CHAPTER II
SREE ANANTHA GRAMEENA BANK - ESTABLISHMENT AND ORGANISATION

Introduction

After the promulgation of the ordinance regarding the establishment of the regional rural banks in the country the government has started the establishment of the regional rural banks in a phased programme. The first regional rural bank was established on October 2, 1975 in the country. As far as the state of Andhra Pradesh is concerned the first regional rural bank that is the Nagarjuna Gramaena Bank was instituted in Khammam covering the two backward districts of Telangana region viz., Khammam and Nalgonda on 30th April, 1976. Even after, the government did not pay much attention to the most backward and the biggest district of Andhra Pradesh i.e. Anantapur regarding the establishment of a regional rural bank.

The District received the attention of the government only in the year 1979, when Sree Anantha Gramaena Bank was established. It would be appropriate, in this context, to have a brief note of the profile of the Anantapur District which is the main cause for the establishment of Sree Anantha Gramaena Bank.

1. Khammam district is the native district of the then Chief Minister Mr. J. Vengal Rao.
Profile of Anantapur District

Anantapur, a district of Andhra Pradesh State, is divided into 16 blocks and three Revenue divisions. The district is bounded by Kurnool district in the North, Cuddapah District in the East, Chittoor District in the South East and by Karnataka State in the South and West. It covers an area of 19,125 square kilometres, consisting of 964 villages of which 28 are uninhabited. Total population of the district as per 1981 census was 25.40 lakhs which comprises of 4.8 per cent of total population of the Andhra Pradesh State. Density of population is 133 per square kilometre.

Soil

Important soils in the district are red and black cotton and they constitute 71.40 per cent and 28.60 per cent of total area of the district. Minerals that are available in the district are Barytes, Lime stone, Steatite, China clay, Iron ore, Diamonds, Gold, White shale, Serpentine, Calcite, Dolomite and Corundums.

Rivers

There are three important rivers in the district which are mainly rainfed. Apart from rivers, there are streams which are also depending on rainfall. Since there is no perennial river system in the district it is worst hit by drought every year due to failure of rains.
Rain-Fall

The district gets the benefit of South-West or North-West or both the monsoon periods. The annual normal rainfall of the district is 544 mm which is 352 mm less than the State average. The district is the second most chronic drought prone district in the country and continues to hold this unenviable position. The rainfall received by the district over the last four years testifies the same (Table 2.1).

Table 2.1

RAINFALL IN ANANTHAPUR DISTRICT (1982-83 to 1985-86)

<table>
<thead>
<tr>
<th>Year</th>
<th>Normal rainfall</th>
<th>Actual fall received</th>
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<tr>
<td>1982-83</td>
<td>544.0</td>
<td>471.6</td>
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<tr>
<td>1983-84</td>
<td>544.0</td>
<td>548.7</td>
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<tr>
<td>1984-85</td>
<td>544.0</td>
<td>349.1</td>
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<td>1985-86</td>
<td>544.0</td>
<td>265.8</td>
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The above table clearly indicates the scanty rainfall in the district. Anantapur district is declared to be one of the 6 districts in India affected by severe drought frequently.
Irrigation

There is one major irrigation project - Thungabhadra High Level Canal System and three medium irrigation projects viz., Upper Pennar project, Bhairavani Thippa project and Chennarayaswamy project which irrigates nearly 1.30 lakh acres of the district. Also there are 1,248 tanks, 56,830 wells, 17 bore wells and filter points which irrigates nearly 3.25 lakh acres of the district.

Agriculture

According to the census, there are 3.52 lakh landholders cultivating an area of 11.40 lakh acres. Out of which 1.82 lakh acres belong to marginal farmers and 0.92 lakh acres to small farmers. The net area sown in the district is 9.23 lakh hectares which is 48 per cent of the total geographical area. Main crops grown are paddy, Groundnut, Oil seeds and fruit orchards.

Sericulture

Sericulture improves lot of small and marginal farmers belonging to weaker sections who are below the poverty line and provide gainful employment to the unemployed rural youth. Ananthapur district is perhaps the first district in the State to successfully conceive the practice of sericulture. It may be due to the reasons that the neighbouring state, Karnataka, has more extensive sericulture cultivation. As a result 53,000 acres is under mulbury
cultivation spreading in all the 16 blocks of the district.

**Industries**

There are 11 large and medium industries existing in the district providing employment to about 5,000 persons. There are also 2,440 Small Scale Industries/Tinny Units existing in the district giving employment to 16,000 persons. There are 9 large and medium industries which are likely to go into production within one year. There are 70 artisans complexes and clusters in the district financed under Integrated Rural Development (I.R.D.P.) by different financial institutions.

