

SUMMER PROJECT REPORT

“A Study of Agricultural Loan in Bank of Maharashtra”

Submitted to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

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Department of Management Sciences and Research, G.S. College of
Commerce & Economics, Nagpur NAAC Accredited “A” Grade
Institution



Academic Year 2020-21



CERTIFICATE

This is to certify that the investigation described in this report titled
“**A Study Of Agriculture Loan In Bank Of Maharashtra**” has been
carried out by **Mr.Amit Namdev Dudhankar** during the summer
internship project. The study was done in the organisation, **Bank Of
Maharashtra**, in partial fulfillment of the Requirement for the degree of
Master of Business Administration of **R.T.M.**

Nagpur University, Nagpur. This work is the own work of the candidate,
complete in all respects and is of sufficiently high standard to warrant its
submission to the said degree. The assistance and resources used for
this work are duly acknowledged.

**Dr. Ashwini Purohit
(Director)**

CERTIFICATE

 बैंक अहम महाराष्ट्र Bank of Maharashtra अहम महाराष्ट्र अहम अहम	अंचल कार्यालय ,चंद्रपुर / Zonal office - Chandrapur Gala No.3, Udyog Bhawan , Opposite District Court टेलीफोन /TELE : 07172- 254518 / 271812 / 264065 ई-मेल/e-mail : staff_chn@mahabank.co.in	 बैंक अहम महाराष्ट्र अहम अहम अहम महाराष्ट्र अहम अहम अहम महाराष्ट्र अहम अहम
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AX-36/CZ/HRM/Internship/2020-21/


Date: 28.09.2020

CERTIFICATE

This is to certify that, Mr Amit Namdeo Dudhankar, student of DMSR G S college, Nagpur and pursuing the studies of MBA 2nd Year, has successfully completed internship in our bank from 28.07.2020 to 10.09.2020 as a part of curriculum of the Institute.

He has worked at our Chimur Branch, Chandrapur during his Internship on Recovery, Customer service in Banking products and digital banking as well as in various issues of Branch on need basis. His work as an intern was satisfactory.

We wish him success in all future endeavors.


Dy.Zonal Manager,
Zonal Office
Chandrapur



ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “**Bank Of Maharashtra**” and I am sincerely thankful to them for providing opportunity to me.

I am thankful to “**Mr.Prashant Agase & Mr.Rupesh Jadhav**” For guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his support.

I am also thankful to all the faculty members of Department of Management Sciences and Research, G S College of Commerce and Economics, Nagpur and particularly my mentor “**Dr.Ashwini Purohit**” for helping me during the project.

Finally, I am grateful to my family and friends for their unending support.

(Name and Signature of the Student)

Mr.Amit N Dudhankar

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INTRODUCTION –

Bank of Maharashtra is the premier bank of Maharashtra, operating in the country of India. Bank of Maharashtra was registered on 16 September 1935 with an authorized capital of 10.00 Lakh & commenced business on 8th February 1936.

Bank of Maharashtra is a public sector bank in Maharashtra, which offers personal banking, cash management, retail loans and other financial services. Their services include deposits, saving /current bank account, vehicle loan, personal loans, agriculture loan, retail trade finance, global banking leading to priority sector, foreign exchange and small scale sector, foreign exchange and export finance, corporate loans and equipment loans.

It is known as a common man's bank since inception help to small units has given birth to many of today's industrial houses. After 1969, the bank expanded rapidly. It now has 1375 branches all over India. The bank has the largest network of branches by any public sector bank in the state of Maharashtra. It was founded by a group of visionaries led V.G. Kale & D.K. Sathé & registered as a banking company on 16 September 1935 at Pune.

The vision was to reach out & serve the common man & meet all their banking needs. Today Bank of Maharashtra has over 12 million customers across the length.

