INTRODUCTION

Attainment of higher rate of economic growth is one of the major goals of national policy in all the countries of the world irrespective of their level of development and differences in their political and social structure. The developing countries, which are considered to the Third World category, particularly India with human and natural resources a higher rate of economic development is more essential with social capital to reduce the severity of poverty.

Economic development is a multi-dimensional process involving the complexity of interrelated and inter-dependent factors such as the amount, quality and availability of natural resources, the labour force, the accumulation of capital goods, the amount of innovation in management, investment opportunities with willing to invest, a satisfactory equilibrium in the balance of payments so that the needed raw materials and machines can be imported as also certain surplus goods which can be exported. Since all these factors are interrelated and it would be a difficult task to segregate them and to assess the contribution of each factor separately. But, of all the factors, the rate of new capital accumulation plays a role of paramount importance in the process of economic growth. The history of the advanced countries shows that their periods of expansion have always been characterized by the high rate of capital formation. But for a developing country having a high propensity to consume, it is not possible to generate sufficient resources internally to sustain the process of economic development. It is in this context, financial
institutions which are acting as agents for both capital mobilization and capital investment are gaining considerable momentum in the process of economic growth. Thus, many structural and institutional changes that are necessary in the developing countries is the adoption of financial institutions with considerable importance to achieve the objectives of development and to bring about greater mobility of resources to meet the emerging financial needs of the economy.

The need for organized rural credit stems out of the fact that agriculture emerged as an important industry and all our agriculturists, by a large, are poor. In the absence of orderly flow of credit, our farmers who constitute the backbone of rural economy remain in continuous rural indebtedness and will be exposed to the nefarious activities of money lenders. Indian agriculture suffers from uncertainties carried by monsoon hazards low rates of productivity and increasing dependence with low returns. As a result, even in the absence of modernization, the agriculturists cannot cope with financial needs without resource to borrowing. In the context of modernization, needs for credit is very much emphasized to meet the timely needs of our farmers. Agricultural credit is an essential prerequisite for the rehabilitation and progress of Indian agriculture.

ROLE OF FINANCE IN ECONOMIC GROWTH

Financial arrangements and growth are intimately interlinked. As the economy grows and becomes more sophisticated, the banking sector has to develop pari passu in a manner that it supports and stimulates such growth. With increasing global integration, the Indian banking system and financial
system have to be strengthened in a integrated manner. India has made some efforts to bring reforms in financial sector during last two decades. As a result it could bring substantial transformation and liberalization of the whole financial system. It is, therefore, an appropriate time to take stock and assess the efficacy of our approach. It is useful to evaluate how the financial system has performed to achieve its objective in quantitative manner. This is important because India's path of reforms has been different from the most of other emerging market economies: it has been a measured, gradual, cautious, and steady process, devoid of many flourishes that could be observed in other countries.

REFORMS IN FINANCIAL SECTOR

The initiation of financial reforms in the country in 1990s was to a large extent conditioned by the analysis and recommendations of various committees/working groups setup to address specific issues. The process has been marked by 'gradualism' with measures being undertaken after extensive consultations with experts and market participants. From the beginning of financial reforms, India has resolved to attain standards of international best practices and to fine tune the process keeping in view the underlying institutional and operational considerations. Reform measures were introduced cutting across the sectors as well as within each sector. Attempts were made simultaneously to strengthen the institutional framework while enhancing the scope for commercial decision-making and market forces in an increasingly competitive frame work. At the same time, the process did not lose sight of the social responsibilities of the financial sector. However, for
fulfilling such objectives, rather than using administrative fiat or coercion, attempts were made to provide operational flexibility and incentives so that the desired ends are attained through broad interplay of market forces.

The major aim in the early phase of reforms, was to create an efficient, productive and profitable financial service industry operating within the environment of operating flexibility and functional autonomy. While these reforms were being implemented, the world economy also witnessed significant changes, ‘coinciding with the movement towards global integration of financial services’\textsuperscript{5}. The focus of the financial sector reforms starting from the second-half of the 1990s, for the strengthening of the financial system and introduction of structural improvements.

