Chapter II

AREA PROFILE AND METHODOLOGY
OF THE STUDY
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Credit planning in Kanyakumari district is chosen for the study because of the following reasons. It is a small and compact district. The Indian Overseas Bank, the Lead Bank of the district has already drafted and implemented twenty-five credit plans starting from the year 1978. This small district has been facing all the big problems faced by the rest of the nation – too much dependence on agriculture, regional differences in industrial development, unemployment especially of the educated and women, proportionately large socially weaker sections in population and the like.

2.1 SOCIO ECONOMIC PROFILE OF THE DISTRICT

2.1.1 Physical Features

Kanyakumari district, named after the Goddess "Kanyakumari" lies at the Southern most tip of Indian Peninsula, where three seas namely, Indian Ocean, Arabian Sea and Bay of Bengal confluence. It has an area of 1672 sq.km. The district is bounded by Tirunelveli District in the North East, Kerala state in the North West, Indian Ocean in the South and the Bay of Bengal in the East. Nagercoil is the district headquarter. The district consists of four taluks, nine blocks, four municipalities, 154 Panchayats (66 Town Panchayats and 88 Village Panchayats), one Township and 1207 hamlets.
2.1.2 Soil

Soil in the district is mostly of the red loam variety. In the seacoasts, however, the sandy type of soil prevails and gravel soil is seen in the mountain regions. In the low lands, there is neither white sand or sand loam while in the midlands and high lands there prevails fairly fertile soil of fine type particularly in the valleys.

2.1.3 Minerals

Ilmenite sand are exposed between Leepuram and Vattakottai along the West coast for a distance of about 2.4 km, of these one near Manavalakurichi is world renown. A total reserve of 15,200 tonnes ilmenite, and zircon sands was estimated with a minor fraction of monazite sand. Small deposits of shell limestone occur near Kovalam, Capecomerin, Leepuram, Vattakottai and Kanagappapuram. Total reserve calculated is about 1.68 million tones. A zone of sulphite mineralization with copper ore and minor amounts of Molybdenite, Nickel and Cobalt is located in Arumanalloor. Granite occurs in Thovalai.

2.1.4 Rainfall and Climate

This is the only district in Tamil Nadu which is benefited by both South West (June to September) and the North East (October to December) monsoons. Generally October is the rainiest month followed by June and November. The average rainfall for the year 2000 is 1237 mm as against the normal rainfall of 1465 mm with a total deficiency of 15.5 percent. South West monsoon contributes 38.1 percent of the annual rainfall, while North East monsoon
contributes 37.5 percent. The contribution of rainfall during the pre-monsoon season that is, summer is 21.7 percent. In winter season, (January and February) rain fall is quite insignificant that is 2.7 percent only.

The district has a typical tropical climate. May and June are the hottest months. The temperature ranges from the maximum of 29 to 32 Celsius and the minimum of 23 to 25 Celsius.

2.1.5 Population

The density of population in Kanyakumari District is the highest in Tamil Nadu. As per 2001 census the population of the district is 16,69,763 lakhs (Male 8,29,542, Female 8,40,221). Among the total population, 5,82,761 live in rural areas and 10,87,002 live in urban areas. The density of population is 992 per sq. km.

2.1.6 Agriculture

The district was once known as the granary of Travancore State. A variety of crops is raised. In the hills, plantain, tea, coffee, rubber, coconuts and pepper are being cultivated. In the plains, paddy, tapioca, coconut and vegetables are the main crops raised. Out of the total area 1,67,214 hectare, forest accounts for 54,643 hectare. The area suitable for cultivation is 88,558 hectare. The cultivable land is classified as Nanjai (wet lands 19,346 hectare) Punjai (dry land 62,981 hectare) and poramboke (Govt. land 6,210 hectare) Paddy is cultivated in 23,000 hectare (single crop) tapioca in 12,000 hectare. Banana in 3,000 hectare, Cashew in 2,420 hectare, Rubber in 13,290 hectare,
arecanut in 1754 hectare, Clover in 571 hectare, mango grove in 1769 hectare, Tea in 433 hectare, and coffee in 42 hectare, and pepper in 80 hectare.

