CHAPTER I

INTRODUCTION
CHAPTER-I

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It may be said that banking in its most simple form is as old as authentic history. As early as 2000 B.C., Babylonians had developed a system of banks. In ancient Greece and Rome the practice of granting credit was widely prevalent. The books of the old Sanskrit law given by Manu are full of regulations governing credit. He spoke of judicial proceedings in which credit instruments were called for, interest of loans on bankers, users and even of the renewal of commercial papers.

During the early period, although private individuals mostly did the banking business, many countries established public banks either for facilitating commerce, trade and business or to serve the Government. It is interesting to note that most of the European banks now in existence were formed on the model of the Bank of Amsterdam. The bank of England, which is the pioneer to almost all central banks in the world, was established in 1694.\(^1\)

Since the time immemorial, indigenous banking in India came into existence under an organised money market whereas the modern banking related to the period of the East India Company, which established three big banks viz, the Bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Madras in 1843. These three historical banks had been amalgamated into the Imperial Bank of India in 1921, which became State Bank of India in 1955 after its nationalisation.

The establishment of three Presidency banks laid foundation to set up many joint stock banks in India. In the wake of the Swadeshi movement, a number of banks with Indian Management were also established in the country.\(^2\) The Punjab National Bank Limited, was founded in 1895, The Bank of India Limited in 1906, The Canara Bank Limited in 1906, The Indian Bank Limited in 1907, The Bank of Baroda Limited in 1908 and the Central Bank of India Limited in 1911.
The Reserve Bank of India was established on 01.04.1935 and it started functioning as the Central Bank for both India and Burma. After the separation of Burma, it was meant only for India. After independence, it functioned as the Central Bank for two countries viz., India and Pakistan until it was nationalised in 1949. Later on under the Banking regulation act 1949, it was vested with great powers of supervision, control, direction and inspection of both scheduled and non-scheduled commercial banks. After observing the discriminatory credit policy of commercial banks towards the priority sectors and hitherto neglected Sectors, the Government of India passed a resolution in 1968 regarding the Banking Laws (amendment) Act, in which the RBI was empowered in order to overcome the deficiencies and irregularities of the commercial banks in setting up the social Control Policy and to regulate and direct the flow of credit into priority sectors.

The former Prime Minister Mrs. Gandhi who in fact took very bold steps in the nationalisation of the major commercial banks in order to provide socio-economic justice to the downtrodden, weaker sections SCs, STs, small farmers and others under her 20-point Economic Programme. There are thus 28 banks under public sector viz., The State Bank of India and its seven associate banks, twenty commercial banks exclusive of regional rural banks.³

A BRIEF HISTORY OF WEAKER SECTIONS IN INDIA

India is regarded as an agrarian country, in which almost all sectors depend on agriculture. The entire prosperity of the nation is interlinked strongly with the development of agriculture. It is quite natural that the weaker sections from the birth of this country in the form of small peasants and landless agricultural labourers constitute the majority of the population.

The Andhra of Satavahana Age

During the period of Simuka and Krishna who were the founders of the Telugu country established between the rivers Krishna and Godavari, in the middle of first
century B.C., the society was categorically classified into different grades related to weaker sections viz., 'Malakiya (Cultivator) Suvarnakaru (Goldsmiths) Gandhika (Druggist) Varadhaki (Carpenter) Malakara (Gardener) Lohanvaniya (Blacksmith) and Dassaka (Fisherman).  

There were four different guilds viz., Tilapishaka (Old Miller's guild) Odayntrika (guild of artisans) Kularika (Guild of Poters) and Kolikanikaya (Weavers' Guild). There were also other guilds viz., Dhamnikas (corn dealers) Vamsakara (Bamboo-workers) and Kamsakaras (Braziers). The Srenis who were not only trade guilds but also something as modern banks received money for investment and offered interest.

The epigraphs and literature of the Satavahana state that differential rates of interest were charged to different categories of the society. Interest was yielded from capital investment at the rate of 12 per cent and 9 per cent per annum. Monthly interest at the rate of 2 per cent from Brahman debtors, 3 per cent from a Kshatriya, 4 per cent from a Vaisya and 5 per cent from a Sudra was charged by the Srenis. Foreign Trade and Commerce flourished due to financial assistance provided by the Srenis.