There is a need to discuss a couple of aspects here. Firstly financial reforms in the early 1990s were preceded by measures aimed at lessening the extent of financial repression. However, unlike in the latter period, the earlier efforts were not part of a well-thought out and comprehensive agenda for extensive reforms. Secondly financial sector reform in India was an important component of the comprehensive economic reform process initiated in the early 1990s. Whereas economic reforms in India were also initiated following an external sector crisis, unlike many other emerging market economies where economic reforms were driven by crisis followed by a boom-bust pattern of policy of liberalization, in India, reforms followed a consensus driven pattern of sequenced liberalization across the sectors\textsuperscript{6}. That is why despite several changes in government there has not been any reversal of direction in the financial sector reform process over the last 20
years. An important salient feature of the move towards globalization in Indian financial system has been the intension of the authorities to move towards international best practices.

REFORMS IN BANKING SECTOR

Commercial banking constitutes the largest segment of the Indian financial system. Despite the general approach of the financial sector reform process to establish regulatory convergence among institutions involved in broadly similar activities, given the more systemic implications of the commercial banks, many of the regulatory and supervisory norms were initiated initially for commercial banks and were later extended to other types of financial intermediaries.

After the nationalization of commercial banks in 1969, the Indian banking system became predominantly government owned in early 1990s. Banking sector reform essentially consisted of a two-pronged approach. While nurturing the Indian banking system to better healthy financial system through the introduction of international best practices in prudential regulation and supervision early in the reform cycle, the idea was to increase competition in the system gradually. The implementation periods for such norms were, however, chosen to suit the Indian banking system and their performance. Special emphasis was building up the risk management capabilities of the Indian banks. Measures were also initiated to ensure flexibility, operational autonomy and competition in the banking sector. Appropriate steps have been taken to improve the institutional arrangements including the legal frame work and technological support within which the
financial institutions and markets operate. Keeping in view the crucial role of effective supervision in the creation of an efficient and stable banking system, the supervisory system has been revamped.

**PERFORMANCE OF BANKING SECTOR IN THE ERA OF REFORM PROCESS**

Banking sector reform has established a competitive system driven by market forces. The process, however, has not resulted in disregard of social objectives such as maintenance of the wide reach of the banking system or channelization of credit towards the disadvantaged sections of the society to achieve the social objective. At the same time, the reform period has experienced strong balance sheet growth of the banks in an environment of operational flexibility. The important achievement of the banking sector reform has been the sharp improvement in the financial health of banks, reflected in significant improvement in capital adequacy. This has been achieved despite convergence of the prudential norms with the international best practices. There have also been substantial improvements in the competitiveness of the Indian banking sector reflected in the changing composition of assets and liabilities of the banking sector covering group of banks. In line with increased competitiveness, there has been improvement in efficiency of the banking system reflected inter alia in the reduction in interest spread, operating expenditure and cost of intermediation in general. Contemporaneously there have been improvements in other areas as well including technological deeping and flexible human resource management. A more detailed
discussion on the performance and analysis of the banking sector under the reform process is presented in following pages.

NATIONAL POLICY AND OBJECTIVES

Agricultural credit is one of the most crucial inputs in all agricultural development programmes. For a long time, the major source of agricultural credit was the private money-lenders. This source of credit was inadequate and highly expensive and exploitative. Since independence, a multi-agency approach consisting of co-operatives, commercial banks and regional rural banks known as institutional credit has been adopted to provide cheaper and adequate credit to farmers. The major policy in the sphere of agricultural credit has been its progressive institutionalization for supplying agriculture and rural development programmes with adequate and timely flow to credit to assist weaker sections and less developed regions.

The basic objectives of this policy are:

a) To ensure timely and increased flow of credit to the farming sector;

b) To reduce and gradually eliminate the money-lender from the rural scene;

c) To make available credit facilities to all the regions of the country, i.e. reduce regional imbalances; and

d) To provide larger credit support to areas covered by special programmes like Pulses Development Programmes, Special Rice Production Programme and the National Oil Seeds Development Project.
THE DISTURBING TRENDS

There are certain other disturbing trends have been observed in banking performance like the decline in the number of rural offices, number of borrowers accounts, and credit deposit ratio\(^1\). Table 1.1 shows the credit deposit ratio of the rural offices of the scheduled commercial banks which have suffered from non-stop trend of decline.