Mahabank self employment training institute (M-SETI) is an effort initiated by Mahabank. Agriculture & rural development fund (MARDEF) is a trust run by Bank of Maharashtra receiving help from National Bank for Rural Development (NABARD) the organization runs various self employment training courses for the rural unemployed youth from districts of Pune, Kolhapur, Satara, Sangli, Nashik & Nandurbar.

Head office of bank of Maharashtra :-

*Bank of Maharashtra,
Lokmangal, 1501
Shivaji Nagar Pune (Maha) 411 005*

Mission:-

- *To innovate products and services.*
- *To adopt latest technology on continuous basis.*
- *To build proactive, professional and involved workforce.*
- *To enhance the shareholders' wealth through best practices and corporate governance*
To enter international arena through branch network.

Vision:-

To be a vibrant forward looking, techno-savvy, customer centric bank serving diverse section of the society, enhancing shareholders' and employee' value moving towards global presence.

BANK OF MAHARASHTRA PROFILE :-



Branch profile	No of branches
Semi urban branch	591
Urban branches	204
Agri-high tech branch	4
Industrial finance branch (with 23 flex centers)	2
Computerized branches	1832
Branches with telebanking facility	83
Query terminal	88
ATM	1860

Selection of the topic :-

Regarding the topic selected by me for study purpose, I want to quote following reasons why this specific topic is selected.

(A) History of agriculture :-

- 10000 year ago the main invented agriculture.
- A primitive form of agriculture was shifting cultivation crops.
- After few year when these plots lost fertility & heavily infected with grass & soil born pests, the cultivator would shift to new site.
- Agriculture is the backbone of indian economy.

(B) Agriculture in india :-

- Agriculture is the prime source of live of the population india.
- A flourishing agriculture sector is for more important for the development of Indian economy.
- Since farming is less a business than a tradition in India. Even at this stage about 80% population lives in rural areas directly & directly or indirectly depends on agriculture for its livelihood.
- The surplus generated by this sector would help Indian economy to reach the "Golden Stage"
- It supplies the necessities of life. Todays agriculture is feeding 100 million people.
- India is the only country having all types of soil & climate conditions suitable for growing variety of crops.
- About 85% crores of people which further multiplying at the 2.5% per annum depends on agriculture sector.
- 60% of the Indian population is engaged in agriculture & agro-based industries.

(1.2) Objectives of the study:-

The study is undertaken for the following objectives:

- To study percentages of share of agriculture loan as compare to other

- Loan of last two years.
- To study financial statements of Bank of Maharashtra.
- To understand future budget or plan of Bank of Maharashtra in agriculture sector.
- To know the role of government in agriculture sector.
- Rate of interest of agriculture loan in Bank of Maharashtra as
- Compare to other financial institution.
- To know various aspects of agriculture loan.
- Feedback from the farmers who have borrowed loan from Bank of Maharashtra.

(1.3) Importance of topic:-

The substantial growth of financial sector in India after globalization has brought many sectors under its benefits. The prime sectors are real estate, housing, Industrial development. It is already discussed & proved that agriculture sector in India is important; require lot of technological developments to meet the challenges of this country.

All the developments that is infrastructural, technological require financial investment. Without financial support & investment agricultural developments are not at all possible.

A major sector like agriculture in our country if kept underdeveloped only because of lack of finance, no justice is made to the cultivators & a major population which depends on this sector as a source of livelihood.

As per the directives of Reserve Bank of India many of the financial institutes are offering their support to agriculture sector. Large number of investments are made in the same.

The selected topic is that's why important as it the major sector of this Country i.e. Agriculture. Definitely the findings & outcome of the study will be important & useful for me as a student of management as well as Bank of Maharashtra selected for the study purpose.

(1.4) Scope of the study:-

The scope of the study lies in dimensions.

Scope for the student

The student studying the topic will get an exposure to the Agriculture sector, financial procedure to agriculture credit finance procedure.

(b) Scope for Bank of Maharashtra

The BANK OF MAHARASHTRA as an organisational study, will come to know the exact feedback for the offers they are making towards them is some derivation will found then definitely it will useful for the bank itself to improve their functioning.

