the Agricultural Credit Review Committee, A Review of the Agricultural Credit System in India, published by RBI 1990, and processed for the analysis. The sectorwise overdues and demand of credit data for all the lending institutions operating in Gujarat State is drawn from the Agenda Notes and Background Papers circulated by Dena Bank, Convenor, Gujarat State Level Bankers Committee Meetings and from Annual Reports of GSLDB, Ahmedabad. The Study relates to the three years period ending June 1986.

The problem of overdues is examined at two levels; firstly, at the national level and secondly, in the state

of Gujarat. The all-India analysis, focuses on statewide and lending agencywise positions of overdues. Whereas, for Gujarat the focus is on lending institutionwise and sectoral analysis. The multi-dimensional analysis of overdues is attempted with a view to get clear understanding of the problem and identify the causal factors.

Overdues are measured as a percentage of demand of rural credit at the end of the year. The statistical technique of rank correlation co-efficient is used for examining the change in the inter-state overdues positions between 1984 and 1986.

This chapter examines the hypothesis, that overdues are a common feature of rural credit system, cutting across all lending agencies, sectors and states in India.

### Statewise Analysis

The all-India and the Statewise annual data on overdues and demand of agricultural credit delivered by Commercial Banks, Regional Rural Banks, Primary Agricultural Co-operative Credit Societies and State Land Development Banks for the 3 years period ending June 1986, is given in

appendix no. VI.1 to VI.3. Comparable data was available only for 18 states, hence, the remaining states and union territories are grouped under other states.

To begin with we have examined the annual variations in the overdues position for the rural banking system at the all-India level and for individual states. The relevant data is presented in table no. 6.1.

Table Number : 6.1

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Statewise Overdues Position Of Agricultural Advances

Sr. No.	States	Ratio of Overdues to Demand			
		1984	1985	1986	(Per cent) (June end) 3 Years Average
1	2	3	4	5	6
1	Tripura	67.03	79.29	59.39	68.57
2	Assam	64.63	67.24	63.59	65.15
3	West Bengal	67.02	61.07	49.37	59.15
4	Bihar	59.95	59.50	53.15	57.53
5	Orissa	52.71	52.76	60.01	55.16
6	Jammu & Kashmir	61.39	45.38	51.04	52.60
7	Maharashtra	51.63	48.68	48.73	49.68
8	Rajasthan	46.13	49.81	49.58	48.51
9	Madhya Pradesh	51.10	48.02	47.76	48.96
10	Karnataka	45.33	45.69	47.52	46.18
11	Andhra Pradesh	42.31	48.28	45.14	45.24
12	Tamil Nadu	47.55	45.60	42.35	45.17
13	Uttar Pradesh	44.86	46.84	41.48	44.39
14	Himachal Pradesh	43.60	42.02	43.43	43.02
15	Gujarat	38.51	39.98	41.00	39.83
16	Haryana	36.84	37.46	36.58	36.96
17	Punjab	35.31	20.77	25.07	27.05
18	Kerala	23.65	23.70	25.80	24.38
19	Others	57.77	67.02	42.16	55.65
20	All-India	45.00	44.09	42.59	43.89

N.B. : States are arranged in the descending order of  
Col. No. 6.

Source : Based on appendix no. VI.1 to VI.3.

The table no. 6.1 indicates that, at the all-India level there was only marginal improvement in the overdues position during the study period. During the three years (1984 to 1986) the overdues averaged 44 per cent of demand of credit (outstanding) under agriculture.

From the above table to following observations are made in respect to the overdues position at the state level :

Firstly, considering the overall performance (three years' average) during the period under review, Kerala state was the best (having the lowest overdue ratio of 24 per cent) and Tripura was the worst (highest ratio of 69 per cent). Further, only 5 states viz. Himachal Pradesh, Gujarat, Haryana, Punjab and Kerala out of 18 performed better than the national average. Out of these 5, the position in Kerala and Punjab was much better. In the remaining 13 states, the overdues position was bad and particularly in Tripura, Assam, West Bengal, Bihar and Orissa it was very disturbing.

Secondly, considering the annual position of overdues, Orissa had rising trend and also the highest rise in the overdues ratios during the three years, indicating steady deterioration in the recovery position.