**Table 1.1**

**Rural offices and Credit Deposit Ratios of SCBs in India**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>No. of Rural offices</th>
<th>Percentage of Rural Offices</th>
<th>C/D Ratio (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1991</td>
<td>35135</td>
<td>56.90</td>
<td>60.00</td>
</tr>
<tr>
<td>2.</td>
<td>1992</td>
<td>35254</td>
<td>56.80</td>
<td>57.90</td>
</tr>
<tr>
<td>3.</td>
<td>1993</td>
<td>35360</td>
<td>56.30</td>
<td>53.30</td>
</tr>
<tr>
<td>4.</td>
<td>1994</td>
<td>35396</td>
<td>55.00</td>
<td>50.00</td>
</tr>
<tr>
<td>5.</td>
<td>1995</td>
<td>33017</td>
<td>51.70</td>
<td>48.60</td>
</tr>
<tr>
<td>6.</td>
<td>1996</td>
<td>32981</td>
<td>51.20</td>
<td>47.30</td>
</tr>
<tr>
<td>7.</td>
<td>1997</td>
<td>32909</td>
<td>50.50</td>
<td>44.10</td>
</tr>
<tr>
<td>8.</td>
<td>1998</td>
<td>32854</td>
<td>49.90</td>
<td>43.40</td>
</tr>
<tr>
<td>9.</td>
<td>1999</td>
<td>32840</td>
<td>49.20</td>
<td>41.00</td>
</tr>
<tr>
<td>10.</td>
<td>2000</td>
<td>32673</td>
<td>48.70</td>
<td>40.40</td>
</tr>
<tr>
<td>11.</td>
<td>2001</td>
<td>32640</td>
<td>48.30</td>
<td>39.00</td>
</tr>
<tr>
<td>12.</td>
<td>2004</td>
<td>32080</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>13.</td>
<td>2005</td>
<td>30790</td>
<td>43.75</td>
<td>62.60</td>
</tr>
<tr>
<td>14.</td>
<td>2006</td>
<td>30436</td>
<td>42.45</td>
<td>70.10</td>
</tr>
<tr>
<td>15.</td>
<td>2007</td>
<td>30575</td>
<td>41.12</td>
<td>73.50</td>
</tr>
<tr>
<td>16.</td>
<td>2008</td>
<td>31105</td>
<td>39.54</td>
<td>74.60</td>
</tr>
<tr>
<td>17.</td>
<td>2009</td>
<td>31699</td>
<td>38.46</td>
<td>73.90</td>
</tr>
</tbody>
</table>

**Source:** Shetty (2009) for 1990 and Banking Statistics: Basic Statistical Returns, different issues, thereafter.
Table 1.1 gives the details of the rural offices of SCBs. The number of rural offices and its proportion in the total offices of the scheduled commercial banks (SCBs) and credit deposit ratio are on non-stop decline.

**Historical View of Commercial Banks**

**Commercial banks:** Banking means accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdraw able by cheques, draft, order or otherwise. A commercial bank is a financial intermediary which collects credit from lenders in the form of deposits and lends in the form of loans. A commercial bank holds deposits for individuals and business in the form of checking and savings accounts and certificates of deposit of varying maturities while a commercial bank issues loans in the form of personal and business loans as well as mortgages. The term commercial bank came about as a way to distinguish it from an "Investment bank". The primary difference between a commercial bank and its counterpart is that a commercial bank earns revenue by issuing primary loans from its pool of deposits while an investment bank brings debt and equity offerings to market for a fee. Among its assets, including loans, a commercial bank holds a portfolio of other securities to generate proprietary income.

Bank provides loans to businesses, consumers and non-business institutions. Early commercial banks were limited to accepting deposits of money or valuables for safekeeping and verifying coinage or exchanging one jurisdiction's coins for another's. By the 17th century most of the essentials of modern banking, including foreign exchange, the payment of interest, and the
granting of loans, were in place. It became common for individuals and firms to exchange funds through bankers with a written draft, the precursor to the modern check. Because a commercial bank is required to hold only a fraction of its deposits as cash reserves, it can use some of the money deposited by its customers to extend loans. Commercial banks also offer a range of other services, including savings accounts, safe-deposit boxes, and trust services.