(c) Scopes for the society in general

As the agriculture sector and the farmers are the part of the society, the study itself & the findings as such will be definitely useful for the society. The society in general & farmers in particular can be well understood in terms of the agriculture finance procedure.

(1.5) Limitations of the study

The study is complicated with the following limitations.

- Only one bank is selected to study so there is no comparative analysis
- The scope is limited for Dhule district & specifically one branch. i.e Chimur branch.
- The time available for the purpose of study is very less i.e. twenty days only. Mostly secondary data is referred than the primary data for the study is limited.

(1.6) Research Methodology

Research Definition

Research is scientific activity in which decision is made & problem is solved.

Research Methodology

The method or framework within which the research is to be done is called Research Methodology.

Types of Research of my study is

- Exploratory
- Descriptive procedure of Bank of Maharashtra.

Data Collection

(1) Primary Data:-

In the form of feedback of the farmers collected through questionnaire.

(2) Secondary Data:-

All the data is collected from the books, publication, records, by the bank. Websites.

INTRODUCTION TO AGRICULTURE LOAN :-



Agriculture:-

Agriculture is most important enterprise in india. It is a very broad term comprising all aspect of production. It provides food for population, fodder for livestock & fulfils

needs like fibre, fuel, timbre, wood & raw material to various industries.

Agriculture finance :-

The funds are required for agriculture & for its allied activities. It provided financial assistance to various purpose or agriculture operation for short & medium period like minor irrigation, and development, soli conservation, farm mechanization, plantation & horticulture, cold storage & other allied activites.

Direct agriculture loan :-

It mean short term production & investment loan provided directly to famers for agriculture purpose. This would also include such loan provided directly to farmers for agriculture purpose.

Need of agriculture finance :-

2/3rd population depends on agriculture. Low growth in agriculture output result in rise in food price. Majority of the poor are farmer. A labour & casual labour therefor for reduction ultimately & elimination of poverty. Agriculture has significant share in GDP.If GDP is low then overall GDP is fall down credit money enders are main source of credit.

They were most convenient and easiest source. His administration as simple and flexible. The Indian government launched the three-tier banking structure in India. At the apex is NABARD at the middle level are the urban co-operative banks (UCBS) and a few public sector banks (PSBS); and at the base are Primary Agriculture credit cocieties (PACS).

- NABARD

- UCBs PSBs
- PSCS

Finance in villages is of two types:-

1. Agricultural finance (credit)
2. Non Agricultural finance

Agricultural credit is of two types:-

1. Production credit
2. Consumption credit

Production Credit:-

- Short term:-
 - Loans for 15 to 18 months
 - Loans for meet daily working requirements
 - Cash components
 - Kind component: co-operative marketing societies.

(b) Medium term:-

- Loans for 15 months to 5 years.
- NABARD gives loan for 18 to 7 years

- Creating capital asset
- Purchase livestock, machinery, equipments

(c) Long term :-

- 5-7 years
- Land fencing mechanization of farm house, storage facilities

(2) Consumption credit :-

It is basically for survival of families

Bank of Maharashtra gives revised margin & security norms for agriculture

Advance

Sr.no.	Type of credit	Loan amount	margin
1	Margin money		
a	Crop loan & other short term loans.	i. Up to rs. 50000/- ii. Over rs. 50000/-	No margin. 15 to 20% (depend on quantum of finance.
b.	Term loans	i. Up to rs. 50000/- ii. Over rs. 50000/-	No margin. 15 to 20%
2	Security norms		
c.	Crop loan & other short term loans.	i. Up to rs.50000/- ii. Over rs.50000/-	Hypothecation of crops. Mortgage land & guarantee
d.	Term loan	i. Up to rs. 50000/- ii. Over rs.50000/-	

The agriculture loans offered by bank of Maharashtra can be categorized into the following types:-

