CHAPTER V

SUMMARY AND CONCLUSIONS
In India, without outside financial support to the farmer, the transformation of traditional agriculture into modern agriculture cannot be achieved. The credit from private sources is exploitative. To overcome the exploitative nature of non-institutional credit agencies, several institutional agencies have been setup in channelising the institutional finance to the farming sector. Among others, credit co-operatives (under Single Window System), Regional Rural Banks are said to be accessible to many a farmer. Mere growth in institutional credit agencies may not provide solutions to the farmers' financial problems.

As per the annual reports, the functioning of the said credit agencies in Anantapur district in terms of credit deployment is satisfactory. However, as per our preliminary study (before taking up the present study), it was found that there were certain differences in the functioning of Single Window System and the Regional Rural Banks in Anantapur district. This made the researcher to select this problem for the indepth analysis. Moreover the newly introduced integrated credit system (Single Window System) should be thoroughly studied so as to find out, how it is beneficial to the farmers. An unique attempt has also been made to know
the comparative advantages and disadvantages of these agencies from the farmers angle.

In the present study an attempt has been made to examine the different aspects of the credit co-operatives and the Regional Rural Banks. To make the study more effective an empirical comparative study has also been carried out. For the study, 100 sample borrowers consisting 52 borrowers of Regional Rural Banks and 48 from the Single Window Society were purposefully selected. The objectives of the study are:

1. To trace the origin and growth of credit co-operatives (Single Window System) and Regional Rural Banks in Andhra Pradesh, with specific reference to Anantapur district.

2. To examine the working of the credit co-operatives (under integrated Single Window System) and the Regional Rural Banks in the study area.

3. To examine the socio-economic conditions of the selected farmer-borrowers.

4. To examine the impact of the farm credit extended by credit co-operative societies (Single Windows) and the Regional Rural Banks on crop yields, employment and income level of the sample borrowers.
5. To study the problems of the selected borrowers of co-operatives and Regional Rural Banks in availing the farm finance.

6. To suggest ways and means for improving the functioning of the Single Window System and Regional Rural Banks.

HYPOTHESES:

The following hypotheses have been formulated and tested in the study:

1. The credit gap is more in Single Window Society than the Regional Rural Banks.

2. Regional Rural Banks are helping their borrowers in getting higher incomes when compared to the borrowers of the credit co-operatives (Single Windows).

3. There is no relationship between the credit obtained and additional income derived among different categories of borrowers of Single Window and Regional Rural Banks.

4. Credit deployed by the Regional Rural Banks and Single Window Society resulted in additional employment.
SCOPE AND LIMITATION OF THE STUDY:

The study exclusively deals with the finance extended by credit co-operatives (Single Windows) and the Regional Rural Bank for the specific agricultural development programmes. No attempt was made to study the non-borrowers with that of borrowers. The impact of the study has confined to only a few economic variables.

Owing to the limitation of resources, the study is confined to a specific area, specific target group and data refers to a period of 3 years and of which the borrowers who were provided agricultural loans during 1987 to 1990, were selected inorder to get an objective picture. Sree Anantha Grameena Bank branch of Nallamada, Co-operative Single Window of Vellamaddi were purposively selected for the present study. Another limitation of our study is a few borrowers have borrowed for a specific purpose and have invested for some other productive purpose which actually helped them. Hence, in our study we have not treated it as diversification of credit. Instead we studied it's impact assuming that they have obtained the loan for the same purpose. The study could not permit the advanced statistical tools.
RESEARCH DESIGN:

The present study confined to Anantapur district of Andhra Pradesh with specific reference to Nallamada mandal. The study concentrates on the medium term, agricultural loans provided by the Single Window Society and by the Sree Anantha Grameena Bank during the period 1987 to 1990. This allows a considerable time gap for studying the impact of the loans on the farmers economy. Since it is an uneasy task to cover the entire district in which the Grameena Bank and Cooperative Banks (Single Window) operating their activities, the present study is restricted to Nallamada mandal in the district, where loans to agricultural activities particularly loans for bullock carts, bullocks, new well, sericulture, sheep, dairying were provided. In order to assess the impact on income and employment levels data have been collected for pre and post loan period. Within the selected mandal, one Single Window Society, i.e., Vellamaddi and the Regional Rural Bank branch (Sree Anantha Grameena Bank) of Nallamada constitutes as our study units. Further from the jurisdiction of the selected Single Window credit society, 48 borrowers
were randomly selected from the list of the borrowers covering marginal farmers, small farmers, medium farmers and big farmers (12 each). In the same way, 52 farmer-borrowers of Regional Rural Bank branch of Nallamada spread over in the Nallamada mandal were selected from the list of borrowers giving equal representation to all land holding categories (13 borrowers from each category). A total of 100 borrowers spread over in one mandal were selected for a detailed study.