**Objectives of Commercial Banks:** The main objective of commercial banks are to maintain higher profitability by maintaining circular and efficient flow of amount of money deposited by the customers and the lenders. Commercial banks contribute to the economic cycle by keeping the money circulation among households, government and corporate businesses. The commercial banks lend money to the economic agents through their various products and services by earning interest income on the borrowed money. For that, they design their short term and long term loans and other products to cater to the need of customers while enhancing their own returns in order to attract more customers and build profitable relationships with the new and existing customers.

**Importance of Commercial banks:** The banks play a very important role for the economic development of the country. The importance can be examined as under. "Increase in saving: The people deposit their savings into the banks and the bank pays reasonable profit on these savings. Increase in investment: The money which is collected by the bank is lent to businessman and industrialist. The increase in the investment increase the level of employment."
Increase in employment: The banks advance loan to the investors. As a result, the industrial units are setup in different parts of the country. Hence the level of employment is increased. Transfer of money: When the people want to transfer their money from one place to another place, they get traveler cheque and the bank draft from the bank. Loan to Government: When the government needs funds to complete the public works programs, the banks provide loans to it. Capital formation: The process of the capital formation is completed with the financial of commercial banks. So banks increase capital formation. Balanced developed: When the banks provide loans to the less developed areas, the chances of progress and development are increased in the areas. Saving in metals: When the payments are made through currency notes and credit instruments, the precious metals are saved.

AGRICULTURAL CREDIT BY COMMERCIAL BANKS

The role of the commercial banks in rural/agricultural credit was negligible before nationalization of banks in 1969. In 1951-52 their finance to agriculture was only 0.9 per cent, and it was 2.2 per cent in March 1968. The All India Rural Credit Survey Committee (AIRCSC) 1954 had concluded that there was no alternative to the co-operative form of organization. In 1965, the informal Group on Institutional Arrangement for Agricultural Credit emphatically stressed that one could not look to the commercial banks for providing a satisfactory system of supplementary and transitional basis for any large scheme for the farming community in India conditions. The following were some of the reasons enlisted for the failure of commercial banks in meeting the rural credit needs.
1. Commercial banks in India which had their origin under the British were urban-oriented with the limited objectives of catering to the needs of trade, commerce and industry. Therefore, agriculture rarely figured in their transactions.

2. Agricultural financing in its nature was risky because of wide variations and uncertainties in income and the absence of suitable security except land, which was subjected to various legal and other procedural complications. The commercial banks did not wish to get entangled with them.

3. Ill-trained and in-experienced staff in dealing with agricultural financing, the banking staff was not prepared to take risk.

4. Their recovery performance was very poor.

5. There was huge demand for bank credit from the non-agricultural sector.

6. Absence of an enterprising attitude in the banks to finance agriculture and their unsuitable loan policy and procedures made cultivators reluctant to borrow from the banks.

After two decades of independence, the commercial banks have entered into this field to extend liberal credit to the farming sector. They have been financing agriculture since the nationalization of big banks in 1969. Before 1969, these banks were serving primarily the needs of cities and big towns. Using of commercial banks credit to help small farmers holds rich potential. Agriculture appeared to the commercial banks as an unattractive
sector owing to certain characteristics of agricultural sector, namely limited amount of money involved in arranging agriculture inputs inadequate securities for loans, low returns and poor repayment capacity.

The nationalization of banks was a major step for canalizing credit to various sectors of economy of which agriculture is one of the major sectors. The concern of banking industry is not only rested with flow of credit to agriculture, but also with the socio-economic development of the rural area with a view to generate adequate productive employment and reduce poverty. In spite of significant achievements by the banking industry, there is still scope to extend credit facilities to agriculture sector in a much greater manner.