- Mahabank kisan credit card
- Mahabank kisan all purpose term loan
- Mahabank gold loan scheme – agriculture
- Scheme for construction of farmhouse to agriculturists
- Scheme for financing farmers for purchase of vehicles (Two /three wheelers)
- Scheme for financing for purchase of vehicles (four wheelers)
- Scheme for financing against warehouse receipts to farmers
- Scheme for financing farmers for purchase of land by small and marginal farmers
- Financing for setting up of agri-clinics and agri –business centers for agriculture graduates
- Horticulture / Plantation activities
- Animal husbandry
- Farm mechanization
- Minor irrigation
- Hi tech projects

A) Mahabank Kisan Credit Card



Eligibility	Agriculturist who owns agricultural land
Amount	As decided by District Technical committee & limit worked out for the purpose.
Security	Mortgage of land. Hypothecation of crop/Assets.
Repayment	Revolving credit facility for 3 years. Coinciding with harvesting of crops-season/marketing of produce.
Other Terms & Conditions	Assured and timely availability of working capital for crop cultivation. Borrowers are covered under personal accident insurance scheme. Insurance for notified crops is available.

(A) Mahabank Kisan All Purpose Term loan :

Purpose	To create hassle free single term loan to farmer for all term requirements excluding development projects with long gestation periods (more 3-4 years)
Eligibility	Individuals joint group of farmer-owner cultivators & JLG's/SHGs engaged in agriculture & allied activities
Amount	To be based on the farmer to be undertaken in the next 2-3 years It shall be subject 5 times of annual income (current per development stage) of the farmer including allied activities or 50% of value of land mortgaged which ever is lower subject to maximum of rs. 20.00
Margin	Small & marginal farmer 5% Other farmer 15%
Rate of interest	RDI shall be as applicable to agriculture advance
Security	Up to rs.1 lakh hypothecation assets created out of bank finance
repayment	Repayable within 9 year maximum in suitable instalments coinciding overall income generation of the farmer without linking individual project.
other terms & conditions	Asset created have to be insured for full value.

(B) Mahabank Gold Loan Scheme – Agriculture



Purpose	To enable to quickly meet their agriculture credit needs i.e.both crop production/ cash credit for allied agriculture activities & investment credit
Eligibility	Any person engaged in agriculture or allied activities. The applicant should satisfy the kyc guidelines
Amount	2.75% of market value of gold (for mkcc) & 60 % of market value of gold
Margin	Minimum 25% of market value of gold
Rate of interest	MKCC7% p.a fixed upto rs.3.00 lakh under interest subvention scheme upto one year
repayment	MKCC against gold – as per mkcc scheme guideline 60 month depending upon the purpose

(C) Scheme for construction of farmhouse to agriculturists :-



Purpose	Construction of farmhouse on agriculture land to facilities farmer to have dwelling unit at farm which may also take care of other requirement such as storage of agriculture produce & farm implements, cattle, shed, drying yard etc.
Eligibility	Farmer having minimum irrigated land holding of 2.5 acres Age limit: Minimum the applicant must be 18 year old as on the date of application Maximum 65 year subject to having sufficient disposable income Age at loan maturity not exceed 75%
Loan amount	Rs. 2.00 lakh upto rs. 10.00 lakh

	Rs. 10.00 lakh upto rs. 50.00 lakh
Rate of interest	ROI shall be as applicable to agriculture advances
Security	Hypothecation of standing crop, other movable asset etc. Two acceptable guarantors having adequate net worth @25% margin
Repayment	Moratorium period maybe allowed upto 18 month or completion of the construction which is earlier.
Other terms & condition	The valuation certificate be obtained from respective / sub register of the area to ascertain in the value of land.