The necessary data for the study were collected from the primary and secondary sources. The primary data is collected from the sample borrowers of Nallamada mandal with the help of a schedule specially structured for this purpose. 100 borrowers were interviewed. The sample not only covers all land holding categories but also covers different caste categories.

The secondary data is collected from the head offices of the Sree Anantha Grameena Bank, Anantapur, and Co-operative Central Bank, Anantapur. The records of the selected bank branch of the Grameena Bank and Single Window Society were also made use of. Further books, journals, magazines published and unpublished records, were also made use of wherever necessary. Discussions were also held with the knowledgeable persons.
The collected data have been processed and analysed manually. Both primary and secondary were tabulated item-wise so as to study the role of co-operative and Sree Anantha Grameena Bank in terms of sanction of agricultural loans, utilisation of credit and the impact of credit on incomes and employment of the borrowers etc.

To analyse the data simple techniques like percentages, ratios and averages were employed.

CHAPTER SCHEME:

In the first chapter i.e., Introductory chapter an attempt is made to review some of the important studies conducted by the experts so as to have the first hand knowledge about the nature of the studies that were conducted in the past. Further, in this chapter the problem for the study has clearly been spelled out. Objectives, scope of the study, chosen methodology for the empirical study, source of the data used in the study and limitations of the study were also dealt in this chapter.

Second chapter deals with the role of the credit co-operatives (Single Window System) and the Regional Rural Banks - with special reference to financing agriculture. This chapter traces the background in which
credit co-operatives have started financing agriculture and the purpose behind the introduction of Single Window System. Attempt was also made to examine in detail about the evaluation of Regional Rural Banks in financing agriculture.

Third chapter deals with the location of the district under study. The agriculture profile, infrastructure available in the district have been examined. Further a brief profile of the Nallamada mandal has been presented.

Chapter IV concentrates on the impact of the credit deployed by the co-operatives and Regional Rural Banks on the economy of the sample farmers. This is one of the core chapters in which the extent to which the set objectives of Single Window System and Regional Rural Banks were realised from the point of view of the borrower-farmers. For any study, socio-economic conditions of the sample units need to be traced. Hence, this chapter starts with the socio-economic conditions of the borrower-farmers. The impact of the finance on the economy of the borrower-farmers was assessed, with the help of the empirical study. The problems and opinions of the borrowers in availing finance were examined in detail. Suggestions of the borrowers are
also elicited for the objective functioning of the credit co-operatives (under Single Window System) and the Regional Rural Banks.

A brief summary of all chapters is presented in Chapter V and also major conclusions are listed out and at the end a few suggestions are made.

Credit co-operatives were started in India in 1904 with a view to protect the farmers from the exploitation of money-lenders and other non-institutional lending agencies. 'All India Rural Credit Survey Committee' reported that the progress of the credit co-operatives is slow. Several efforts were made during the plan period to improve the credit co-operatives so as to help the rural poor in a better way. State also patronizing the credit co-operatives. The share of credit co-operatives increased from 3.1 per cent in 1951 to 15.5 per cent by 1961. The establishment of NABARD (1982), paved the way for strengthening the credit co-operatives. However, it is said that co-operatives have been dominated by vested interests which denied the weaker sections to avail the benefits of credit co-operatives. Moreover the farmer has to approach different types of credit societies to get different types of credit. To avoid this problem Single Window System has came into existence on the
recommendation of Hazari Committee (Committee on Integration of Co-operative Credit Institutions).

After considering the merits of the Single Window System, Andhra Pradesh too adopted it. Under the Single Window System the twenty seven district co-operative central banks in Andhra Pradesh re-organised into twenty district co-operative central banks. Further, 218 primary co-operative agricultural development banks were abolished. Except the Single commodity marketing societies, the remaining 123 co-operative marketing societies were merged with the district co-operative marketing and 140 co-operative marketing societies not functioning satisfactorily were liquidated.