2.1.7 Irrigation

Two major irrigation projects namely, the Kodayar and the Chittar-Pattanamkal cater to the irrigation needs of the district. A medium project Neyyar across the river Neyyar located in Kerala state extends the irrigation facilities to certain areas of the district. Three important minor schemes namely, Aruvikkara weir system, Thirparappu weir system and Vilathurai lift irrigation scheme and 2429 irrigation tanks (618 under Panchayat Unions and 1811 Public Works Department) meet the additional irrigation needs of the district. Out of 54,143 hectares of gross irrigated area, 53,688 hectares utilises surface water resources through canals, tanks and other resources. 684 hectares utilises ground water resources through open wells and tube wells.

Pechiparai and Perunchani dams which come under Kodayar project are located in Kalkulam taluk. Pechiparai dam is constructed across the river Kodayar and Perunchani across Paraliyar. Both dams are of masonry and gravity type.

Chittar Pattanamkal Project consists of two earthen dams namely, Chittar I and Chittar II, constructed across the river Chittar.

2.1.8 Industries

Kanyakumari is an industrially backward district. There are, at present, only six medium scale industrial units. However, there is a variety of small scale
and cottage industries. Tiles industry, cashew Kernel processing industry, Fibre industry, Bell Metal works, Safety match, Rice hulling, Tapioca Flour, Foot wear are some important small scale industries in the district. There is a good scope for starting new industries like latex cement, scent manufacturing, sago liquid glucose, starch units, siddha medicine preparation, bio fertilizers and milk-based products. Table 2.1 reveals the types of industries registered in District Industries Centre, Nagercoil in Kanyakumari district.

Table 2.1 Types of industries in Kanyakumari district

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium Scale Industry</td>
<td>6</td>
</tr>
<tr>
<td>Small Scale Industry</td>
<td>11,194</td>
</tr>
<tr>
<td>Cottage Industries</td>
<td>7,818</td>
</tr>
<tr>
<td>Primary Weavers Co-operative Industry</td>
<td>80</td>
</tr>
<tr>
<td>Rural Artisans</td>
<td>8,388</td>
</tr>
<tr>
<td>Fishnet Manufacturing Industry</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Potential Linked Credit Plan, Kanyakumari, NABARD, 2002-2003, p.49.

The State Planning Commission classifies the Kanyakumari district into three sub-regions on the basis of the level of industrial development, availability of infrastructure, climate and soil. The sub-region I consists of Thovalai, Agasteeswaram and Rajakkamangalam blocks. Though the district is generally very backward in industrial development, this sub-region is however better than that of the sub region II and III. Sub-region II consists of Thuckalay, Thiruvattar
and Kurunthencode blocks. This region is industrially very backward and it has only small industries for agro processing of tapioca, cashew and coconut fibre. Sub-region III consists of Melpuram, Munchirai and Killiyoor blocks. This region is also industrially backward and it concentrates on plantation crops.

2.1.9 Education

This district is educationally advanced. 87.75 percent of the population is literate. Table 2.2 shows the different types of educational institutions in the district.

Table 2.2 Types of educational institutions

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Number of institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools</td>
<td>408</td>
</tr>
<tr>
<td>Middle Schools</td>
<td>149</td>
</tr>
<tr>
<td>High Schools</td>
<td>124</td>
</tr>
<tr>
<td>Higher Secondary Schools</td>
<td>117</td>
</tr>
<tr>
<td>Arts and Science Colleges</td>
<td>16</td>
</tr>
<tr>
<td>Teacher Training Schools</td>
<td>4</td>
</tr>
<tr>
<td>Teacher Training College</td>
<td>1</td>
</tr>
<tr>
<td>Polytechnics</td>
<td>9</td>
</tr>
<tr>
<td>Engineering Colleges</td>
<td>6</td>
</tr>
<tr>
<td>Homeopathy Medical Colleges</td>
<td>1</td>
</tr>
<tr>
<td>Industrial Training Institute</td>
<td>4</td>
</tr>
<tr>
<td>Dental Medical College</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: 1) Potential Linked Credit Plan, Kanyakumari, NABARD, 2002-2003, p.49.
2.1.10 Transport

