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RURAL CREDIT IN ANANTAPUR DISTRICT OF ANDHRA PRADESH- A STUDY



ABSTRACT:-

The agriculture is the main source of the Indian economy in the last 60 years. The adoption of new technology and HYV seeds has increased productivity of crops considerably. It resulted in increasing in the demand for modern inputs like seeds, fertilizers, pesticides, insecticides, labour charges, irrigation charges and other charges. In most of the cases, the Indian farmers are not able to meet the expenditure, because of the low size of the holdings, low productivity, low income and high level of consumption for domestic needs, with the backdrop of all these issues, they borrow loans from institutional agencies (Co-operatives, Commercial banks and RRB) and non-institutional agencies (Money lenders, Traders, Relatives and Land lords) to increase their productivity and income level. In earlier days the agricultural finance is provided only by Co-operatives, Land Development Banks and private money lenders.

KEYWORDS: Indian economy , Indian farmers , fertilizers, pesticides, insecticides.

INTRODUCTION :

After the nationalization of Commercial Banks (1969) and establishment of Regional Rural Banks in 1975, both banks are extending credit facilities for

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agricultural activities. The nationalization of banks had made at least three positive contributions towards the up-liftment of the rural economy. They are institutionalization of credit, commercialization of agriculture and the adequacy of credit flow both for production and consumption purposes. The agricultural credit has assumed a great significance in our national agricultural policy and programmes. The credit requirement of all the farmers in the country was stood at Rs. 3,84,514 crores during 2009-2010 and the credit was Rs. 8,77,224 crores the year 2015-2016. Though the agricultural finance was taken on priority basis, the performance of repayment of agricultural loans is not satisfactory because of various reasons. The equally important is that the borrowers should repay the loans within the stipulated period, so that the objective of agriculture finance is achieved effectively. The non-repayment of loans may paralyse the total agricultural credit structure which is designed for increasing the agriculture productivity of the nation. In view of the above facts, the present study has been under taken with the objectives of finding credit and repayment capacity of the peasants.

The multistage random sampling method has been followed to select 600 sample borrowers for the study. The district is divided for the administratively into five divisions viz., Anantapur, Dharmavaram, Penugonda, Kalyanadurg and Kadiri. From each division, one mandal is selected namely Narpala, Mudigubba, Parigi, Kambadur and Tanakal. From each mandal two villages selected. A Sample size of 60 borrowers selected from each Village, ten villages were selected randomly, out of which 600 sample borrowers were selected for the study. (Large farmers = 123; Marginal farmers = 192; Small farmers = 285, Total= 600.). The present study is based on an exclusive

interview method. The schedules have been prepared and canvassed for the collection of data. The collected data was analyzed with percentages and averages. The main objective of the study is the social conditions of the sample borrowers, the performance of financial institutions in the villages, repayment performance of the borrowers and suggested measures for making the recovery of over dues from the borrowers. The sample respondents of a gender and marital status are presented in Table-I.

Table – I
Distribution of Sample Borrowers by Gender and Marital Status in Anantapur District

1		2	
Gender	N	Marital status	N
Male	458(76.33)	Married	529(88.16)
Female	142(23.66)	Unmarried	57(9.5)
Total	600 (100)	Widow	9(1.5)
		Widower	5(0.83)
		Total	600(100)

Source: Field Data

From the Table-I shows that there are males 458 (76.33 per cent) and 142 females are (23.66 per cent) in the study area. The survey revealed that 529 sample borrowers are (88.16 per cent) got married; while 57 sample borrowers are (9.5 per cent) are un-married; 9 sample borrowers are widows(1.5 per cent) and 5 sample borrowers are widower (0.83 per cent) in the study area. The sample borrowers respondents of a caste, age and education status are presented in Table-II.

Table – II
Distribution of Sample Borrowers by Caste, Age and Educational Status in Anantapur District

1		2		3	
Caste	N	Age	N	Education	N
OC	211(35.16)	Below 25	62(10.33)	Illiterate	76(12.66)
BC	265(44.16)	25-45	382(63.66)	Primary	184(30.66)
SC	88(14.66)	45-65	147(24.5)	Secondary	257(42.83)
ST	36(6)	Above 65	9(1.5)	Higher	83(13.83)
Total	600(100)	Total	600(100)	Total	600(100)

Source: - Field Data

From the Table-II shows that 44.16 per cent of the sample borrowers belonged to backward castes, 35.16 per cent belong to the forward caste, 14.66 per cent belong to the schedule caste and the remaining 6 per cent were from schedule tribes. Thus, it can be observed that almost all the respondents belonged to the socially disadvantaged sections of the population. The majority of the respondents were of the age group 25-45 accounting for 63.66 per cent, 10.23 per cent below the 25 years; 24.5 per cent between 45-65 and 1.5 per cent in above 65 years. Thus, majority of the sample borrowers in their secondary working ages. It is evident that 42.83 per cent of the weavers in were secondary educational level, the slightly less than 30.66 per cent was having primary education level the groups. However, the illiterate educated sample borrowers are 12.66 per cent and 13.83 per cent higher education level in the study area. The sample borrowers got the loans from the different financial institutions like State Bank of India (SBI), Andhra Bank (AB), Syndicate Bank (SB), Canara Bank (CB), Regional Rural Banks (RRBs) and Co-operative Banks (Co-op) etc. The sample borrowers availed loans from different institutions are presented in Table-III.

