CHAPTER VI
SUMMARY AND CONCLUSIONS
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Inspite of the existence of co-operative financial institutions and the nationalisation of Commercial Banks, the economic conditions of the weaker sections have not been improved. With a view to uplift the weaker sections, it was decided to establish new banks whose cost structure permits them to finance the activities of the weaker sections of the rural sector at lower rate of interest. As a result, the Government of India constituted the working group under the Chairmanship of M. Narasimham to examine the case for setting up of Regional Rural Banks in addition to the existing institutions, because of inherent weaknesses, were not able to meet the credit requirements of the rural population.

The Government of India accepted the recommendations of the group, and the Regional Rural Banks ordinance was promulgated on 26 September, 1975. Subsequently, it was replaced by the Regional Rural Banks Act of 1976. The Act was passed to provide for incorporation, regulation and widening up of Regional Rural Banks with a view to develop the rural economy by providing credit for the developmental activities of weaker sections. The operational area of the Regional Rural Banks is relatively small confining to specified area.
The Regional Rural Banks evolved as the low cost rural based institutions and eminently suited to implement the bankable schemes in the rural areas for the benefit of the rural poor.

With the inauguration of "Prathama Bank" as the first Regional Rural Bank in India sponsored by the Syndicate Bank on 2nd October, 1975, the number of Regional Rural Banks have increased from 6 to 196 by the end of 1990. All Regional Rural Banks in the country are sponsored by 29 public sector Commercial Banks like the Syndicate Bank, The State Bank of India, The Union Bank of India, The Bank of India, The Allahabad Bank etc.

The performance of Regional Rural Banks reveals that they are playing a key role in the removal of economic inequalities among different regions. The Regional Rural Banks are satisfying all the requirements of sound rural credit system. They are able to mobilise rural savings through their innovative schemes of deposit mobilisation. The amount of deposits have gone up from ₹772 lakhs in 1976 to ₹3,46,799 lakhs by the end of September, 1989. This achievement is definitely praise-worthy though their areas of operation are confined to the relatively backward regions. A similar trend is also observed in the field of advances as the figure of advances have gone up from ₹702 lakhs in 1976 to ₹3,15,493 lakhs in September, 1989. The credit deposit ratio has gone
upto 91 between 1986 and 1989, while it was 50 in 1975. The credit deposit ratio shows that there is a net inflow of funds into rural sector to serve the weaker sections.

Sree Anantha Grameena Bank sponsored by the Syndicate Bank was established on 1st November, 1979 in Anantapur district. With scanty rainfall and inadequate irrigation facilities the district has been characterised by all the features of under-development. Though there has been adequate expansion of banking sector in the district, the credit needs of the majority of rural population especially weaker sections are not met. It is felt that only through the development of rural banking, the credit needs for investment of the small and marginal farmers, rural artisans and small businessmen can be met.

Sree Anantha Grameena Bank has so far been able to achieve the objective of helping the weaker sections by controlling its operational expenses and an unfavourable social conditions. The bank could make significant progress in the district as far as the deposit mobilisation and credit disbursement were concerned. As the amount of deposits increased from ₹ 733.05 lakhs to ₹ 6559.08 lakhs, the total amount of advances have also gone up from ₹ 1551.78 lakhs in 1985-86 to ₹ 2850.52 lakhs in 1989-90. The credit disbursement to the
Scheduled Castes and Scheduled Tribes and Backward Classes has increased significantly. The study reveals that the overall performance of the bank in its lending is quite impressive.

The analysis clearly shows that the selected borrowers are suffering from poor socio-economic conditions like illiteracy, lack of housing facilities, inadequate land holdings and indebtedness which made them to suffer for ever.

The study reveals that credit provided is inadequate since large number of borrowers got the credit from other sources to fulfill their financial requirements. Out of 102 borrowers, 50 borrowers were depending on Anantha Grameena Bank for financial assistance, while 14 borrowers got finance from the co-operative banks, 4 from the Commercial Banks, 20 from Landlords, 6 from the local money lenders and remaining 8 borrowers got the assistance from other financial institutions.

Regarding the utilisation of non-agricultural credit, 70 per cent of the credit was used for the specified purpose for which it was provided. The utilisation of loan amount in the case of non-agricultural loans, rural artisans and petty traders is productive to greater extent. Eighty four per cent of the borrowers who borrowed the loans to meet the rural artisan needs have spent the loan amount on the specified purpose. With regard to petty trades, 84 per cent of the
borrowers have spent the loan amount for the purpose for which they have borrowed. The however, reveals that the Grameena Bank in the district is relatively better over the commercial banks and the cooperative banks as far as ensuring credit utilisation for pre-determined purpose.