After the introduction of financial sector reform in the nineties, the Reserve Bank of India (RBI) directed these banks to lend 30 per cent of net bank credit to agriculture (including indirect finance not exceeding 4.5 per cent of total credit). With this shift in priorities, these banks failed to get a viable proposition in financing agriculture and as such they were able to reach an estimated outstanding agriculture credit to the tune of Rs.80000 crores constituting 14 per cent to net bank credit. Since corporate view rural markets with a huge potential for growth, the government officials and policy makers should consider lending for agricultural is a boost in order to create a huge market for agri based industries too. Accordingly, the government has announced that agriculture credit provided by banks should be increased by 30 per cent and reach an outstanding level of Rs.1,05,000 crores by March 2005. Each of the rural and semi-urban branches of the commercial banks is expected at least 100 new farmers in to its fold during the current financial year. As against the ambitious announcements of the government of doubling
agriculture credit in coming years to me it is essential to take an overview of trends of flow of institutional credit to agriculture during the last 10 years. Institutional credit has grown at the rate of 13 to 14 per cent in the recent past. Learning from the past experiences, agriculture financing needs a marketing outlets by the banks as agriculture is under transformation. International trade in agriculture products is poised for faster growth and this sector offers big opportunity for banking business.

Among the essential pre-requisites for achieving significant progress in the agricultural sector, credit occupies an important place. Several studies have emphasized the role of finance in agricultural development. Hence, a large network of institutions has been established and canalized in the direction of agricultural financing, particularly in the developing countries. These institutions have shown a tremendous progress with regard to branch expansion, deposit mobilization and credit disbursement to agriculture. However, there are good number of problems encountered in agricultural financing. Various studies have been conducted by the research organizations, academicians and economists to assess the problems of agricultural finance in India.

THE PRESENT STUDY

The impact of bank credit on the farm households may vary from region to region depending upon the geographical and economic conditions of the area and people. Earlier studies were conducted in various regions with different geographical and economic conditions. The present study refers to Anantapur District which has different geographical and economic conditions
with the lowest rainfall in the state of Andhra Pradesh, frequent occurrence of
droughts with poor irrigation facilities which require heavy investments in well
irrigation and limited scope for diversification of economic activities to get
gainful employment and profitable occupations. The district is a typical
backward region and has been covered under the desert development
programme for its overall development.

Since the dawn of the independence, there is an improvement in the
educational status including rural farmers, which is the case for the release of
the farmers from the clutches of money lenders of the un-organized sector
which is predominant practice in rural money market. The sound educational
background of the farmers has facilitated the farmers to go for proper
utilization of credit to get good returns without any inclination to go for
unproductive investment and to adopt modern methods of agricultural
practices to get better yields.

New institutional approaches and economic polices have created
scope and awareness among the rural farmers to enter into the new areas of
agricultural production which not only fill the gaps in the structure of
agricultural production but also give scope to diversify the cropping pattern
towards the commercial crops to get adequate market facilitates to get
remunerative price for their products.

At this juncture it is necessary to focus the attention to analyses the
performance of the commercial banks particularly Syndicate Bank playing role
of lead bank in the district and also lending at the gross root level for
extending the credit facility to strengthen the farm sector and measure to what
extent the credit benefits are reaching the targeted groups like small and marginal farmers. An attempt is also necessary to know the composition of the commercial bank credit in the organized sector of the rural money market.

Under these different geographical and economic conditions, various educational backgrounds, new institutional and economic approaches, the entry of commercial banks to extend credit facilities to the gross root levels in the district have differential impact on the performance of the farm sector compared to the earlier studies. Hence, an attempt is made to examine the role of commercial banks in financing Agriculture in Anantapur District of Andhra Pradesh with special reference to Syndicate Bank in the study area with the following objectives:

**OBJECTIVES**

1. To analyze the role of commercial banks in financing agriculture during the post-reform period in India.

2. To make an appraisal of the working of commercial banks i.e. Syndicate Bank in Financing Agriculture in Anantapur District of (Andhra Pradesh)

3. To study the socio-economic conditions of the sample borrowers before and after taking the Syndicate Bank loan.

4. To assess the impact of Syndicate Bank finance on the generation of employment, production, income assets and savings among borrowers.