Gujarat, Karnataka and Kerala were other states having similar trends in overdues. On the other hand, four states viz. West Bengal, Bihar, Madhya Pradesh and Tamil Nadu had declining trend in overdues ratios, indicating improvement in the recovery position. Fastest improvement was recorded in West Bengal, where the overdues ratio declined by nearly 18 per cent.

Lastly, an examination of the rank structure of states revealed that, Gujarat and Haryana were the only two states with no change in their ranks (15th and 16th), in all the three years.

For a more meaningful analysis of the rank structure of the states during the study period, the rank correlation co-efficient was worked out using the data for the first (1984) and last (1986) year and using the following formula of Charles Edward Spear Man :

$$R_k = 1 - \frac{6 \sum D^2}{N(N^2 - 1)}$$

where

$R_k$  = Rank Co-efficient of Correlation.

$D$  = Difference in Ranks of States.

$N$  = Number of States.

The rank correlation co-efficient was +0.89.

Hence, we conclude that the rank of states with regard to the overdues position did not change significantly, over the study period.

#### Agencywise Analysis

After reviewing the statewide position of overdues to demand of agricultural credit, we now examine the overdues position of various lending agencies, both at the national level and in each of the 18 states.

The following table presents the agencywise overdues to demand ratios of agricultural credit during the study period : (June-end)

Agency	Ratio of overdues to demand			
	1984	1985	1986	3 years Averages
1	2	3	4	5
CBs	48.4	45.8	43.4	45.9
RRBs	49.8	51.6	51.0	50.8
PACS	43.1	42.2	41.0	42.1
SLDBs	38.3	39.5	38.8	38.9
All-India	45.0	44.1	42.6	43.9

Source : Based on appendix no. : VI.1 to VI.3.

The above table indicates sizeable variations in the performance of various agencies. Considering the three years averages the performance of SLDBs was best



(39 per cent) and that of RRBs was worst (51 per cent). Compared to the all-India position the performance of SLDBs and PACS was better, whereas, that of RRBs and CBs was poorer. However, analysing the annual trend of overdues ratios we find that CBs and PACS had marginally improving trends and RRBs and SLDBs experienced a marginal deterioration.

The table no. 6.2 presents the statewise data of the overdues to demand ratios of agricultural credit separately for each lending agency viz. CBs, RRBs, PACS and SLDBs for the three years study period 1983-'84 to 1985-'86 (June end).

From the table No. 6.2, we have the following observations :

Firstly, considering the CBs overall performance during the study period, we find that 12 states out of 18 states viz. Assam, Bihar, Gujarat, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tripura and West Bengal, had poorer performance when compared with the all-India position, whereas in the remaining 6 states the position was relatively better. Further, 10 states viz. Andhra Pradesh, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa,

Table Number- 6-2  
Lending Agencywise Overdues Position of Agriculture

Sr.No.	States	CBs				RRBs			
		1984	1985	1986	3 Years Average	1984	1985	1986	3 Years Average
1	2	3	4	5	6	7	8	9	10
1.	Haryana	42.7	41.1	40.1	41.30	46.5	48.0	54	49.5
2.	Himachal Pradesh	49.3	49.4	49.1	49.27	51.4	38.9	40	43.4
3.	Jammu & Kashmir	63.3	47.6	69.2	60.03	62.0	61.6	56	59.8
4.	Punjab	39.0	29.3	28.1	31.13	14.4	20.7	16	17.0
5.	Rajasthan	52.8	51.5	51.8	52.03	52.9	57.1	56	55.3
6.	Assam	64.7	64.9	64.8	64.80	44.1	57.5	50	50.5
7.	Tripura	66.5	68.3	67.5	67.43	58.7	80.1	71	69.9
8.	Bihar	61.8	62.4	57.5	60.57	52.6	58.2	59	56.6
9.	Orissa	63.6	56.6	53.9	58.03	60.8	62.9	60	61.2
10.	West Bengal	66.0	66.2	58.7	63.63	62.0	55.6	61	59.5
11.	Madhya Pradesh	57.9	55.9	55.3	56.37	54.5	54.3	58	55.6
12.	Uttar Pradesh	46.1	45.7	43.1	44.97	55.4	57.5	51	54.6
13.	Gujarat	47.2	47.0	48.8	47.67	37.2	44.1	56	45.77
14.	Maharashtra	57.7	55.9	50.0	54.53	61.6	55.4	51	56.0
15.	Andhra Pradesh	44.1	42.4	40.1	42.20	40.2	50.4	54	48.2
16.	Karnataka	52.0	49.6	46.5	49.37	43.2	42.4	44	43.2
17.	Kerala	32.6	30.6	29.3	30.83	31.2	26.4	23	26.87
18.	Tamil Nadu	41.8	37.6	36.7	38.70	61.2	37.2	35	44.47
19.	Others	57.3	70.2	56.5	61.33	26.8	12.8	46	28.53
20.	All-India	48.4	45.8	43.4	45.87	49.8	51.6	51	50.8