Table-III
Number of Borrowers availed Loan from Different Institutions in Anantapur District

S. No	Size of Farmers	Financial Institutions						Total
		RRBs	SBI	AB	SB	Co-op	CB	
1	Small	126 (44.22)	35 (12.29)	41 (14.38)	28 (9.82)	43 (15.08)	12 (4.21)	285
2	Marginal	66 (34.38)	16 (8.33)	35 (18.23)	26 (13.54)	39 (20.31)	10 (5.21)	192
3	Large	58 (47.15)	8 (6.51)	18 (14.63)	12 (9.76)	22 (17.88)	5 (4.06)	123
4	Total	250 (41.66)	59 (9.83)	96 (16)	66 (11)	102 (17)	27 (4.5)	600 (100)

Source: Field Data

From the Table –III, it is clear that all size of farmers (small, medium and large size farmers) were mainly financed by the Regional Rural Banks (41.66 per cent) followed by the Co-operative Banks (17 per cent), Andhra Bank (16 per cent), Syndicate Bank(11 per cent), State Bank (9.83 per cent) and Canara Bank(4.5 per cent). The small sizes of farmers barrowing from Regional Rural Banks (44.22 per cent), Co-operative Banks (15.08 per cent), Andhra Bank (14.38 per cent), State Bank (12.29 per cent), Syndicate Bank (9.82 per cent) and Canara Bank (4.21 per cent). The marginal farmers borrowing from Regional Rural Banks (34.38 per cent), Co-operative Banks (20.31 per cent), Andhra Bank (18.23 per cent), State Bank (8.33 per cent) and Canara Bank (5.21 per cent) provided financial facility to the marginal farmers and the large size of farmers are barrowing from the Regional Rural Banks (47.15 per cent), Co-operative banks (17.88 per cent), Andhra Bank (14.63 per cent), Syndicate Bank (9.76 per cent), State Bank (6.51 per cent) and Canara Bank (4.06 per cent). In the study area, financial loans for all the farmers were mainly financed by Regional Rural Banks, Co-operatives and Andhra Bank Only in the study area. The sample barrowers are not only had the agriculture activities, but other purposes and economic professions, farmers availed the loans facility by financial institutions. The main purpose of the loans is crops, tractor, irrigation development, live stock and other works. The distribution of barrowers by purpose is shown in Table-IV.

Table –IV
Distribution of Loans according to Purpose in Anantapur District

S.No	Size of the Farmers	Purpose of Loan					Total
		Crops	Tractors	Irrigation	Live Stock	Other Works	
1	Small	112 (39.29)	8 (2.81)	75 (26.31)	48 (16.84)	42 (14.73)	285
2	Marginal	90 (46.88)	12 (6.25)	34 (17.71)	30 (15.62)	26 (13.54)	192
3	Large	41 (33.33)	17 (13.82)	28 (22.76)	22 (17.88)	15 (12.19)	123
	Total	243 (40.5)	35 (5.84)	131 (21.83)	106 (17.66)	85 (14.16)	600 (100)

Source: Field Data

Table – IV shows that all the large, small and marginal of farmers availed loans, with the highest percentage accounted for crop loans (40.5 per cent) followed by Irrigation (21.83 per cent), live stock (17.66 per cent) other works and tractors purpose. The Small farmers have taken loans with highest percentage for crop loans (39.29 per cent) followed by irrigation (26.31 per cent), livestock (16.84 per cent) other works (14.73 per cent) and tractors (2.81 per cent). The Marginal farmers availed the loans with highest percentage for the crop loans (46.88 per cent), followed by irrigation (17.71 per cent), livestock (15.62 per cent), other works (13.54 per cent) and for

tractors (6.25 per cent). While the Large size farmers who have been availed loans for crop loans accounted for 33.33 per cent, followed by loans for irrigation (22.76 per cent), livestock (17.88 per cent), other works (12.19 per cent) and tractors (13.82 per cent). It is observed from the study area that all sizes of farmers are interested in the agriculture activities (increasing the production) followed by subsidiary occupations like animal husbandry, dairying and other activities. The financial institutions and banks are provided loans to the farmers. All the farmers availed the loans facility in the study area. The distribution of availed loans amount are presented in Table –V.

Table-V
Distribution of availed Loan Amount in Anantapur District
(Rs...)