This district is fairly well served by a network of roads. The National Highways No. 7 connecting Varnasi (U.P.) and Kanyakumari passes through the Agasteeswaram taluk. The National Highways No. 47 connecting Kanyakumari to Trivandrum passes through the Agasteeswaram, Kalkulam and Vilavancode Taluks. The State Highways No. 14 also passes through the above three taluks. There are a number of major district roads, panchayat union roads and panchayat roads. The total length of roads in the district is 3107 km of which 53 km of cement concrete, 1135 km bituminous road, 846 km of National Highways, 48.9 km of State Highways, NH 47 KM 56 (599/0-655/0), NH 7, KM 7 (222/4 - 231/6) and the balance come under other types.

About 74.01 kilometre long broad gauge railway line serves in the district. The line forms a part of the main railway lines. The lines namely, Kaliakkavilai to Nagercoil (41.53 kilometre) and Nagercoil to Kanyakumari (15.51 kilometre) were opened for traffic in April 1979 and the other line Nagercoil to Kavelkinaru (16.97 kilometre) was opened for traffic in January 1981.

2.1.11 Communication

Telephone, Telegraph and Postal network are very essential for the development of the district. It is available even in the villages and the hamlets of this district. All the 27 telephone exchanges in this district have been included in the Subscribers Trunk Dialing map of the telephone department.
Table 2.3 shows the effective network of communication facilities available in Kanyakumari district as on March 2001.

Table 2.3 Communication facilities in Kanyakumari district

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone Exchanges</td>
<td>27</td>
</tr>
<tr>
<td>Post &amp; Telegraph Offices</td>
<td>35</td>
</tr>
<tr>
<td>Head Post offices</td>
<td>2</td>
</tr>
<tr>
<td>Sub Post offices</td>
<td>106</td>
</tr>
<tr>
<td>Branch Post Offices</td>
<td>156</td>
</tr>
<tr>
<td>Public Call Offices</td>
<td>208</td>
</tr>
<tr>
<td>Telephone connections</td>
<td>33,314</td>
</tr>
<tr>
<td>Letter boxes</td>
<td>1,316</td>
</tr>
</tbody>
</table>

Source: 1) Office Telecom District Manager, Nagercoil.  
2) Office of Post Master, Head Post Office, Nagercoil.

2.1.12 Electrification

Electricity is one of the basic infrastructure facilities for the development of the district. All the rural hamlets and urban areas of this district are electrified as per the information available from the Tamil Nadu Electricity Board, Nagercoil. The Tamil Nadu Electricity Board is fully co-operating with the industrialists and agriculturists for speedy power connection. This district gets its power from Kodayar hydroelectric project I and II with an installed capacity of 60 mega watt and 40 mega watt. Table 2.4 shows the details of sub stations available in the district.
Table 2.4  Availability of sub-stations in Kanyakumari district

<table>
<thead>
<tr>
<th>Name of sub-stations</th>
<th>Voltage ratio</th>
<th>No. of power transformer installed and capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagercoil</td>
<td>110/11 KV, 110/33 KV</td>
<td>2 x 10 MVA</td>
</tr>
<tr>
<td>Thuckalay</td>
<td>110/11 KV</td>
<td>1 x 16 MVA</td>
</tr>
<tr>
<td>Pechiparai</td>
<td>110/11 KV</td>
<td>1 x 10 MVA</td>
</tr>
<tr>
<td>Kuzhithurai</td>
<td>110/11 KV</td>
<td>1 x 10 MVA</td>
</tr>
<tr>
<td>Kanyakumari</td>
<td>33/11 KV</td>
<td>1 x 3 MVA</td>
</tr>
<tr>
<td>Kottaram</td>
<td>33/11 KV</td>
<td>1 x 5 MVA</td>
</tr>
<tr>
<td>Vallankumaravilai</td>
<td>33/11 KV</td>
<td>1 x 5 MVA</td>
</tr>
<tr>
<td>Manavalakurichi</td>
<td>33/11 KV</td>
<td>1 x 5 MVA</td>
</tr>
<tr>
<td>Munchirai</td>
<td>110/11 KV</td>
<td>1 x 10 MVA</td>
</tr>
<tr>
<td>Veeyanoor</td>
<td>110/11 KV</td>
<td>1 x 10 MVA</td>
</tr>
</tbody>
</table>