**Handlooms**

There are 20,301 local looms in the district, out of which 20 are in co-operative field. Total number of co-operative societies in the district is 56. Handloom weaving industry in Ananthapur district covers production of three types of clothes in cotton, silk and wool.

**Education**

There are 2,542 Primary and 146 Upper Primary Schools, 178 High Schools, 26 Junior Colleges, 13 Degree Colleges and two Universities for general education. There are also institutions including one University for technical education alone.
Communication

The total length of the road in the district is 9,166 kilometres. There is 257 kilometres of broad gauge and 246 kilometres of meter gauge railway lines which pass through the district. Out of the 936 inhabited villages, 210 villages are connected with approach roads, 486 villages are having bus facility, 689 villages are having post offices, 57 villages are having Telegraph offices and 139 villages are having telephone facility. There are 9 towns and 146 villages having railway stations.

Medical

Medical facilities are available all over the district. There are 11 taluk hospitals, one district hospital, 22 primary health centres, 412 sub-centres, 51 Unani/Ayurvedic hospitals and two Homeopathic hospitals in the district.

Veterinary and allied

A good network of 125 veterinary hospitals of different grades are available throughout the district. Two Milk Chilling centres at Ananthapur and Hindupur are collecting milk through 5 milk routes. Poultry marketing centre is available at Anantapur to market the eggs produced in the district.
**Fair Price Shops**

The district has got 1,678 fair price shops in rural and urban areas. The commodity undertaken for distribution are rice, wheat, kerosine, edible oils, and sugar.

**Banking Scene**

As many as 80 per cent of the population lives in villages and the main occupation is agriculture in this district. Anantapur Co-operative Central Bank with its affiliates at village level i.e., primary credit societies has been providing the loans and advances to the farmers. As these co-operative banks have been unable to meet all the financial requirements of the rural masses, the commercial banks have been asked to open their doors in unbanked and rural areas. Only some of the commercial banks viz., State Bank of India, State Bank of Mysore, Seven Nationalised Banks have open their branches in the district by the end of the 1979. These banks with their net work of 109 branches (71 rural and 38 semi-urban branches) were unable to meet the credit requirements of rural masses. Consequently the rural masses used to get the credit from the village money lenders. The drought-prone climatic conditions as discussed earlier in the district have been quite unfavourable to the farmers. It led to increased indebtedness of the rural masses of the district.
In view of this background the government has instituted Sree Anantha Grameena Bank in 1971 with a view to free the rural borrowers from the clutches of the money-lenders by extending the banking facilities to the nooks and corners, hilly areas, forest areas and remote villages of the district.

The number of branches of various banking institutions have enormously increased in the district as shown in Table 2.2. Presently State Bank of India, State Bank of Mysore, seven Nationalised Banks like Syndicate Bank, the Lead Bank of the district, Andhra Bank, Canara Bank, Corporation Bank, Vijaya Bank, Indian Bank, Union Bank of India, three private sector banks viz., the Vysya Bank Ltd., The Karnataka Bank Ltd., Karur Vysya Bank Ltd., one Regional Rural Bank i.e., Sree Anantha Grameena Bank, two Co-operative Banks i.e., The Ananthapur District Co-operative Central Bank Ltd., and the Co-operative Agricultural Development Bank Ltd., have been operating in the district. Out of the 196 branches of all the banks in the district Sree Anantha Grameena Bank dominated by having 67 branches out of total branches (196) of all commercial banks.²

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<tbody>
<tr>
<td>1.</td>
<td>Nationalised Banks</td>
<td>54 (45.4%)</td>
<td>57 (38.5%)</td>
<td>59 (34.9%)</td>
<td>60 (39.9%)</td>
<td>61 (33.5%)</td>
<td>64 (31.8%)</td>
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<td>2.</td>
<td>State Bank Group</td>
<td>25 (21.0%)</td>
<td>26 (17.6%)</td>
<td>28 (16.6%)</td>
<td>29 (16.4%)</td>
<td>29 (15.9%)</td>
<td>31 (15.4%)</td>
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<td>3.</td>
<td>Non-Nationalised Banks</td>
<td>13 (10.9%)</td>
<td>14 (9.5%)</td>
<td>15 (8.9%)</td>
<td>16 (9.0%)</td>
<td>16 (8.8%)</td>
<td>16 (8.0%)</td>
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<tr>
<td>4.</td>
<td>Sree Anantha Grameena Bank</td>
<td>10 (8.4%)</td>
<td>32 (21.6%)</td>
<td>44 (27.2%)</td>
<td>50 (28.2%)</td>
<td>54 (29.7%)</td>
<td>67 (33.3%)</td>
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<td>5.</td>
<td>Co-operative Banks</td>
<td>17 (14.3%)</td>
<td>19 (12.6%)</td>
<td>21 (12.4%)</td>
<td>22 (12.4%)</td>
<td>22 (12.1%)</td>
<td>23 (11.4%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>119 (100.0%)</td>
<td>148 (100.0%)</td>
<td>169 (100.0%)</td>
<td>177 (100.0%)</td>
<td>182 (100.0%)</td>
<td>201 (100.0%)</td>
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**Note**: Figures in brackets are the percentages to total