In Anantapur district though number of credit societies have declined due to reorganisation, the share capital and working capital have increased considerably. By 1992, 2.79 lakh agricultural families have been brought into co-operative field. There is no increase with regard to the number of Single Window Societies since the inception of the Single Window Scheme. Unfortunately, the overdue position is increasing. It is important to note that under the new set-up, loans of different types are available at one place.
The co-operative credit societies and the commercial banks could not meet the financial requirements of the weaker sections, and as such the Regional Rural Banks have come up. The first five Regional Rural Banks established in the country were inaugurated on 2nd October, 1975. It is quite encouraging to note that at present as many as 200 Regional Rural Banks are providing banking services covering nearly 400 districts in the country. This solved the problems of unbanked and underbanked areas to a large extent. Of all the States, Uttar Pradesh has highest number of Regional Rural Banks followed by Madhya Pradesh. The Regional Rural Banks have been helping the Government in the implementation of various developmental programmes meant for the poor.

The progress of Regional Rural Banks in terms of deposit mobilisation is quite satisfactory. As a result per branch advances were also went up. Nagarjuna Grameena Bank is the first Regional Rural Bank in Andhra Pradesh and at present there are 16 Regional Rural Banks spread over in the State providing the credit services.

The Anantha Grameena Bank (SAGB) sponsored by the Syndicate Bank was established on November 1st, 1979 and at present it has a network of 65 branches in Anantapur district.
Anantapur district is identified as drought prone area. The district received the lowest rainfall and highly erratic due to the problem of low rainfall and non-availability of assured irrigation facilities led the problem of low cultivated area under irrigation. Soils in Anantapur district are broadly classified as red and black cotton soils. The studies on soil conditions reveal that they are zinc deficient. For administrative convenience Anantapur district is divided into three revenue divisions viz., Anantapur, Dharmavaram and Penukonda.

Agriculture is the major source of employment and living for majority of the population in Anantapur district. The important crops grown in the district are groundnut, jowar, mulberry, sunflower, paddy, ragi, bajra and cotton. Though Anantapur district has sizeable livestock population, the allied activities like dairying have not grown up to the desired extent. Anantapur district has enjoyed good infrastructure in terms of transport, communications, marketing facilities etc. The industrial activity in the district is on a low key. There are only five industrial estates located at Anantapur, Hindupur, Guntakal, Tadipatri and Kadiri. Only cottage industries are registering the progress.
In Anantapur district most of the farmers belong to the category of marginal and small farmers category. Further working population is low. These farmers do not have investment capacity. As a result they are not able to invest on new agricultural technology. In Anantapur district the farmers ought to invest on well irrigation, tube wells and other individual irrigation schemes in view of the scanty rainfall. Under these circumstances institutional credit agencies are required to play an useful and important role. There are 206 bank branches in the district. Syndicate Bank is the lead bank. Important bank's providing agricultural credit are Sree Anantha Grameena Bank, Single Window Society.

Nallamada mandal was established in the year 1985 and it has ten revenue villages under its jurisdiction. The forest area is about 13 per cent of the total geographical area of the mandal. Male population is higher than the female population. The literacy rate is substantially less among the females. Nearly 86 per cent of the population is depending on agriculture as cultivators or agricultural workers. One Anantha Grameena Bank branch is located at mandal headquarters (Nallamada) and one Vysya Bank is located at Reddpalli.
There are also six Single Window Societies catering to the requirements of the agriculturists and others in the Nallamada mandal.

To examine the extent to which the credit deployed by credit co-operatives (Single Window Society) and the Regional Rural Bank has benefitted the different land holding groups, 100 borrower-farmers were purposively selected. To avoid any bias equal representation is given to all land holding categories. Further all castes find a place in our sample.

It is important to note that only one-third of the sample farmers are having pucca and semi-pucca houses. Of the total sample borrowers, the literacy rate is around 47 per cent. Age-wise classification of the sample farmers reveals that nearly 85 per cent of the sample farmers belong to the age group of less than 45 years. In case of family size, Scheduled Tribe sample farmers recorded the biggest followed by backward caste, scheduled castes and other castes.