The Sangam Period

Besides the small agricultural peasants, cultivators and agricultural labourers, there have been different categories under weaker sections viz., craftmen, weavers, blacksmiths, goldsmiths, artisans, artists, architects, potters, basket makers, tailors, potters mat-makers, carpet-markets and other petty traders, businessmen by the course of the time. Such categories of the Society even existed adequate evidence for their existence. Those people received royal privilege, and patronage from the kings during the Sangam age (i.e., the first three or four century A.D.).

The British Period

It is clearly observed that the British Government in fact was totally unable to eradicate the living problems like poverty, unemployment, rural indebtedness, famine,
drought and so on. The Government on the other hand aggravated these problems including the problems of the weaker sections. It is clearly shows that during the British rule no proper financial assistance was given to the poor including the weaker sections.

The article 46 of the Directive Principles of the State Policy under part IV of the Indian Constitution is related to the promotion of educational and economic interests of Scheduled Castes, Scheduled Tribes and Weaker sections. According to it, "The State shall promote with special care, the educational and economic interests of the Weaker Section of the people and in particular of the Schedule Castes, Schedule Tribes and shall protect them from social injustice and all forms of exploitation.\(^8\)

Article 47 states that it is the duty of the State to raise the level of nutrition, standard of living and to improve public health. To achieve these broad objectives and to provide remedial measures in solving the most importance and chronic problems, social control was first introduced over Commercial banks. When it was proved ineffective, The Government of India passed a resolution and nationalised the 14 major banks in 1969 and 6 more banks in 1980.

Under the Chairmanship of Shri.V.D. Thakkar, the Joint General Manager of Bank of Baroda, Bombay, a committee was appointed in 1970 by the RBI to identify the borrower-customer that could avail special credit schemes of self-employment. The Committee submitted its report regarding the various categories of self-employment. The major recommendations of the report are given below: In view of committee, the employment potential including self-employment" exists as follows: (i) Farmers including dairy and poultry farmers, owners of the farm animals such as bullocks and fishermen. (ii) Small Scale Industries. (iii) Household and cottage industries such as Khadi-making, processing of cereals, pulses, etc., crushing of oil seeds, cottage match manufacturing, palm industry, handmade papermaking etc. (iv) Professional groups such as doctors, lawyers, teachers, instructors, engineers, architects, interior decorators, designers, chartered accountants, tax consultants, carpenters, black smiths, cobblers, tailors, laundrers, plumbers, electricians, electric repairers, servicing and repairing of
various equipment, building and road construction, small contractors, etc. (v). Small traders including retailers and Small wholesalers and distributors of all categories including vegetables, fruits and flower vendors, confectioners, restaurants and other small catering establishments. (vi). Other small business such as transport operators including operators of taxi, auto-rickshaws, carriages drawn by animals' barges etc. The committee added that the above list is by no means exhaustive but only is illustrative. 

Credit is an important instrument required for national development and it should be utilised according to national priorities. Until late sixties, commercial banks in India were mainly financing trade, commerce and industry. The flow of credit towards agriculture and weaker sections of the community was quite low. In order to ensure equitable distribution of credit, keeping in view the relative priorities of development needs, the Scheme of social control over banks was initiated in December 1967. The National Credit Council was set up in February 1968 mainly to periodically assess the demand for bank credit for various sectors of the economy and to determine the priorities for grant of loans and advances having regard to the availability of resources. Social control was followed by nationalisation of 14 major Indian Scheduled Commercial Banks on 19 July 1969.

**Priority Sector Lending of Banks**

The concept of priority sector lending has been evolved to ensure that bank credit flows in an increasing measure to certain vital sectors of the economy, which is included in the priority sector for lending by banks. This concept has been reviewed from time to time to make necessary changes according to national planning priorities. In November 1974, public sector banks were advised that their priority sector lending should reach a level of not less than one-third of their outstanding credit by March 1979. Private sector banks were also advised in November 1978 to undertake similar responsibilities and lend at least one-third of their total advances to the priority sector by the end of March 1980. It was further decided in March 1980 that banks should raise the proportion of their advances to priority sector to 40 per cent by March 1985 and within
the overall target, a significant proportion should be allocated to the beneficiaries under the 20 Point Programme.