S.No	Size of the Farmers	Loan Amount (Rs.)				Total
		Below Rs.25,000	Rs.25,000-50,000	Rs.50,000-75,000	Above 75,000	
1	Small	127 (44.56)	84 (29.47)	49 (17.19)	25 (8.78)	285
2	Marginal	81 (42.19)	61 (31.77)	34 (17.71)	16 (8.34)	192
3	Large	45 (36.58)	36 (29.26)	29 (23.57)	13 (10.57)	123
	Total	263 (43.83)	181 (30.17)	112 (18.66)	44 (7.33)	600

Source: Field Data

From the Table-V, observed that 44.56 per cent respondents below 25,000/-, 29.47 per cent between Rs.25,000/- – 50,000/-, 17.19 per cent between Rs.50, 000/- Rs.75,000/- and 8.78 per cent above Rs.75,000/- loans are taken by the small farmers. The marginal farmers have taken the loans are 42.19 per cent respondents below 25,000/-, 31.77 per cent between Rs.25,000/- – 50,000/-, 17.71 per cent between Rs.50,000/- – Rs.75,000/- and 8.34 per cent above Rs.75,000/- have taken the loans. While the large size of farmers 36.58 per cent respondents below 25,000/-, 29.26 per cent between Rs.25, 000/- – 50,000/- and 10.57 per cent above Rs.75, 000/- have availed the loans. In all the size of the farmers observed that 43.83 per cent respondents below 25,000/-, 30.17 per cent between Rs.25,000/- – 50,000/-, 18.66 per cent between Rs.50, 000/- Rs.75,000/- and 7.33 per cent above Rs.75,000/- loan are availed by the farmers. The barrowers repayment performance towards the different financial institutions like State Bank of India, Andhra Bank, Syndicate Bank, Canara Bank, Regional Rural Banks and Co-operative Banks etc. are given in below the Table – VI.

Table – VI
Repayment performance of Borrowers in Anantapur District

S.No.	Size of the Farmers	Amount Repaid (A)						Amount Over Dues (B)						Total (A+B)
		Crops	Tractors	Irrigation	Live Stock	Other Works	Total	Crop Loans	Tractors	Irrigation	Live Stock	Other Works	Total	
1	Small Farmers	38	4	15	22	19	98 (34.39)	74	4	60	26	23	187 (65.61)	285
2	Marginal Farmers	25	3	16	18	12	74 (38.54)	65	9	18	12	14	118 (61.46)	192
3	Large size Farmers	30	8	20	12	8	78 (63.42)	11	9	8	10	7	45 (36.58)	123
	Total	93	15	51	52	39	250 (41.67)	150	22	86	48	44	350 (58.33)	600 (100)

Source: Field Data

The Table – VI shows that only 34.39 per cent of small farmers have repaid their loans, while marginal farmers and large size of farmers have repaid their loans amounted to 38.54 per cent and 63.42 per cent respectively. Still the borrowers, who were considerably higher in percentage, not re-paid their over dues. Over dues amount were more compared to repayment of the loan amount. It is observed that the small farmers have more over dues (65.61 per cent) compared to the marginal farmers (61.46 per cent) and large farmers (36.58 per cent) during the agricultural period. In over all, only 41.67 per cent of total loans were repaid and 58.33 per cent were yet to be repaid by the sample barrowers in the study area.

It is concluded that Andhra Pragathi Bank, Co-operative Bank and Andhra Bank played important role in financing the agricultural and allied activities. Out of total sample farmers 41.66 per cent of the beneficiaries are from Andhra Pragathi Bank, 17 per cent beneficiaries are from Co-operative banks, 16 per cent beneficiaries are from Andhra Bank; Syndicate Bank(11 per cent), State Bank(9.83 pre cent) and Canara bank (4.5 per cent) availed loan facility. The small and marginal farmers preferred the loans for growing crops, livestock and irrigation development purposes. At the same time, large size of farmers availed loans for raising crops as well as the purchasing of tractors and irrigation development purposes.

The small and marginal farmers have repaid their loans to the amount of 34.39 per cent and 38.54 per cent respectively, while large farmers repaid 63.42 per cent of their total loans. The small, marginal and large size farmers have over dues to the tune of 65.61 per cent, 61.46 per cent and 36.58 per cent respectively. In the study area, the borrowers who repaid their loans were 41.67 per cent, while 58.33 per cent of borrowers were not repaid their loan amount.

SUGGESTIONS

The accumulation of over dues and deteriorating positions of recovery by the financial institutions can be checked by,

- ✦ Extension of repayment period in times of successive crop failures, failures due to infestation and natural calamities should be provided.
- ✦ Proper identification and evaluation of repayment capacity of the farmers should be analyzed before giving them adequate loans.
- ✦ Production loans and consumption loans should be provided to the needy farmers.
- ✦ Proper supervision of the loans is the need of the hour for increasing the productivity of barrowers through agricultural extension activities.
- ✦ High yielding buffaloes and milching cows should be financed on priority basis, as they will meet the immediate and daily financial needs of the barrowers.
- ✦ Repayment of loan installment should be small, so that, marginal and small farmers can repay it easily and comfortably.

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