Source: Based on appendix no. VI-1 to VI-3

Punjab, Tamil Nadu and Utter Pradesh, had declining trends in overdue ratios during the 3 years of the study period indicating improvements in recovery performance. The fall in overdues was highest in Punjab (10.9 per cent). There were three states viz. Assam(3), Utter Pradesh(13), and Tamil Nadu(16) with no change in rank positions in all the 3 years.

Secondly, analysing the overdues position of RRBs overall performance during the study period, we find that 9 out of 18 states had overdues higher than the all-India level. Gujarat and other 3 states viz. Andhra Pradesh, Bihar and Haryana had rising trends in overdues ratios during the three years study period. The rise in ratio being highest in Gujarat (18.8 per cent). Similarly, even number of states viz. Jammu & Kashmir, Kerala, Maharashtra, and Tamil Nadu shows improvements in their recovery positions. Karnataka state had no change in the rank (14) position and Punjab had lowest overdue ratios in all the 3 years, indicating good recovery performance of the state.

Thirdly, examining the overdues position of PACS in different states we find that as many as 12 states, had average overdues ratios higher than the all-India

ratio (42.10 per cent). The remaining six states viz. Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Kerala and Punjab had relatively better recovery performance. Kerala's position was the best of all the states having the lowest average overdues ratio at 21.80 per cent. Assam state had the highest ratio of overdues at 91.30 per cent, in all the 3 years of the study period. Gujarat and 4 other states viz. Himachal Pradesh, Karnataka, Kerala and Orissa had rising trends in overdues ratios, the rise being heighest in Orissa (19.30 per cent). Tripura and West Bengal had declining overdues ratios by 55.00 and 29.10 per cent respectively, during the three years of study period.

Fourthly, reviewing the SLDBs overall performance during the study period, we observe that 12 states had overdues higher than the all-India level. Further, annually at least 11 states shows higher overdues ratio than the all-India ratio. 9 out of these 11 states, had overdues ratio higher than the all-India ratios in all the 3 years. These states were Andhra Pradesh, Assam, Gujarat, Himachal Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Tripura and West Bengal. Gujarat and 6 other states viz. Karnataka, Kerala, Orissa, Punjab, Rajasthan and Tamil Nadu had rising trends in overdues. The rise was highest in Tamil Nadu (17.2 per cent). and lowest in Punjab (4.10 per cent).

Similarly, 4 states, viz. Bihar, Jammu and Kashmir, Madhya Pradesh and Uttar Pradesh had shown improvements in their overdues positions. It was best in Bihar where the overdues ratio declined by 42.70 per cent. Among all the states Punjab had lowest ratios (18th rank) in all the 3 years of the study period.

In sum, the overdues ratio in Gujarat increased from 39 to 41 per cent between 1984-'86. It needs to be noted that Gujarat is the only state having rising overdues ratios in all the three years in case of all the lending agencies, indicating deteriorating position of recovery, irrespective of the lending agency. This finding makes it pertinent to examine bankwise and sector wise position of overdues in detail in Gujarat state.

#### Overdues In Gujarat State

The focus of analysis in this section is two fold: firstly, Bank-wise overdues position is examined and secondly, sectorwise position for each <sup>bank</sup> is investigated, in the state of Gujarat.