Reserve Bank constituted a Working Group on 13th March 1980 under the Chairmanship of Dr. K.S. Krishnaswamy, its Deputy Governor, to give suggestions for implementation of the above decisions. The Working Group submitted its report on 22 April 1980. It had suggested introduction of the concept of weaker sections in the main component (agriculture and small industries) of the priority sector with separate sub-targets for lending to such weaker sections. Based on its recommendations, the Reserve Bank introduced certain sub-targets for weaker sections within the overall target of priority sector.\(^\text{10}\)

The Prime Minister announced the New 20 Point Programme on 14 January 1982. At the instance of the Government of India, the Reserve Bank constituted on 11th March, 1982, a Working Group under the Chairmanship of its then Deputy Governor, Shri A. Ghosh, to give recommendations for active participation of banks in implementation of the New 20 Point Programme. The Working Group submitted its report on 17th June 1982. It did not suggest any change in the overall target of 40 per cent of net bank credit a set for priority sector advances to be achieved by banks by the end of March 1985. However, recommendations were made by it for modifications in certain sub-targets of different segments of priority sector and weaker sections. Based on its recommendations, Reserve Bank revised certain sub-targets of priority sector and the definition of weaker sections.

With a view to increase the flow of credit to agriculture, banks were advised to step up direct finance to agriculture (including allied activities) so as to reach a level of at least 16 per cent of their total outstanding credit by March, 1987, 17 per cent by March, 1989 and 18 per cent by March, 1990 within the over all target of 40 per cent for priority sector lending.\(^\text{11}\)

It may be observed from the above that a few changes have been made for time to time in certain sub-targets of priority sector and the definitions of a few
segments of priority sector to meet the requirements of emerging priorities. However, the overall stipulation of priority sector credit of 40 per cent of net Bank credit and the sub-target of 10 per cent net bank credit for weaker sections remain unchanged. The various norms now in operation for all Indian commercial banks (including private sector banks) to increase the flow of credit to certain important segments of the economy and weaker sections of the community are as under:

(a) Priority sector advances should continue to be maintained at 40 per cent of net bank credit. It may be mentioned that in order to encourage exports, banks were advised in November 1992 to increase export finance and reach a minimum level of 10 per cent of bank credit by June 1993. It was further clarified that the benchmark of 10 per cent for export finance is the minimum to be achieved and applicable only to those banks whose current level of export credits below 10 per cent benchmark should endeavour to increase the same to a higher level. However, it should be noted that in case of Indian commercial banks, export finance is not included in the target of priority sector lending which is kept for each bank at 40 per cent of its net bank credit.

(b) Within the 40 per cent target for priority sector, a sub-target of 18 per cent was prescribed for direct finance to agriculture (including allied activities). Taking into consideration the representations received from banks and the fact that the ultimate objective of the agriculture credit, whether direct or indirect, is to help agricultural production, it has been decided in October 1993 to club the 'direct' and 'indirect' advances for agriculture within the target of 18 per cent for agricultural lending as a whole. However, with a view to ensure that the focus of the banks on the direct agricultural lending does not get diluted, it has also been decided that agricultural lendings under the 'indirect' category should not exceed one-fourth of the sub-target of 18 per cent, i.e., 4.5 per cent of the net bank credit. It may be clarified that agricultural advances of banks will continue to be classified under the 'direct' and 'indirect' categories as hitherto. Advances under the 'indirect' category in excess of 4.5 per cent of net bank credit would not be reckoned in computing performance under the sub-target of 18 per cent. However, all agricultural advances under the categories 'direct' and 'indirect' may
continue to be reckoned in computing performance under the overall priority sector target of 40 per cent of the net bank credit.