The total land cultivated by the borrower-farmers of Regional Rural Bank is 423 acres of which 170 acres have irrigation facility, while the borrower-farmers of Single Window Society reported that they have 368 acres of land of which 60 acres have irrigation...
facility. 80 per cent of the total sample borrowers reported agriculture as their main occupation. The major sources of borrowing, as reported by the sample farmers, are Regional Rural Banks, Single Window Society, Commercial Banks, money-lenders and land-lords. Our study reveals the fact that the share of non-institutional agencies in the total borrowings of the sample borrowers is low. The credit gap is very low in Regional Rural Banks and high in Single Window Society. Credit gap as reported by the sample farmers is not a healthy feature of the credit system. Credit gap may lead to under investment of the farmer has to seek other sources of finance. This gives scope for the non-institutional agencies. In our study it is found that there is a positive relationship between the credit gap and land holding category. Majority of the borrowers of the Single Window Society reported that they have been inadequately financed while majority of the borrowers of the Regional Rural Banks have reported that they have obtained adequate credit. Hence, our hypothesis, i.e., 'The credit gap is more in the Single Window Society than the Regional Rural Bank' was accepted. Only 25 per cent of the borrowers have obtained the loan within one month.
In our study we have made an attempt to analyse the impact of credit provided by Single Window Society and Regional Rural Banks on different aspects of agricultural economy of the sample farmers. Our study reveals that the adoption of modern inputs as grown up as a result of finance provided by the credit agencies. However the progress was mainly found in using the High Yielding Variety (H.Y.V.) seeds. Further the borrowers of Regional Rural Banks were ahead in adopting modern varieties compared to the borrowers of the Single Window Society.

As a result of the adoption of new innovations, the productivity levels are expected to go up. In our study it was found that as a result of bank finance the yield levels registered an increase. The increase is mainly found in irrigated crops. Further, the increase in the productivity level is low in case of the crops grown under rainfed conditions. Our empirical study shows that there is no much variation in yield levels in between the borrowers of Single Window Society and Regional Rural Banks. In this regard our hypothesis i.e., 'Credit deployed by the Regional Rural Bank and Single Window Society resulted in additional employment', was accepted.

An attempt has been made to analyse the impact of finance on the employment generation. Our study reveals that among the borrowers there was increase of employment
ranging from 2.58 to 5.74 per cent (over the pre loan period employment). While it was 3.84 per cent to 8.35 per cent among the borrowers of Regional Rural Bank.

Increase in productivity and employment levels is expected to influence positively the income levels of the sample borrower-farmers. In our study it was found that as a result of finance the income levels of the borrowers have gone up. However, the increase was found high among the medium farmers and big farmers compared to the marginal and small farmers. It is also important to note that the increase is slightly high among the borrowers of Regional Rural Bank than the borrowers of Single Window Society. Hence, our hypothesis 'Regional Rural Banks are helping its borrowers in getting their incomes when compared to the borrowers of credit cooperatives (Single Window)', was rejected. Further, the hypothesis pertaining to the distribution of income, i.e., there is no relationship between the credit obtained and additional income derived among different categories of borrowers of Single Window and Regional Rural Bank was not accepted.

Main theme in providing income generating assets through the finance of the Regional Rural Banks and Single Window Society was to help the borrowers in
getting continuous income by making use of the assets acquired through bank finance. Our study brought out the fact that at present 40 per cent of the beneficiaries have reported that they are not possessing the assets acquired through the bank finance. Since majority of the borrower-farmers are making use of the assets acquired through the bank finance, it can be considered as a sign of progress and prosperity.

Repayment of the bank loans will strengthen the base of financial institutions. This, in turn, helps the farmers in getting required credit as and when they require. In our study it was found that repayment position was found satisfactory among the marginal and small farmers compared to big and medium farmers. Generally farmers cultivating more acres of land are able to get more income. This helps in easy repayment of the loan. In contrary, our study shows that the farmers who have less acres of land are ahead in repayment of the loans. For repayment of the loan the borrowers have reported different sources of income. Of all the sources, the borrowers are mostly repaying the loan instalments through the agricultural income. Therefore, we conclude that the borrower-farmers are reaping the benefits from the finance extended by the credit co-operatives and Regional Rural Banks and as
such they are able to repay the loan through the agricultural income only.