#### Bankwise And Sectorwise Overdues Analysis

The bankwise data on demand of credit, overdues and percentage of overdues to demand in each of the major

economic sectors viz. agriculture, industry and tertiary and total of all sectors, for 3 years ending June 1986, is given in appendix No. VI.4 to VI.6 and is summarised in table no. 6.3 and 6.4.

Table Number : 6.3

## Bank-wise Position of Overdues In Gujarat.

(per cent)  
(June end)

Sr. No.	Lending Institutions	Ratio of Overdues to Demand			
		1984	1985	1986	3 years average
1	2	3	4	5	6
1	Indian bank	67.28	76.98	64.01	69.42
2	Allahabad bank	71.43	68.75	62.77	67.65
3	GSLDB	66.54	68.71	58.34	64.53
4	Andhra bank	47.06	71.43	70.41	62.97
5	SBI	54.75	57.90	64.25	58.97
6	UCO	N.A.	52.87	63.91	58.39
7	Union BOI	50.73	57.00	63.90	57.21
8	BOB	55.60	55.09	57.65	56.11
9	SBS	N.A.	51.69	60.18	55.94
10	PNB	58.20	63.57	45.99	55.92
11	BOM	33.85	56.16	70.59	54.53
12	Dena bank	47.12	49.50	58.33	51.65
13	Canara bank	43.94	50.58	52.87	49.13
14	RRBs	41.06	49.86	55.48	48.80
15	BOI	46.49	N.A.	49.92	48.21
16	Corporation bank	41.03	35.68	65.10	47.27
17	Vijaya bank	48.35	42.31	48.45	46.37
18	United BOI	50.55	42.31	41.94	44.93
19	CBI	42.82	43.04	48.30	44.72
20	Syndicate bank	17.74	50.48	56.62	41.61
21	NBOI	23.64	41.03	48.02	37.56
22	GSCB	40.01	34.12	34.88	36.34
23	IOB	39.78	26.67	33.77	33.41
24	OBC	16.00	25.00	42.48	27.83
25	Other Institutions	44.44	N.A.	53.48	48.96
26	Gujarat State	47.67	46.71	48.78	47.72

N.B. : Banks are arranged in the descending order of Col.no.6.

Source : Based on appendix no. VI.4 to VI.6.

Note : Data for Punjab & Sindh Bank for all the 3 years was not available.

From the table no. 6.3 the following observations are made :

firstly, considering the average position over the period under review, OBC bank had the best recovery position, (the lowest overdues ratios 28 per cent). On the other end, position of the Indian Bank was worst (highest ratio 69 per cent).

secondly, only 9 banks out of 24 had better performance than the state average, (47.72). These banks were, Corporation bank, Vijaya bank, United BOI, CBI, Syndicate bank, NBOI, GSCB, IOB and OBC. The remaining 15 banks had relatively higher overdues ratios than the state average.

thirdly, Dena bank, SBS, BOI, CBI, Union BOI, SBI, RRBs and 6 other banks viz. BOM, Canara bank, OBC, NBOI, Syndicate bank and UCO, had rising trends in the overdues ratios during the three years, indicating the worsening of recovery position. The distribution of these 13 banks according to the increase in the overdues ratios is given in the following table.



Overdues Ratio (Rise in per cent during 1984-'86)			No of Banks	Name of banks
1	-	5	2	BOI(3), CBI(5)
6	-	10	3	SBS(8), Canara bank(9), SBI(9).
11	-	15	4	UCO(11), Dena bank(11), Union BOI(13), RRBS(14).
above		24	4	NBOI(24), OBC(26), BOM(37), Syndicate bank (39).

N.B. : Figures in bracket indicates the rise in overdues ratios in 1986 over 1984.

The overdues situation had reached alarming position in Syndicate bank and BOM, which require immediate radical steps for improving recovery.

fourthly, considering the overdue position of banks above the state average, annually the number of banks increased from 9 in 1983-'84 to 15 in 1984-'85 and further to 16 in 1985-'86. Of these, <sup>8</sup> banks had higher overdues ratio than the state ratio in all the 3 years. They were Indian bank, Allahabad bank, GSLDB, SBI, UCO, Union BOI, BOB and SBS. These banks need immediate remedial measures.

finally, only two banks viz. Allahabad bank and United BOI had improved recovery performances in all the 3 years.