Source: Tamil Nadu Electricity Board, Nagercoil.

2.1.13 Unemployment

The number of unemployed youths who have registered their names in the employment exchange crossed over two lakh in 2001. The table 2.5 gives the unemployed people in the district awaiting suitable placement.

Table 2.5  Registered unemployment people in Kanyakumari District

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Matriculates</td>
<td>13,056</td>
<td>10,697</td>
<td>23,753</td>
</tr>
<tr>
<td>Matriculates</td>
<td>88,828</td>
<td>85,905</td>
<td>1,74,733</td>
</tr>
<tr>
<td>Higher Secondary</td>
<td>15,404</td>
<td>16,479</td>
<td>31,883</td>
</tr>
<tr>
<td>Diploma holders in Engineering</td>
<td>3,866</td>
<td>3,522</td>
<td>7,388</td>
</tr>
<tr>
<td>ITI holders</td>
<td>462</td>
<td>816</td>
<td>1,278</td>
</tr>
<tr>
<td>Total</td>
<td>1,21,616</td>
<td>1,17,419</td>
<td>2,39,035</td>
</tr>
</tbody>
</table>

2.1.14 Labour Force

As per the census 2001 the total of the main workers are 4,64,087, the marginal workers, 24,044 and the non-workers, 11,81,516.

The review of the physical endowment of the district suggests the following guidelines for drafting and effective credit plan for the district.

Diversification of agriculture – changing the traditional cropping pattern in the district with the aim of increasing productivity by introducing High Yielding varieties and commercial crops (coconut and banana) into the plains and providing for activities allied to agriculture – dairying, poultry, sheep goat pig rearing and fisheries.

Expanding the area under plantation – rubber and coconut.

Development of industries in the industrially less developed sub regions II and III.

Encouraging village industries and handicraft that process/make use of locally available materials.

Uplifting the socially backward sections of the population of making full use of the differential interest rate scheme.

Generating more employment in the service sector utilizing the educated unemployed and women into he The District Credit Planning in Kanyakumari district.
2.1.15 Block Profile*

The credit plan of the financial institutions of the Kanyakumari district covers the following nine blocks.

2.1.15.1 Agasteeswaram Block

This block is in the south east part of Kanyakumari district. The area of the block is 13693.03 ha. The average rainfall is 694 mm. Mixed types of red and alluvial soil occur in this block. Major crops in this block are paddy, banana and coconut. Block is having a coastal area of 12 kms. And form part of the famous "Wedge Bank" which is one of the richest fishing grounds in the world. A fishing harbour is being constructed at Chinnamuttam. Mylaudy is a famous place for stone quarrelling, carving idols, epitaphs and other sculptural arts. Kanyakumari is one of the important spots of natural beauty in the world is situated in the block and it is the only place in the country where one can simultaneously view sun set and moon-rise. Circular Fort and Suchindrum Temple are another important tourist centre in the block.

2.1.15.2 Thovalai Block

This block is in the south east of Kanyakumari district. The area of the block is 36908 ha. The average rainfall is 1015 mm. Mixed types of red and alluvial soil occur in the block. Major crops in this area are paddy, groundnut, groundnut.

* Indian Overseas Bank, Annual Credit Plan 1997-98 for Kanyakumari District, Lead Bank, Regional Office, Nagercoil, pp. 15-16.
blackgram, coconut and banana. Plantation crops such as rubber, cloves, pepper and cardamoms are also available in the block. Jasmine and chrysanthemum are grown in and around Thovalai and Aramboli Villages. There is a co-operative “Kanya” spinning mill at Aramboly. Keeriparai, Kazhi-kesam and Olakkaruvi falls are the three important tourist centres in this block.