(D)Scheme for financing farmers for purchase of vehicles (two /three wheelers)



Purpose	Purchase of brand new vehicles such as two wheelers, three wheeler
Eligibility	The applicant should be an agriculture cultivating his own land or should be engaged in allied activities such as dairy pourity,sericulture, fisheries etc. Age limits 18 years and above
Loan amount	Maximum rs. 1.25 lakh
Rate of interest	1 year MCLR+0.75%
Security	Loan amount upto rs. 1.00 lakh Loan amount above rs. 1.00 lakh
Other terms and condition	KYC norms to be followed scrupulously CIBIL Report and all documents.

(A) Scheme for financing to purchase of vehicles (four wheelers)



Purpose	Purchase of brand new four wheel vehicles i.e. car, SUVs, jeep, van & other light motor vehicles
Eligibility	The applicant or should possess a valid driving licence or engage possessing valid driving licence

	Age limit 18 year and above
Loan amount	Maximum Rs. 10.00 lakh
Rate of interest	1 year MCLR+ 0.25%
Security	Loan amount upto Rs. 1.00 lakh Loan amount above rs.1.00 lakh
Repayment	During period 5-7 years

(F) Scheme for financing against warehouse receipts to farmer



Purpose	Loan against receipts of warehouse / cold is available to provide liquidity to the farmer & prevent them from resorting to distress sale of their produce a time of harvest
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Valuation	Market price or value shown in warehouse receipt whichever is lower
Rate of interest	Loan upto rs. 3.00 lakh Limit. @ 7%p.a upto six month For all other. At base rate +2%
Security	Loan upto rs. 25.00 lakh Loan above rs. 25.lakh
Repayment	During the period not exceeding 12 month
Other terms & conditions	Warehouse receipt should be duly endorsed in favour of bank

(G)Scheme for financing farmers for purchase of land by small & marginal farmer



Purpose	Purchase of land for agriculture
Eligibility	Small & marginal farmers (who owns maximum of 5 acre of non irrigated land or 2.5 acres of irrigated land including land to be purchased
Amount	Valuation as assessed by the branch Circle rate by the state Registration value plus Stamp duty & registration charges for sale deed maximum rs.20.00 lakh
margin	Margin shall be minimum of 20%
Rate of interest	ROI shall be as applicable to agriculture advances
Security	The land presently owned if any & also the land to be purchased out of bank finance be mortgaged in favour of the bank Hypothecation of crop grown from to time on the land
repayment	7 to 10 years Maximum moratorago of 24 month

(H)Financing for setting up of agri – clinics and agri – business center for agriculture graduates



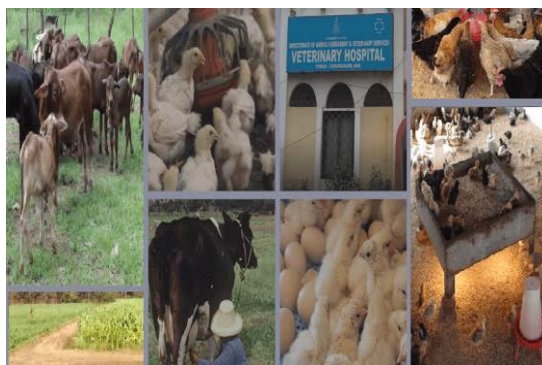
Purpose	Setting up of agri business center
Eligibility	Graduates in agriculture and allied subjects from state agriculture university (SAUs) central agriculture universities/ universities recognized by CAR/ UGS.
Amount	Individuals maximum rs. 10 lakh Group (5 members) maximum rs. 50 lakh
Rate of interest	ROI shall be as applicable to agriculture advances
Security	Limit upto rs. 5.00 lakh Limit above rs. 5.00 lakh
Repayment	5 to 10 year depending up on the cash flow

(I) Horticulture / plantation activities



Purpose	Cultivation of fruit crops- mango pomegranate , grapes guava etc
Eligibility	All persons engaged in raising fruit gardens, plantations and nursery crops
Amount	As per NABARD/NHB unit costs / project costs
Rate of interest	ROI shall be as applicable to agriculture advances
repayment	Within 7-15 years including gestation period