**Source**: Annual Reports and Records of Sree Anantha Grameena Bank, 1980 to 1985, Head office, Ananthapur.
Sree Anantha Grameena Bank - Origin and Establishment

Sree Anantha Grameena Bank was established on 1st November, 1979, under Section 3 of the Regional Rural Banks Act, 1976. The Bank is sponsored by Syndicate Bank - the Lead Bank in the district. The primary objective of the Bank is to extend financial assistance to the weaker sections of the society i.e., Small and Marginal Farmers, Rural Artisans, Petty Traders and Agricultural Labourers. This institution has got the merits of both co-operatives as well as the Commercial Banks.

Capital and Sources of Funds

The authorised share capital of the bank is Rupees one crore, of which 25 per cent is subscribed and paid up capital which is shared by the Central Government, Andhra Pradesh State Government and Syndicate Bank in the ratio of 50:15:35 respectively.

Salient Features of Sree Anantha Grameena Bank

1. Sree Anantha Grameena Bank is a poor man's bank which identifies the problems of neglected sector of the community and endeavours to mitigate their difficulties by increasing their income in a phased manner by extending financial assistance to further their professions.

2. The bank lends either directly or through the primary Agricultural Credit Societies, preferably through
Farmer's Service Societies.

iii. The rules and regulations are simple and can be understood very easily by the rural folk.

iv. As far as possible, the bank will transact the business in local language.

Functions of Sree Anantha Gramseena Bank

Sree Anantha Gramseena Bank performs the functions stated hereunder

1. Provision of credit to small and marginal farmers, agricultural labourers, co-operative societies, agricultural processing societies, primary agricultural societies, co-operative farming societies and Farmers Service Societies,

2. Granting of loans and advances to Rural artisans, petty traders and small entrepreneurs.

Sree Anantha Gramseena Bank have been adopting the following functions also, considering the recommendations of Dantwale Committee:

i. Collection of cheques and bills

ii. Issue of drafts, Mail Transfers and Telegraphic Transfers and

iii. Other miscellaneous services like collection of Insurance Premia, Electricity Bills, Safe Custody etc.
Nature of Business

Sree Anantha Grameena Bank is a scheduled commercial bank which accepts all kinds of deposits from the public. The rate of interest allowed on public deposits is higher than other commercial banks by 0.5 per cent per annum on all deposits except term deposits with maturity period of five years. This is an incentive given by Reserve Bank of India to help the bank to mobilise more deposits from the rural areas. Further, the bank has also been registered as an indexed bank and the deposits upto ₹20,000 are guaranteed by the Deposits Insurance and Credit Guarantee Corporation. The bank can extend financial assistance to all types of allied activities of agriculture sector like poultry, piggery, fishery, village artisans, petty trades, small industries etc. As per the norms laid down by Reserve Bank of India, the bank extends financial assistance to small and marginal farmers and agricultural labourers in the case of agriculturists and to persons with annual income of less than ₹4,000 in the case of non-agriculturists.

The success or failure of the bank, in performing the functions stated above and carry out on its business stated in the nature of business, mostly depends upon the type of organisational structure of Sree Anantha Grameena Bank.
The study of the organisational structure of regional rural banks in general and Sree Anantha Grameena Bank, in particular will be of immense help, at this juncture.

Organisation structure of Regional Rural Banks

Regional Rural Banks are also organised on the similar lines of the Commercial Banks\textsuperscript{4} i.e., on the basis of geographic divisionalised structure. Bank activities are grouped on the basis of departmentalisation type of organisation structure within the geographic divisionalised structure.

The Board of Directors are the highest level in the organisational hierarchy of the board of management of the Regional Rural Banks. Hence the general superintendents, direction and the administration of the business affairs of the regional rural banks are vested in board of directors. The board of directors normally act on business principles and should have due regard to public interest. Central Government after consultation of the Reserve Bank of India, gives directions in regard to matters of policy involving public interest to the regional rural banks in discharging their functions.