2.1.15.3 Thuckalay Block

The block is in the middle of Kanyakumari district. The area of the block is 13679 ha. The average rainfall is 1215 mm. The block possesses lateritic type of soil. Major crops in this area are paddy, black-gram, tapioca, coconut and banana. Plantation crop such as rubber, cloves and pepper are also available in this block. Padmanabhapuram palace with an area of seven acres is inside the fort which is one of the rare archaeological museums.

2.1.15.4 Rajakkamangalam Block

The block is in the southern part of Kanyakumari District. The area of the block is 12297 ha. The average rainfall is 700 mm. Mixed types of red and alluvial soil occur in this block. Major crops in this area are paddy, banana and coconut. The block is having a coastal length of approximately 15 kms. And form part of the famous “Wedge Bank” which is one of the most richest fishing grounds in the world.

2.1.15.5 Kurunthencode Block

The block is in the southern part of Kanyakumari District. The area of the block is 10954 ha. The average rainfall is 700 mm. Mixed soil types of red and
alluvial soil occur in this block. Major crops in this area are paddy, banana and coconut. The block is having a coastal length of approximately 10 km. and form part of the famous "Wedge Bank" which is one of the richest fishing grounds in the world. Mondaikadu Bagavathiamman Temple and Colachel Fishing Harbour are the two important tourist centre in this block. Indian Rare Earths Factory at Manavalakurichi is in this block.

2.1.15.6 Melpuram Block

This block is in the Northern part of Kanyakumari District. The area of the block is 19295 ha. The average rainfall is 1015 mm. Mixed types of red and lateritic soil occur in the block. The major crops in this area are paddy, groundnut, black-gram, coconut, tapioca, banana and plantation crops such as rubber, cloves and pepper are also available in this block.

2.1.15.7 Thiruvattar Block

This block is in the northern part of Kanyakumari District. The area of the block is 14486 ha. The average rainfall is 1310 mm. The block possesses lateritic type of soils. Major crops in this area are paddy, blackgram, tapioca, coconut, banana and plantation crops such as rubber, cloves, pepper and cardamom are available in this block. Matthoor Muthalam Flume is the highest and longest Flume in Asia in this block. Thiruvattar Bee Keepers Co-operative Society is famous for the distribution of honey in this block. Thirparappu falls, Pechiparai, Perunchani, Kodayar Hydro Electrical Projects and Chittar Dam are the important Tourist centres in this block.
2.1.15.8 Munchirai Block

The block is in the southern part of Kanyakumari District. The area of the block is 7201 ha. The average rainfall is 650 mm. Mixed soil types of red and alluvial soil occur in this block. The major crops in this area are paddy, banana, tapioca and coconut. The block is having a coastal length of approximately eight km. and form part of the famous "Wedge Bank" which is one of the most richest fishing grounds in the world.

2.1.15.9 Killiyoor Block

The block is in the eastern part of Kanyakumari District. The area of the block is 8039 ha. The average rainfall is 700 mm. Mixed soil types of red and alluvial soil occur in this block. The major crops in this area are paddy, banana, tapioca and coconut. The block is having a coastal length of approximately 10 kms. and form part of the famous "Wedge Bank" which is one of the most richest fishing grounds in the world.

2.2 METHODOLOGY OF THE STUDY

2.2.1 Credit Plan in Kanyakumari District

The economy of Kanyakumari District is predominantly agrarian. It is one of the most industrially backward districts in Tamil Nadu. The development of backward areas has assumed considerable significance, particularly in the context of improving economic and living conditions of the local population. To stabilises the economy at higher levels and for the redressal of regional and
sectoral imbalances, special attention needs to be paid to the upliftment of the economy of less developed areas.