### Banks and Sector-wise overdues

For a more meaningful analysis of overdues at the bank level, especially of bank's having poor recovery performance, sectorwise study of overdues becomes necessary. In this section the bankwise percentage of overdues to demand is examined in each of the major economic sectors viz. agriculture, industry and tertiary. This analysis will help us to identify the root cause of high overdues of banks in Gujarat.

To start with, the following table presents the sectorwise overdues ratios to demand of total rural credit deployed for the 3 years period ending June 1986 in Gujarat State.

Sector	Percentage of Overdues to Demand			
	1984	1985	1986	3 years avg.
Agriculture	46.98	43.10	43.14	44.40
Industry	49.02	61.29	66.88	59.06
Tertiary	50.16	51.58	57.35	53.03
Total Rural Credit deployed	47.67	46.71	48.78	47.72

Source : Based on appendix no. VI.4 to VI.6.

From this table the following observations are made.

firstly, there is a trend of marginal improvement in the agricultural sector and worsening trend in the industry and tertiary sectors. In particular the position was worst in the industry sector compared to the other two sectors. viz. Tertiary and Agriculture.

secondly, the overall performance during the period was better in agriculture than that in the other two sectors viz. Industry and tertiary.

At the disaggregate level, we have the sector-wise overdue ratios for each of the 24 financial institutions in Gujarat. The relevant data is given in appendix no. VI.4 to VI.6 and is summarised in the table no. 6.4.

The following observations are made from the table no. 6.4.

firstly, considering the agriculture sector we find that 17 banks out of 23 had average overdue ratios higher than the sectoral Gujarat ratio of 44.40 per cent.

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Sr.No.	Banks	Agriculture			
		1984	1985	1986	3 Years Average
1	2	3	4	5	6
1.	BOB	54.03	51.98	55.37	53.79
2.	Dena Bank	45.91	46.48	52.50	48.30
3.	SBS	NA	48.04	55.21	51.63
4.	Allahabad Bank	35.71	66.67	77.90	76.76
5.	Andra Bank	-	-	-	-
6.	BOI	46.40	NA	45.01	45.71
7.	BOM	33.85	51.96	66.76	50.86
8.	Canara Bank	70.00	56.52	55.13	60.55
9.	CBI	39.32	37.71	41.64	39.56
10.	Corporation Bank	Nil	70.37	76.45	73.41
11.	Indian Bank	45.45	50.00	52.10	49.18
12.	IOB	25.22	24.30	27.98	25.83
13.	NBOI	8.33	36.36	34.93	26.54
14.	PNB	71.07	66.85	52.12	63.35
15.	OBC	3.33	100.00	25.79	43.04
16.	Syndicate Bank	23.62	41.94	56.27	40.61
17.	Union bOI	44.56	49.60	56.61	50.26
18.	United bOI	50.72	42.62	55.63	49.66
19.	UCO	NA	56.07	52.12	54.10
20.	Vijaya Bank	28.57	66.66	13.68	36.30
21.	SBI	57.74	53.42	49.07	53.41
22.	RFB	44.27	51.40	58.12	51.26
23.	GSCB	40.01	34.11	34.79	36.30
24.	GSLDB	66.54	68.71	58.34	64.53
25.	Other Insti.	31.58	-	65.64	44.59
26.	Gujarat State	46.98	43.10	43.14	44.40

These banks were BOB, Dena bank, SBS, Allahabad bank, BOI, BOM, Indian bank, Canara bank, Corporation bank, IOB, PNB, Union BOI, United BOI, UCO, SBI, RRBs and GSLDB. Further, out of these 17 banks, 6 banks viz. BOB, Allahabad bank, Canara bank, PNB, SBI and GSLDB had overdues ratios higher than the state ratios in all the 3 years. Annual overdue ratios of 3 out of these 6 banks had a declining trend. They were Canara bank, PNB and SBI. The fall in overdues was highest in PNB (18.95 per cent). Lastly, 6 banks viz. Dena bank, BOM, Indian bank, Syndicate bank, Union BOI and RRBs had rising trends in overdues over the period, indicating worsening overdues position. In particular, the position of BOM was worst among all the banks as rise in overdues ratio was highest (32.91 per cent).