(c) Advances by commercial banks to small-scale industries having investment in plant and machinery upto Rs.35 lakhs (Rs.45 lakhs in the case of ancillary units) were being treated as advances to priority sector. Since the Government of India has redefined small scale industry with the investment in plant and machinery upto Rs.60 lakhs (Rs.75 lakhs in the case of ancillary units and export oriented units), it has been decided October, 1993 that all advances granted by the banks to the small scale industries as per revised definition of the Government may be treated as priority sector advances. However, with a view to obviating the possibility of the most of the bank credit to SSI segment being availed of by comparatively bigger units, it has been decided to stipulate a sub-target in respect of advances to smaller borrowers in the SSI segment. Accordingly, at least 40 per cent of the advances under the SSI segment within the priority sector should be granted to cottage industries, khadi and village industries, artisans, tiny industries (with investment in plant and machinery upto Rs.5 lakhs) and other SSI units availing credit limits upto Rs.5 lakhs.

(d) Within the 40 percent target of priority sector, advances to weaker sections should continue to be maintained at a level of 10 percent of net bank credit. Weaker sections comprise beneficiaries of following categories:(i) Small and marginal farmers with land holding of 5 acres or less, landless labourers, tenant farmers and sharecroppers. (ii) Artisans (irrespective of location) or small industrial activities (viz., manufacturing, 50,000 processing, preservation and servicing) in villages and small towns with a population not exceeding involving utilisation of locally available natural resources and/or human skills. Individual credit requirement should not exceed Rs.50,000/- to be considered as part of weaker sections.(iii) Beneficiaries of Integrated Rural Development Programme (IRDP)(iv) Scheduled Castes and Scheduled Tribes (v) Beneficiaries of Differential Rate of Interest (DRI) Scheme (vi) Beneficiaries covered under the Scheme of Urban Micro Enterprises (SUME).

(e) Lending under Differential Rate of Interest (DRI) scheme should be at least one percent of the net bank credit as at the end of previous year. At least 40 per cent of
DRI advances should go to Scheduled Castes/Scheduled Tribes and at least two-thirds of such advances should be made through rural/semi-urban branches.

(f) Credit-deposit ratio should be at least 60 per cent in rural and in semi-urban branches.

Priority Sector Lending by Foreign Banks

It was felt that foreign banks operating in India should also increase their share in lending to priority sector. Therefore, foreign banks operating in India were advised by Reserve Bank in August 1988 for progressively increasing their lending to priority sector to the level of 15 per cent of their net outstanding advances by the end of March 1992. With a view to reducing the disparity between the domestic banks and the foreign banks operating in India in regard to their priority sector obligations, it was further decided in April 1993 that the minimum requirement for lending to priority sector by the foreign banks should be raised from the level of 15 per cent to 32 per cent of their net credit by the last Friday of March 1994.

It may be clarified that the target of priority sector lending for Indian commercial bank is kept at 40 per cent, inclusive of the target of 18 per cent for agricultural lending. However, it does not include the target of 10 per cent stipulated for export finance. If the target of 18 per cent stipulated for agricultural lending is deducted from the target of 40 per cent stipulated for Indian commercial banks, it comes to 22 per cent and after adding the target fixed for exports at 10 per cent, it comes to 32 per cent which has been kept for foreign banks. It seems that efforts have been made to place Indian banks and foreign banks at par by not insisting on the target of agriculture by foreign banks, as they do not have any rural branches.

In the event of failure to attain the target, foreign banks are required to make good the shortfall in the achievement of the target by depositing an amount equivalent to the shortfall for a period of one year with the Small Industries Development Bank of India (SIDBI) at a rate of interest of 10 per cent per annum. Such Deposits with the
SIDBI to make good the shortfall should be placed within one month following the quarter in which the shortfall occurs.

**DIFFERENT SEGMENTS OF PRIORITY SECTOR**

Detailed examination of various categories and sub-categories of borrowers classified as priority sector was undertaken by Working Group on Priority Sector Lending and the 20 Point Economic Programme (Krishnaswamy Committee) and the Working Group on the New 20 Point Programme (Ghosh Committee). On the recommendations of these working groups, the various segments of priority sector have been defined and a list has been circulated by Reserve Bank to have a clear demarcation of various activities included in the priority sector. A few changes have been made from time to time in the definition of certain segments of the priority sector to meet the requirements of emerging priorities. Following activities are at present included in the priority sector for lending by banks:

**Agriculture**

*I Director finance to farmers for agricultural purposes*

(i) Short-term loans for raising crops, i.e. for crop loans. In addition, advances upto Rs.25, 000/- to farmers against pledge/hypothecation of agricultural produce (including ware house receipts) for a period not exceeding 6 months, where the farmers were given crop loans for raising the produce.