(J) Animal husbandry



Purpose	Purchase of milch animal like cow /buffaloes etc Purchase of draft animal like bullock / camel etc
Eligibility	All farmers individual joint landholder Tenant farmer, share croppers , oral lessees
Amount	Animal as per NABARD unit costs Other as project cost/estimates /prices quotations
Repayment	Within 3 to 7 years month ,quarterly , half yearly installments
Other & terms condition	Insurance of all animals / birds & equipment / machineries purchased is essential

(K) Farm Mechanization



Purpose	Purchase of tractors power tiller Purchase of harvesters Purchase of threshers & other farm implement
Eligibility	Agriculturist who owns at 8 acres of irrigated land. The tractor should get at least 1500 hrs of work in a year
Amount	As per cost machinery
Repayment	7 to 9 years
Other terms & condition	Comprehensive insurance of machinery with bank clause

(L) Minor irrigation



Purpose	Digging of new wells, revitalization of existing well purchase of oil engine , electric motor, pumps set installation on pipe line, sprinkler, irrigation , drip irrigation , tube well etc.
Eligibility	Agriculture who owns agricultural land
Amount	For new dug wells as per the NABARD unit costs for equipment/ estimate.
Security	Mortgage of land Hypothecation of movable asset and guarantors
Repayment	Depending upon the repaying capacity 7 to 11 years
Other terms & condition	Proposed well should be located in white watershed area. It should not be in dark watershed area.

(L) Hi-tech projects



Purpose	Hi-tech project
Eligibility	Agriculture with knowledge of advance techniques in the farming
Amount	As per the project cost
Security	Hypothecation of goods Other collateral security
repayment	Within 6 to 8 year

FINDINGS :-

- Many farmers are borrowing loan for agriculture loan for irrigation i.e. drip irrigation
- Farmers are less aware about the other financial product related to the to agriculture loan
- The awareness about the different financial product related to agriculture loan is very
- Less like N.H.B.(national horticulture board) kisan credit card and for agri –business and agri-clinic
- Age group of 40-50 borrowing loan from the bank
- In general observation found that many are intentionally avoid repayment of loan.
- If more than one agency lends money for the same purpose at the same time there is an overlapping of credit to borro

Suggestions :-

Looking at the level of awareness it is recommends the promotion of agriculture loan different can be in different ways.

- Bank offers also have to increase the contacts with farmers. Encourage the people by conducting some programmers related to the agriculture scheme how it is useful in remote areas. So it creates awareness in the farmers.
- Bank have to focus on enhancing the quality of the some new scheme related to the farm development , equipment, plantation and fram mechanization which are helpful to fostering the agriculture production which are more important for the development of indian economy.
- So the, bank have so take some efforts to create awareness about different financial product by taking some programmer and bank officers have play a proactive role in aggressive marketing of short term and investment credit to potential barrowers.
- People of young age group who are risk takes by nature may be targeted separately. At present aera they are taking the decision related each and activity in the family. So the offers have to target the younger's age group.
- Some farmer are capable to repay the loan but they intentionally avoid to repay the loan. In which the government & bank recovery policy should tighten-up . after recovery of the funds can utilized for various purpose.
- Because of overlapping of credit result in financial indiscipline both parts of lenders & borrowers. There is strictly restrict to farmer to borrowing loan from more than one agncy.

Conclusion :-

The project is executed by considering the financial year 2019-2020 as base year. The bank is expected to have good financial position in future as it expected to have more customer for agriculture loan.

Various facilities are provide to farmer's. relation between the branch officers & the farmers are very good. In loan scheme many farmers also get subsidy for plantation. 50% of the total cost for drip irrigation.

Bank provides many agriculture financial assistance other than agriculture loan like consumer loan, vehicle loan, housing loan, cold storage, import-export finance which are useful for growth and development of agriculture and it helps to flourishing agriculture sector and its allied activities. Bank also creates awareness about agriculture loan through different medium.

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