The credit plan of Kanyakumari district is predominantly rural based with a major share allocated to agricultural sector. The density of population is high, the land available for cultivation is fully exploited and there is extreme dependence on land. Therefore, credit plan aims at generating more employment opportunities to the rural population through rapid development of village industries. The regional imbalances in the availability of banking services in the district have been analysed and suggestions made for opening of bank branches in the under-banked blocks and also for intensifying bank lendings through village adoption to areas or sectors, which have remained neglected all along. The poor progress achieved by banks in village adoption in the district has been analysed and various suggestions have been made to increase the quantum of the institutional finance to agriculture on an area approach basis in contrast to scattered lendings. The importance of collective action by all the financial institutions in the implementation of the various schemes contained in the plan cannot be overemphasized. As banks are acting as catalysts and instruments of economic development, they have to work in close association with the government and other agencies in helping the weaker sections. The success of the plan would depend very much on the extent and effectiveness of the collective efforts of the various agencies connected with the implementation of the plan.
The credit plan is formulated for technically feasible, economically viable and bankable schemes on the basis of the natural resources available in the district, the principal economic activities, potential availability for development and felt needs of the people which can be implemented by the financial institutions either with the available infrastructure or with facilities that can be created without much difficulty. Efforts should be taken to make the credit plan comprehensive and integrated in the sense that the action oriented and modest schemes included in the plan cover all the major sectors of the district's economy, depending upon the natural linkages between inter-dependent developmental activities such as dairying, cattle development and fodder cultivation.

2.2.2 Methodology and Formation of Credit Plan in Kanyakumari District

The physiographic, agro-climatic and socio-economic conditions of the district vary from one area to another area. Therefore, it would not be possible to evolve schemes suitable to the resource potential of the area and needs of the local people unless the differences in the various areas in the district are studied in detail. A detailed study of small areas in the district will facilitate the formulation of an action-oriented strategy for the development suitable to the needs and resource endowments of the block. The detailed information will be collected on the physiographical conditions of the blocks, natural resources and infrastructural facilities available and the scope for their further development. Discussion with various Government officials, banks operating in the district and
a number of local people helps the survey team in ascertaining the needs of the people, the scope for development of various economic activities and in the formulation of schemes suitable to the local conditions. Therefore, while formulating the schemes, due importance should be given to (i) the development of agriculture (ii) the development of subsidiary activities like dairying goat rearing and fisheries (iii) the development of cottage industries and handicrafts based on local resources particularly Palmyra palm based industries and bee-keeping (iv) the development of small scale industries and (v) the promotion of self employment opportunities.

The credit plan has been arrived at by aggregating the credit requirements of the bankable schemes of all the nine blocks in the district ensuring consistency between two variables, resources and credit outlay at the district level. The implementation of the credit plan will help to generate more employment opportunities and income, by accelerating the economic development of the district. The credit plan is very much rural based, agriculture absorbing the major share of the plan outlay with the allied activities and rural industries accounting for most of the remaining credit outlay. It does not include long term investment for providing the infrastructural facilities such as marketing, electricity, communication roads and transports.

The credit plan has been conceived as a time bound programme to be implemented within a period of three years beginning from April 1978. The implementation of the credit plan will be reviewed every year to facilitate
necessary adjustments in the plan. The co-operatives have been assigned a dominant role in the implementation of the plan taking into account their wide network and past achievements. The credit plan provides full support to the various programmes and schemes of Agriculture department, dairy department, and fisheries department, Khadi and Village Industries Board and Handicrafts Board. Financing to large and medium industries has not been considered in the credit plan, because they are able to get their credit requirements without much difficulty.

2.3 SIGNIFICANCE OF THE STUDY

As discussed earlier, the economy of Kanyakumari District is based on agriculture. This is the only district in Tamil Nadu where Rubber is cultivated extensively. Sustained quantity of timber is available from the forest of the district. The district has rich marine and mineral resources like monazite, granite and limonite. The district is industrially backward and not suitable for developing medium and large-scale industries. Hence the development of the district is depending upon the development of agriculture and its allied activities, small cottage and village industries and also the service sector. Since the district is highly literate in Tamil Nadu, sufficient human resources are available.