secondly, examining the overdues ratios in industry sector, we find that 13 banks had average overdue ratios higher than the sectoral Gujarat state ratios, of 59.06 per cent. These banks were BOB, Dena bank, SBS, Allahabad bank, Andra bank, BOI, BOM, Indian bank, Union BOI, UCO, Vijaya bank, SBI and GSCB. Further, in all the 3 years atleast 9 banks had higher overdues ratios than the state overdues ratios. Of these, three banks viz. Andra bank, Indian bank and Union BOI in all the 3 years had a higher ratio than the state ratio. Further, atleast 5 out of

23 banks viz. Syndicate bank, Union BOI, Vijaya bank, SBI and RRBs had a rising trends in overdues ratios in all the 3 years. In particular the position of Syndicate bank was worst among all the banks as rise in overdue ratio was highest (41.13 per cent). Among all the banks operating in Gujarat, only BOB had improved its recovery performance in all the 3 years of the study period.

thirdly, reviewing the bank-wise overdues position in tertiary sector, we find that 8 banks viz. BOB, SBS, Allahabad bank, Indian bank, Syndicate bank, Union BOI, UCO, and SBI had average overdue ratios higher than the state average sectoral overdues ratios at 53.03 per cent. Further, in all the 3 years atleast 8 banks had higher overdues ratios than the state ratios and 3 of these banks viz. Syndicate bank, Union BOI and SBI in all the 3 years had higher than the state overdues ratio. Secondly, 7 out of 23 banks viz. BOB, Dena bank, Canara bank, CBI Corporation bank, Union BOI and RRBs had rising trend in overdue ratios, indicating a deterioration in their recovery performance. In particular, the position of corporation bank was worst among all the banks as rise in overdues ratio was highest (27.58 per cent). Lastly, the only bank with improvement in recovery performance in all the 3 years, was United BOI (19.04 per cent).

In sum, we find that the number of banks having higher ratios than the sectoral averages in the state, were highest in the case of agriculture (17) followed by industry (13) and tertiary(8). Of these, 8 banks were common in all the three sectors, viz. BOB, SBS, Allahabad bank, Indian bank, Union BOI, UCO, SBI and GSLDB. Further two banks viz. Union BOI and RRBS\* had rising trends in overdue ratios in all the 3 years in case of all the sectors. These banks need to be investigated in details for deterioration in the overdues position and immediate follow-up measure should be taken for improving the recovery.

### Conclusion

Gujarat was found to be one of the four states in the country having a rising trend of the overdues ratio in case of agricultural advances during the study period (1984 to 1986). Considering the three years period as a whole the overdues ratio in Gujarat was 40 per cent, against the national ratio of 44 per cent. Secondly, Gujarat was the only state which showed a rising trend of overdue ratio during the study period, in case of all the four lending agencies of rural credit. Compared to the all-India performance, Gujarat states performance was better in case of RRBS and PACS and was poorer for CBS and GSLDB.

\* All the 5RRBS(opened before June 1984)except one viz. Kutch Gramin bank, show rising trends in overdues ratios in all the 3 years of the study period. The rise in overdue ratio was highest in case of the Jamnagar Gramin Bank(34per cent), one of the first RRB in Gujarat.

Thirdly, within the Gujarat state the performance of 24 financial institutions is evaluated with respect to rural credit system, constituting 21 public sector banks, GSLDB, GSCB and RRBs as a group. The overall overdue ratio for the 3 years study period in Gujarat was 48 per cent. 15 institutions had higher overdue ratios compared to the state as a whole. These included GSLDB (65 per cent), RRBs (49 per cent) and 13 commercial banks, of which Indian bank (69 per cent) and Allahabad bank (68 per cent) were in worst position. Further, Union BOI and RRBs as a group had deterioration in recovery performance in all the 3 years of the study period in case of all the sectors and lastly, the sectoral overdue ratios indicated best performance under agriculture (45 per cent) and worst in the industry (59 per cent) sector. Comparing with the state ratio (48 per cent) again agriculture was relatively better off and the other two sectors were having higher overdue ratios.