Prompt recovery of loans is one of the essential factors to have high efficiency in the bank operations. With regard to recovery performance of the bank, the data shows that 47 per cent of the borrowers have completely repaid the loan amount and 33 per cent borrowers repaid a part of loan amount to the bank, while 22 per cent of the borrowers did not pay any amount to the bank. The caste-wise particulars of the borrowers shows that 41.6 per cent of the Scheduled Caste borrowers, 7.4 per cent of the Scheduled Tribes, 21.05 per cent of the Backward Classes, 15.38 per cent of the Other Caste borrowers have not paid any amount to the bank. So the repayment is better in case of Scheduled Tribe borrowers when compared to other borrowers.

The purpose-wise repayment performance of the selected borrowers also reveals that 26 per cent of the borrowers who got credit for non-agricultural purpose have not repaid and this is 27.54 per cent in the case of loans of rural artisans, 20.0 per cent of petty trades and 25.0 per cent of small business. So the credit provided for rural artisan purpose
was not utilised properly by the borrowers. The percentage increase in the employment in Garladinne mandal for rural artisans is 8.23, in the case of petty traders 5.89 and small business 9.36 per cent. So the employment generation from all these schemes is significant. In Garladinne mandal the percentage increase in income for rural artisans is 12.63 per cent, for petty trades 21.75 per cent and for small business 17.64 per cent and this increased income is significant from all the schemes.

In Bathalapalli mandal, the percentage increase in the employment to the rural artisans is 6.10, for petty trades 11.01 and for small business 5.65 per cent and this increased employment from all the schemes is significant. With regard to income generation, the percentage increase in the income for rural artisans is 8.21 for petty trades, 21.75 and for small business 18.25 per cent. This increased income is significant in the case of rural artisans and petty trades and the increased income is not significant in case of small business.

In Marala mandal, the percentage increase in employment for rural artisans is 8.22, for petty trades is 5.88 and no single borrower could generate the employment from small business. Out of 34 borrowers, the increase in employment is significant in case of rural artisans and petty trades. With regard to the improvement in the income, the percentage increase in income from rural artisans is 12.63
and from petty trade is 21.75. The increase of income is significant in the case of rural artisans and petty trade loans.

After the utilisation of loans provided by SAGB the employment days have increased for the borrowers of Scheduled Castes at the district level by 6.55 per cent, for Scheduled Tribes 11.53 per cent, for Backward Class borrowers 9.48 per cent and for Other Caste borrowers 8.53 per cent. So Scheduled Tribes borrowers could generate more employment days when compared to others, and the increased employment is significant for all the borrowers.

With regard to the improvement in income, the Scheduled Caste borrowers could improve by 6.75 per cent, Scheduled Tribes by 13.18 per cent, Backward Castes by 16.01 per cent and Other Castes borrowers by 19.42 per cent. So the Other Castes borrowers could improve their income better than Scheduled Castes, Scheduled Tribes and Backward Castes borrowers with the loan amount provided by SAGB in the district. So, this improved income is significant for all borrowers.

The data reveals that the income of borrowers has improved and the additional employment generated from the bank credit is significant in the case of all the borrowers and the increased employment is more in the case of Scheduled
Tribe though the improvement in income is more in case of other castes.

The additional employment and income from rural artisans is higher for all the borrowers than from petty trades. Eventhough the employment and income from petty trades is significant, the borrowers of these loans have not repaid the loan amount and not properly utilised the loan amount. So the S&GB in Anantapur district should provide more loans to rural artisans and petty traders belonging to the categories of Scheduled Castes, Scheduled Tribes and Backward Classes in the district. The bank must also provide adequate loan amount with regard to small business schemes. With regard to petty trade schemes there is much diversion of loan amount as bank official could not check the borrowers whether they have purchased the assets or not.

On the whole, the performance of Sree Anantha Grameena Bank is satisfactory as far as meeting the Rural requirements of the poor borrowers belonging to all castes in rural areas of the district. The bank has to keep in mind the main objectives of the bank with major thrust on fulfilling the credit needs of the weaker sections so as to improve their living conditions by increasing their income and employment. Regardless of the amount of loan, bank must have strict supervision over the utilisation of the loan amount by the
borrowers without giving scope for diversion of credit to unproductive activities. More than providing credit, its proper utilisation helps in a long way to achieve overall development of weaker sections in the rural sector.