Seventy five percent of the population of the district is living in rural areas. Nearly 65 percent of them are small and marginal farmers. The income from their lands is not at all sufficient for their sustenance. So, they do not have any surplus income for meeting their cultivation expenditure. Their additional income
generation also depends upon the development of allied activities of agriculture. However, utilization of available human capital is possible, only if industrial development takes place. For all these developments they need adequate finance.

The credit plan for the district is formulated at the grass-root level, taking the Community Development Blocks as the unit for micro-level planning. It is action oriented and comprehensive. The plan aims at rectification of various regional imbalances within the district besides supporting various on going and proposed development schemes or programmes of the State Government.

Through credit facilities, the implementation of credit plan generates more employment opportunities and income, accelerating the economic development of the district by developing agriculture and allied activities, rural industries and service sector.

In Kanyakumari district the annual credit plan was formulated and implemented in the year 1980-81. Nearly 20 annual credit plans formulated and implemented. Hence there is a need for a study to know the impact of the credit plan on the economy of the district. Agricultural development in the district is affected by financial inadequacy and so over all balanced development of the district does not take place. Hence, the objectives of the credit plan have not been achieved and the fruits of the plans have failed to reach the real beneficiaries of the district. So the purpose of the study is to find out whether the credit plans develop economy of the district, promote agricultural and
industrial development, generate employment and to achieve regional balanced
development. It may also be helpful to analyse and understand the utility of the
Annual Credit Plan by the extent of its positive or negative influence on the
economic improvement of the credit plan and also to find out the viability of credit
plan in future. Thus, the findings of the study will help the planners to know
about the problems and bring solutions for the smooth and viable functioning of
credit plan in the district.

2.4 STATEMENT OF THE PROBLEM

The economy of Kanyakumari district is primarily depending upon
agriculture and allied activities. But, the credit plans have failed to have a
significant impact either for developing agriculture or its allied activities. Further
on the basis of literacy, Kanyakumari district is ranked number one in Tamil
Nadu. Yet, the available human resources have not been utilized properly
because of the inadequate financial help from the financial institutions in the
district. So unemployment among the rural and the urban masses is rampant.
One of the main objectives of the credit plan is to achieve regional balanced
development. But, in practice, the credit plans so far implemented by the
financial institutions have failed to achieve balanced development of the district.
The development of the economy of the district depends upon the proper
formulation and implementation of the credit plan. On the basis these statements
the researcher has raised the following research questions.
1) What are the defects in formulation and implementation of credit plans?

2) Why, have the credit plans failed to develop agriculture and allied activities in proportion to allotment of funds to these sectors?

3) Why Kanyakumari district is still industrially backward even after the implementation of 20 credit plans?

4) How far the credit plans have generated employment opportunity in the district?

5) How far the credit plan is helpful to improve the service sector?

6) Why the credit plan has failed to achieve the balanced regional development of the district?

7) What is the impact of the credit plan on the economy of Kanyakumari district?

2.5 OBJECTIVES OF THE STUDY

The researcher has framed the following objectives of the study.

2.5.1 Primary Objective

To find out the effectiveness of the credit plans of the financial institutions in promoting the economic development of the district.
2.5.2 Other Objectives

i) To find out how far the credit plans of the financial institutions have developed the agriculture of Kanyakumari district.

ii) To find out the promotion of allied activities of agriculture in the district, due to the credit plans.

iii) To find out the impact of the credit plans on the industrial development of the various blocks of the district.

iv) To examine the benefits of the service sectors from the credit plans of the district.

2.6 HYPOTHESES

The researcher has framed the following hypotheses.

i) Allocations of funds under the credit plans have contributed to the diversification of agriculture.

ii) The credit plans have failed to give adequate attention for promoting activities allied to agriculture in the district.

iii) The credit plans have failed to achieve balanced regional industrial development in the district.

iv) Service sectors of the district are benefited much from the credit plan of the district.