(ii) Medium and long-term loans provided directly to farmers for financing production and development needs as under:

**II Purchase of agricultural implements and machinery**

(i) Purchase of agricultural implements:
Iron Ploughs, harrows, hose, land levellers, bund formers, hand tools, sprayers, dusters, hay-press, sugarcane crushers, thresher machines, etc.

(ii) Purchase of farm machinery:
Tractors, trailers, power tillers, tractor accessories, viz., disc ploughs, etc.

(iii) Purchase of trucks, bullock carts and other transport equipments, etc., to assist the transport of agricultural inputs and farm products.

(iv) Purchase of plough animals.

III Development of irrigation potential through

(i) Construction of shallow and deep tube wells, tanks, etc., and purchase of drilling units.

(ii) Constructing, deepening, clearing of surface wells, boring of wells, electrification of wells, purchase of oil engines and installation of electric motor and pumps.

(iii) Purchase and installation of turbine pumps, construction of field channels (Open as well as underground).

(iv) Construction of lift irrigation project.

(v) Installation of sprinkler irrigation system.

IV Reclamation and Land Development Schemes

Bounding of farm lands, levelling of land, terracing, conversion of dry paddy lands into wet irrigable paddy lands, development of farm drainage, reclamation of saline lands and prevention of salinisation, reclamation of revine lands, purchase of bulldozers, etc.

V Construction of farm buildings and structures, etc.,

Bullock sheds, implement sheds, tractor and truck sheds, farm stores, etc.

VI Construction and running of storage facilities

Construction and running of warehouses, godowns, silos, and cold storages.

VII Production and processing of hybrid seeds of crops.
VIII Payment of irrigation charges, etc.,

Charges for hired water from wells and tubewells, canal water charges, maintenance and upkeep of oil engines and electric motors, payment of labour charges, electricity charges, marketing charges, service charges to Custom Service Units, payment of development process, etc.

IX Other types of direct finance to farmers

(i). Short term loans

(a) To non-traditional plantation and horticulture and traditional plantations (i.e. tea, coffee, rubber and spices) upto 20 acres, irrespective of whether they have their own processing facility or not.

(b) For allied activities such as dairying, fishering, poultry, bee-keeping etc.

(ii) Medium and Long term loans

(a) Development of dairying and animal husbandry in all its aspects.

(b) Development of fisheries in all its aspects: from fish catching to stage of export, financing of equipment necessary for deep-sea fishing, rehabilitation of tanks (fresh water fishing), fish, breeding etc.

(c) Development of poultry, bee keeping, etc. in all aspects including erection of poultry houses, etc.

(d) Development and maintenance of stud farms, sericulture, etc. It may be clarified that advances granted for grain ages under sericulture are to be reckoned as agricultural advances. However, breeding of racehorses cannot be classified here.

(e) Bio gas plants.

Indirect finance to agriculture\textsuperscript{13}

(i) Credit for financing the distribution of fertilizers, pesticides, seeds, etc.
(ii) Loans to electricity boards for reimbursing the expenditure already incurred by them for providing low-tension connections from step-down point to individual farmers for energising their wells. Advances provided under Rural Electrification (SPA I & II) to Electricity Boards should be classified as indirect finance to agriculture and not as direct finance to agriculture.

(iii) Loans to farmers through PACS, FSS and LAMPS.

Small Scale Industries

As per a Notification issued by Government of India on 2 April, 1991, an industrial unit having original investment in plant and machinery up to Rs.60 lakhs is considered as Small Scale Industrial (SSI) unit. The ceiling of investment in plant and machinery has been fixed at Rs.75 lakhs for an ancillary unit to be regarded as SSI unit. A unit is recognised as an ancillary unit if it supplies or proposes to supply at least 50 per cent of its production to other unit(s). Accordingly, advances granted to such SSI units whose original investment in plant and machinery does not exceed Rs.50 lakhs (Rs.75 lakhs in the case of ancillary units and exports oriented units) may be classified under the priority sector. While adopting the Government definition, it has been decided to stipulate a sub-target to ensure that the smaller units within SSI segment may receive adequate credit. Accordingly, banks have been advised that at least 40 per cent of the advances under the SSI segments should be provided to cottage industries, khadi and village industries, artisans, tiny industries (with investment in plant and machinery up to Rs.5 lakhs) and other SSI units availing credit limits up to Rs.5 lakhs.