There will be three directors to be nominated by the Central Government in addition to the Chairman. Concerned State Government will nominate the directors not more than two whereas the sponsoring bank nominated not more than three directors. The Chairman is appointed by the Central Government for a period of five years. The Chairman devotes full time to the affairs of the regional rural bank. He will look after the entire management of the regional rural bank subject to the superintendents, control and direction of the board of directors.

**Organisation structure of Sree Anantha Grameena Bank**

The Board of directors of the bank is the apex body which formulates business policies, fixes the targets and the achievements of the bank and makes strategic decisions. The Chairman assists the board of directors in day to day activities of the bank.

**Composition of Board of Directors of Sree Anantha Grameena Bank**

The board of directors of Sree Anantha Grameena Bank consists of eight members of which six are official members including Chairman and two members representing local areas, one is nominated by the Government of India and the another one is nominated by the sponsor bank. Three of the directors are nominees of Central Government, two are of Andhra Pradesh State Government and three are of Syndicate Bank - sponsoring bank.
The Chairman is the whole time chief executive. He is assisted by the General Manager in day to day functioning of the bank. He looks after the entire management of the bank. He is also assisted by the Personnel Manager in personnel activities, the Accounts Manager in accounting activities, Manager of the Planning and Development department and the Manager of the Inspection department. He is the liaison officer between the functional heads and the board of directors.

The organisation and functions of individual departments will give a clear idea about the organisation structure of the bank at the middle level of the hierarchy.

Planning and Development Department

The manager of the planning and development department is incharge of the overall department who is assisted by an officer, two senior assistants and three Junior assistants.

This department performs the functions like:

a. Planning for branch expansion
b. Planning for project implementation and
c. Preparing Annual action plans and monthly reports about advances and deposits.
**Accounts Department**

The manager of the Accounts department is incharge of the overall activities of the department. He is assisted by an Administrative Officer who is a deputy from Syndicate Bank - the sponsoring bank. The Administrative Officer inturn is assisted by two Senior Assistants and three Junior Assistants. This department deals with the collection and summarisation of returns from the branches.

**Personnel Department**

The manager of the personnel department is incharge of overall activities of personnel management, who is assisted by a personnel officer. This personnel officer inturn is assisted by two officers incharge of establishment, Administration and secretarial and industrial relations. The first officer is assisted by two Senior Assistants and one Junior Assistant.

This department deals with training, placement and promotion, establishment, leave administration, other secretarial work vis., conducting of board meetings and collective bargaining meetings etc.

**General Administration**

General Manager is incharge of general administration. He is deputed from Syndicate Bank - a sponsoring bank. He is assisted by the Technical Manager and the Advances Manager.
The technical manager is assisted by one Senior Assistant and one Junior Assistant. The Advance Manager is assisted by two officers who are in turn assisted by two Senior Assistants and two Junior Assistants each. The Advances Manager is also assisted by one Field Supervisor (Legal) who is in turn assisted by one Junior Assistant.

**Inspection Department**

The Inspection Department is headed by the Chief Inspector who is deputed by Syndicate Bank – sponsoring bank. He is assisted by four officers who are in turn assisted by one Senior Assistant and one Junior Assistant each.

This department inspects the functioning of the various branches relating to deposits, loans and advances issue of drafts, cheques, maintenance of books. This department follows up the irregularities pointed out by it and submits its report to the higher authority.

It is necessary to study the organisational structure at the branch level to have an idea of the organisation structure at lower level of the organisational hierarchy.
Organisation structure at the Branch Level

Organisation structure at the branch level of Sree Anantha Grameena Bank is very simple. The branch manager had been assisted by one junior or senior clerk cum cashier at the earlier period of the establishment of the bank. But, later a Field Supervisor is appointed for the purpose of supervision and control of advances and to assist the branch manager. Hence a typical branch having a considerable extent of business both in deposits and advances have the following structure.

Branch Manager

\[\begin{array}{c}
\text{Field Supervisor} \\
\downarrow \\
\text{Junior or Senior clerk-cum-Cashier} \\
\downarrow \\
\text{Part-time Sweeper-cum-Messenger}
\end{array}\]

Branch Manager is directly involved in the implementation of policies and programmes of the bank. He supervises and controls all activities of the bank. He takes active part in deposit mobilisation in the branch area. He is authorised to sanction term loans to the extent of Rs. 5,000
and general crop loan upto a maximum amount of ₹3,000.
The branch manager has to forward the loan proposals to the head office for sanction, if the loan amount is above the limit stated above.

It is felt that the organisational structure adopted by Sree Anantha Grameena Bank i.e., departmentalisation within geographic divisionalised structure is suitable to the bank in attaining its objectives by expanding its branches in different parts of the district.