2.7 COLLECTION OF DATA

The researcher has collected both primary and secondary data for the study.
2.7.1 Collection of Primary Data

On the basis of pilot study conducted by the researcher, a schedule has been prepared for collecting opinions from the sample beneficiaries, who have been covered under the credit plan of the district. The researcher has followed the direct personal interview method for collecting data from the sample respondents for their opinion about the financial institutions loan under the credit plans. The researcher has met the branch managers of the financial institutions and had oral discussions with them for collecting their views on their role in the formulation and implementation of the credit plans. Their views are also incorporated.

2.7.2 Collection of Secondary Data

The secondary data regarding the details of loan availed for agricultural sector, activities allied to agriculture, industrial sector, service sector, employment generation and period of loan were collected from the Annual Credit Plan Reports of the Lead Bank from 1980-81 to 1999-2000. Additional information was collected from the publications and reports of Reserve Bank of India, the Assistant Director of Statistics, the Joint Director of Agriculture, Office of the Animal Husbandry, the Assistant Director of Fisheries, the District Industrial Centre and National Bank for Agriculture and Rural Development in Kanyakumari district.
2.7.3 Selection of Samples

The researcher has collected a list of beneficiaries in the year 1995-96 from the financial institutions in order to find out the real impact of credit plans on the economy of Kanyakumari district. In that year, 23,140 beneficiaries availed loan from the financial institutions in the district. Since the population size is large, the researcher has selected a total of 432 sample beneficiaries (two percent of the total beneficiaries of the year 1995-96) for the study. For selecting the sample, the researcher has adopted stratified random sampling method by taking the beneficiaries of the district as a universe and each sector of the four sectors such as agriculture, allied activities of agriculture, industry, service as the stratum. 108 sample beneficiaries from each stratum were selected on the basis of disproportionate stratified random sampling method.

2.8 PERIOD OF THE STUDY

The study covers a period of 20 years from 1980-81 to 1999-2000. Since in 1980, six more banks were nationalised along with 14 nationalised banks this study keeps 1980-81 as base year.

2.9 TOOLS OF ANALYSIS

2.9.1 Growth Analysis

The compound growth rate equation was used to find out the growth rate of credit extended and number of beneficiaries of each sector. To estimate the growth rate, logarithm of the dependent variable credit extended and number of
beneficiaries were taken and linearly regressed to the independent variable time ‘t’ separately. The equation for compound growth rate is

\[ Y = b_0 b_1 t \]

where \( Y \) = dependent variable

\( b_0 \) and \( b_1 \) = parameters to be estimated

\( b_1 = (1 + r) \)

\( r \) = compound growth rate

The compound growth rate percentage is calculated by using the formula

\[ \text{Antilog (ln } b_1 \text{) - 1} \times 100 \]

2.9.2 Chi-square Analysis

Chi-square analysis (\( \chi^2 \)) was used to analyse the opinion of sample borrower about the impact of credit plans on each sector. The formula used for the such analysis is

\[ \chi^2 = \sum (O - E)^2 /E \]

where ‘O’ is observed frequency and ‘E’ is the expected frequency. If the calculated value of chi-square is less than the table value of chi-square, the credit plans had no considerable impact on the sector taken for analysis. If the calculated value of chi-square is greater than the table of chi-square, the credit plans had considerable impact on the concerned sector.
2.9.3 Correlation analysis

The correlation analysis is used to know the association between pairs of characteristics credit provided under credit plan and generation of employment in each sector. It is computed by using the formula

\[
r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum y^2 - (\sum y)^2}}
\]

and the significance of co-efficient of correlation obtained is tested by the formula.

\[
t = \frac{r \sqrt{n - 2}}{\sqrt{1 - r^2}}
\]

2.10 LIMITATIONS OF THE STUDY

Though the data were collected from published sources, there was no uniform method of presentation of facts and figures by the authorities that prepared the credit plan of financial institutions. Since year wise performance was not clearly presented in the reports. Publication of credit plan report from different places by different regional offices posed another problem. Consolidated bank, sector and block wise performances were not presented in all the credit plans. Besides, the State Government offices of the district do not maintain the relevant data for twenty years.