Indirect finance in the small-scale industrial sector will include credit to:

i. Agencies involved in assisting the decentralised sector in the supply of inputs and marketing of outputs of artisans, village and cottage industries and

ii. Government sponsored corporations / organisations providing funds to the weaker sections in the priority sector.
Small Road and Water Transport Operators

Advances to small road and water transport operators owning a fleet of vehicles not exceeding six vehicles, including the one proposed to be financed under small Industrial Development Bank of India and Khadi and Village Industries Commission (KVIC)

Under a Refinance Scheme operated by Small Industries Development Bank of India (SIDBI), banks can provide (not exceeding) Rs.3.00 lakhs per vehicle upto 6 vehicles per borrowers) to the institutions approved by Khadi & Village Industries Commission (KVIC) for purchase of mobile sales vans to be utilised exclusively for stocking, display and sale of products of cottage and village industries.

Retail Trade

Advances granted to (i) private retail traders dealing in essential commodities (fair price shops) and consumer co-operative stores and (ii) other private retail traders with credit limits not exceeding Rs.25,000/- (Retail traders in fertilizers will form part of indirect finance for agriculture and retail traders of mineral oils under small business).

Small Business

Small business would include individuals and firms managing a business enterprise established mainly for the purpose of providing any service other than professional services whose original cost price of the equipment used for the purpose of business does not exceed Rs.2 lakhs with working capital limits of Rs.1 lakh or less and who are eligible for DICGC cover.

SIDBI has formulated a scheme to provide refinance assistance in respect of loans upto Rs.10 lakhs given for setting up of new outlets and/or renovation/expansion of sales outlets of existing concerns for marketing of products of small, cottage and
village industries. Under this scheme, advances given to borrowers dealing solely with
the products of artisans, village and cottage industries only may be treated as priority
sector advances.

Professional and Self-employed Persons

Loans to professional and self-employed persons include loans for the purpose of
purchasing equipment, repairing or renovating existing equipment and/or acquiring and
repairing business premises or for purchasing tools and/or for working capital
requirements to medical practitioners, including Dentists, Chartered Accountants, Cost
Accountants, Lawyers or Solicitors, Engineers, Architects, Surveyors, Construction
Contractors or Management Consultants or to a person who is considered by the bank as
technically qualified or skilled in the field in which he is employed.

State Sponsored Organisation for Scheduled Castes/Scheduled Tribes

Advances sanctioned to state sponsored organisations for Scheduled
Castes/Schedule Tribes for the specific purpose of purchase and supply of inputs and/or
the marketing of the outputs of the beneficiaries of these organisations. Implementing
agencies of KVIC/State KVI Boards exclusively for the purpose of purchase and supply
of inputs to and/or marketing of the outputs of artisans, village and cottage industries
and so expressly certified by KVIC/State KVI Board will be eligible for inclusion in this
category.21

Education

Education loans should include only loans and advances granted to individuals
for educational purposes and not those granted to institutions and will include all
advances granted by banks under special schemes, if any, introduced for the purpose.
No minimum or maximum quantum for educational loans has been prescribed. Banks
may sanction need-based finance for studies in India as well as abroad.
Housing

Direct Finance

Loans upto Rs.5,000/- for construction of houses granted to Scheduled Castes/Scheduled Tribes and the weaker sections of the society irrespective of DICGC coverage.

Indirect Finance

i. Assistance given to any governmental agency for constructing houses.

ii. Assistance to any governmental agency for slum clearance and rehabilitation of slum dwellers subject to other conditions specified above.

Consumption Loans

Pure consumption loans under Consumption Credit Scheme can be granted to weaker sections of the community. "Weaker Sections" means all IRDP beneficiaries, small and marginal farmers, landless agricultural workers, rural workers, rural artisans and other people of very small mean like carpenters, barbers, washer men, etc., who form an integral part of the village community.