5. To find out the problems of the borrowers and Bank officials on various aspects.
6. To make appropriate suggestions to the policy makers, implementation missionary and the borrowers.

HYPOTHESES

1. There is no significant growth in the provision of bank credit to agriculture during the post-reform period in this study area.

2. There is no significant performance of Syndicate Bank in extending credit to agriculture.

3. There is no positive relationship between Syndicate bank finance on the generation of employment, agriculture production, income, assets and savings is the same among the different social categories of borrowers.

4. The reasons for non-repayment of bank credit are uniform irrespective of different categories of the borrowers.

5. Recovery of agriculture loans is not satisfactory in the study area.

SAMPLE DESIGN

The sample design of the study is multi-stage random sampling. Mandal is the first stage unit of sampling. Bank finance borrower household is the last stage unit of sampling. Of the 63 mandals in Anantapur district, three mandals namely Atmakur Beluguppa, and Mudigubba have been selected as the first stage units of sampling in three Revenue Divisions (i.e. Anantapur, Dharmavaram and Penukonda respectively) by using random sampling procedure. In each mandal three villages have been selected i.e. 1. Atmakur mandal: Atmakur, Muttala and Sidharamapuram, 2. Belugppa mandal:
Beluguppa, Narasapuram and Yalagala vanka, 3. Mudigubba mandal: Mudigubba, S. Brahamanapalli and Sankepalli. All the villages in the selected mandals have been considered for the selection of the second stage units of sampling. Altogether three villages from each mandal are selected in the district. All the farmers have been listed as borrowers of bank finance and also classified into various categories. The borrower households of bank finance have been classified into four different occupational groups namely, marginal, small, medium and large farmers depending upon landholdings criteria. Finally 112 marginal farmers, 84 small farmers, 69 medium farmers and 45 large farmers were selected for the study from Syndicate bank borrower households by using random sampling method. To make the comparison more meaningful, among the households and their economic position before and after taking Syndicate bank loan. Thus, the study covers 300 sample households borrowers.

CONCEPTS:

(a) Classification of Farmers

The farmer beneficiaries of the study have been classified into four, as the following:

1. **Marginal Farmers**: Farmers who have 0-1.25 acres of wet land or 0 – 2.50 acres of dry land.

2. **Small Farmers**: Farmers who have 1.26 to 2.50 acres of wet land or 2.51 to 5.00 acres of dry land.

3. **Medium Farmers**: Farmers who have 2.51 to 5.00 acres of wet land or 5.01 to 10.00 acres of dry land.
4. Large Farmers: Farmers who have 5.01 acres and above of wet land or 10.01 acres and above of dry land.

(b) Reference period

For the present study the pre-loan period refers to 2006-07 agricultural year and the post loan period refers to 2008-09 as the selected agricultural beneficiaries have availed bank finance during financial year 2007-2008. Impact of bank finance on borrowers was studied during the agricultural year 2008-09.

(c) Pre and Post-reform periods

Secondary data collected for the present study refers to broadly two periods: Period from 1969 to 1990-91 is referred to as pre-reform period and the period from 1991-92 to 2008-09 as post-reform period.

Many field level studies have amply proved that the contribution of Syndicate Bank finance has a positive impact on the agro-economic conditions of borrower farmers. The purpose of bank loans has tremendous impact on agricultural inputs like irrigation, operational land holdings, cost of cultivation and it also provides an opportunity for the improvement of income, employment, and asset generation.

Similarly, an attempt is made in this study to estimate and analyse the impact of bank finance on agro-economic conditions of sample borrowers. Particularly the impact of Syndicate Bank finance has been studied by adopting the following indicators for measuring the impact.
(i) Impact on operational land holdings

An operational land holding refers to both irrigated and unirrigated land holdings which are actually cultivated by the farmers during the reference period. It includes own-land holdings - land leased-out + land leased-in during the reference period.

(ii) Impact on net irrigated area

The improvement in the net irrigated area of borrower farmers between before taking loan and after taking loan.