Main problems reported by the Single Window borrowers and Regional Rural Banks borrowers in availing the finance are inadequate loan, untimely credit and the complex procedures adopted by the bank/society. The borrowers of Single Window Society have reported that due to their low income levels, it is a problem for them in contributing to the share capital. The sample borrowers have reported that they have to spend amount towards travel, personal expenses and other charges. As a result the cost of credit (non-interest charges) is increasing. The other problems reported by the sample borrower-farmers are problem in contributing towards share capital, problem in getting no debt certificate, and also grievances brought to the notice of the authorities concerned are not settled. The problems expressed by the sample borrowers need to be minimised by taking appropriate measures by the authorities concerned. Further, the borrowers have suggested that the credit institutions must supply adequate and timely finance. It was also suggested the need for simplification of procedures and also the method/procedure for land valuation must be scientific. Authorities of the Regional Rural Bank and Single Window Society have to take into
consideration the suggestions made by the borrower-farmers for taking appropriate measures, thereby extending better credit facilities to the agriculturists.

After examining the different aspects of the credit deployed by the credit co-operatives and the Regional Rural Bank, it is appropriate to suggest a few measures to tone up the efficiency of the Single Window Society Credit Co-operatives and Regional Rural Banks.

Since many institutional agencies are extending agricultural finance, there is strong case for co-ordination among Regional Rural Banks and co-operatives. This helps in moving the excess amount available in one institutional agency to another agency where the loan applications could not be finalised for want of finance. This type of short-term adjustments between credit co-operatives and the Regional Rural Banks will certainly help in their lending activities. Moreover co-ordination helps in minimising the problem of over-financing.

It is unfortunate to note that the farmers who wish to obtain credit are becoming the members of the co-operatives, by paying the share capital. As a
result the finance mobilised through share capital is not substantial. Hence, the credit co-operatives have to attract the investors by paying attractive dividends like the private companies. This helps in acquiring the capital required without depending much on the apex organisations. High rate of dividend will also influence the non-borrowers to become the members of the co-operatives instead of investing elsewhere.

All the primary agricultural co-operative credit societies and the rural branches of commercial banks may be brought under the Single fold of Regional Rural Banks at an early date to avoid unnecessary competition, inefficiency and to have sound credit system in the country. For every district one Regional Rural Bank may be designed with sufficient number of branches in the rural areas depending upon the size and needs of the people of the district. Besides providing agricultural loans, the banks have to encourage non-agricultural activities like petty trade and other self-employment schemes in order to increase the income and employment levels of the rural poor.

The rural banks and the Single Window Society should provide more credit facilities to the scheduled castes and scheduled tribes in the district. If necessary the Government should pay the share capital on behalf
of the poor farmers belonging to scheduled castes and scheduled tribes. In addition to the above, the following suggestions will improve the quality of the services rendered by the Single Window Societies and Regional Rural Banks.

- Conducting awareness camps to educate the farmers, about the Single Window Societies and its role in extending the agricultural finance.

- Supply of adequate and timely credit to the borrower-farmers.

- Arrangements for adequate supervisory staff to look after the end use of credit. For this purpose trained and committed personnel need to be appointed by paying attractive salary.

- Adoption of simple procedure in sanctioning the loan.

- Steps should be taken to reduce the non-interest expenses incurred by the farmer in obtaining the finance.

- Issuing of pattadar pass books needs to be speeded up so as to facilitate the financing agency to sanction the loan without insisting in any other documents.

- The credit agencies should provide extension services to guide the borrowers for better use of the credit sanctioned to them.
- Regional Rural Banks, Single Window Societies should help the borrower-members in getting quality inputs and other consumption goods at reasonable prices and also in obtaining remunerative price for their products.

- For better recovery of the loans the Single Window Societies have to take up the scheme of 'linking of credit with marketing'.

- Crop Insurance must be made mandatory for all the borrowers so as to avert the problem of risk and uncertainty.

- The credit co-operatives and Regional Rural Banks have to make arrangements for instant attending the genuine grievances of the borrower-farmers.

- Steps should be taken to recover the loans soon after the harvest of the crop. This is not only convenient to the farmer but also helps the credit co-operatives and the Regional Rural Bank in minimising the problem of overdues.

- In Anantapur district there are good number of voluntary organisations working for the cause of the poor. The Single Window Societies and Regional Rural Banks in the district may take their help in extending the credit to the rural poor.
All the suggested measures need to be taken up by the Regional Rural Banks and the Single Window Society so as to improve their services for the betterment of the borrower-farmers. Farmers may reap the benefits intended to them only when credit agencies are sympathetic towards their problems.