(iii) Impact on cropping pattern

Generally access and availability of finance leads to qualitative shift in the cropping pattern of the borrowers. Provision of bank finance enables the farmers to replace higher value crops in the place of subsistence crops. A shift from subsistence cropping to higher value crops has been taken as the indicator for the positive impact of Syndicate Bank finance.

(iv) Impact on production

Syndicate Bank finance exerts a positive impact on production of crops through the qualitative improvements in operational land holdings, irrigation facilities and remunerative cropping pattern, which significantly influence the total output of the crops raised during the pre and post-loan periods. This has been used as an estimate of the impact of bank finance on borrowers.
(v) Impact of income and employment

The difference between pre and post-loan period of borrowers with reference to income and employment generation through the crops raised during the reference period has been treated as the impact of bank finance.

(vi) Impact on savings

The improvements in savings during the reference period reflect the impact of bank finance.

(vii) Impact on asset values

Though a number of economic and non-economic factors influence the value of assets, an attempt is made to estimate the improvement in value of assets during the reference period of borrower farmers.

DATA COLLECTION

The study is based on two sources of data i.e. secondary data and primary data. The secondary data have been collected from various national and international published and un-published sources, which include the publications of Government of India, CMIE, Five-Year plan documents, Census Reports, Statistical Abstracts of Central and State Governments, the publications of the RBI which include report on currency and finance, trend and progress of banking in India, statistical tables relating to banks in India and Syndicate Bank reviews and statistical abstracts of AP published by the Directorate of Economics and statistics, Government of AP. At district level, the data have been collected from lead bank credit plans, annual action plan.
and district rural development agency annual reports, Hand Book of Statistics, Anantapur District 2009, National and international web-sites have been utilized to get information and data in order to strengthen the analysis.

The primary data is collected from the sample borrowers through a pre-tested schedule, specially designed for the purpose. Personal interview method is adopted to get the required information with the aid of schedule. Scrutiny of schedule is made to ensure reliability of data. After an appraisal of the quality of data, tabulation work is take-up and the data analyzed by using appropriate statistical techniques.

TOOLS OF ANALYSIS

The collected data have been processed and analyzed by using appropriate tools, both manually and with the help of computer. Classification and tabulated collected data of Syndicate Bank loan borrowers. Utilization of bank credit, impact of bank finance on the income assets, savings repayment, and employment of the borrower house holds. The analysis of primary data has been done in such a way that enables, the comparison between the sample borrowers belonging to the four categories based on the land holding sizes viz. Marginal Farmers, Small Farmers, Medium Farmers and Large Farmers on the basis of purpose of loan and falling under the relatively developed and relatively under developed areas of Anantapur district. The data collected from the various sources were analyzed and inference drawn by applying certain tools like growth per cent, averages, percentages etc.
LIMITATIONS OF THE STUDY

The present study is confined to assess the impact of the Syndicate bank finance on sample households of three mandals in Anantapur district for a period of ten years from 2000 to 2010. Therefore, conclusions drawn in the study are area specific and may not directly be applicable to other areas due to variations in agro-climatic and socio-climatic conditions. Efforts were made to collect reasonably satisfactory information from 300 sample respondents. A large size sample than the present one could not be selected due to several constraints on the part of the researcher. The inferences, findings and conclusions are drawn based on the information and data provided by the sample households and bank officials. The findings and suggestions made in this study will be highly useful for policy makers and planners to take policy decisions and implement plans and programmers to strengthen agricultural finance to promote the agricultural sector. The conclusions arrived at and the generalizations made are specific to sample households in Anantapur district and can't be generalized.

PLAN OF THE THESIS

The study is presented in the following chapters:

- The first chapter deals with an introduction and methodology.
- Chapter II provides the review of literature.
- Chapter III presents the financing of agriculture by commercial banks in India and in particularly Syndicate bank in Anantapur district of Andhra Pradesh.
• Chapter IV examines Socio-economic profile of the selected district - Anantapur.

• Chapter V analyses the impact of bank finance on employment, production, income, savings and asset position of sample borrowers.

• Chapter VI devoted problems of the respondents and Syndicate Bank personnel in Agricultural Credit.

• Chapter VII highlights the main summary of the findings, suggestions.
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