The purposes for which consumption loans may be granted and the ceiling therefor per family should be as under:-

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. General Consumption</td>
<td>Rs.150/-*</td>
</tr>
<tr>
<td>ii. Medical expenses</td>
<td>Rs.500/-</td>
</tr>
<tr>
<td>iii. Educational needs</td>
<td>Rs.200/-</td>
</tr>
<tr>
<td>iv. Marriage ceremonies</td>
<td>Rs.500/-</td>
</tr>
<tr>
<td>v. Funerals, births, etc.</td>
<td>Rs.150/-</td>
</tr>
<tr>
<td>vi. Certain religious ceremonies</td>
<td>Rs.150/-</td>
</tr>
</tbody>
</table>
* In case of natural calamities like drought, floods, etc., consumption loan for general purposes can be given up to Rs.1000/- in the states where the State Governments have constituted risk funds for such lendings by commercial banks.

The aggregate finance for two or more purposes should not exceed Rs.1000/- per family per year. However, purpose-wise ceilings are not applicable in the case of loans against the security of gold and silver ornaments. In such cases, loan can be given up to Rs.2000/- per family. Guarantee of one or more individuals or group of persons may be obtained for consumption loans given without any security.

State Governments should establish Risk Fund for Consumption Credit to provide assistance to the commercial banks, co-operative banks and regional rural banks to the extent of 10 per cent of the total consumption loans disbursed by them during the year to the target group mentioned above. The expenditure on the Risk Fund assistance is shared on 50:50 basis between the Centre and the State Governments. The State Government initially contributes the entire amount of Risk Fund assistance i.e. 10 per cent of the total consumption loans disbursed to the target group. Later, Government of India reimburses 50 per cent of this Risk Fund assistance i.e. 5 per cent of the total consumption loan disbursed to the target group to the State Government. The amount of consumption loans given by banks is quite low in many states where the progress made by State Governments in setting up of the 'Risk Fund' and in making regular contributions to it to cover the banks' lendings is not satisfactory.

**Margin money**

Requirements of margin stipulated by Reserve Bank for all the above segments of priority sector discussed in this chapter are as under:

<table>
<thead>
<tr>
<th>Credit limit up to and inclusive of</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.25,000/-</td>
<td>No margin.</td>
</tr>
<tr>
<td>Credit limit exceeding Rs.25,000/-</td>
<td>15 to 25 per cent</td>
</tr>
<tr>
<td>Depending upon the purpose and amount of loan</td>
<td></td>
</tr>
</tbody>
</table>
Housing loan up to Rs.5,000/- to SC/ST and weaker sections. where the labour is contributed by borrower himself, the contribution in the form labour could be taken as margin.

Security norms

Security norms stipulated by Reserve Bank for all the above segments of priority sector discussed are as under:

<table>
<thead>
<tr>
<th>Credit limit</th>
<th>Security required</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Credit limit up to and inclusive of Rs.25,000/-</td>
<td>Pledge/hypothecation/ mortgage of assets created out of loan.</td>
</tr>
<tr>
<td>ii. Credit limit in excess of Rs.25,000/-</td>
<td>As determined by the banks on the merits of each case.</td>
</tr>
<tr>
<td>iii. Loan for education</td>
<td>Guarantee/collateral security may be taken on merits of each case.</td>
</tr>
<tr>
<td>iv. Housing Loan</td>
<td>Mortgage of the proposed house</td>
</tr>
<tr>
<td></td>
<td>Where neither is feasible, banks can accept at their discretion Security of adequate value in the form of life insurance policies, Government promissory notes, shares and debentures, gold ornaments or such other security as deemed appropriate.</td>
</tr>
<tr>
<td>v. Consumption loan</td>
<td>Guarantee of one or more individuals or group of persons.</td>
</tr>
</tbody>
</table>
SMALL BORROWERS AND CREDIT UTILISATION

As on 31 March 1993, the data compiled by the Reserve Bank of India illustrate that Men’s share in total number of accounts is 83.6 percent and amount outstanding availed is 86.4 percent whereas Women’s share in total number of accounts is 16.4 percent but availing 13.6 percent of the amount outstanding. The Men’s average amount outstanding per Account is Rs.5425 whereas the Women’s is Rs.4359. The average amount outstanding per Account is Rs.5251. (Appendix-X.)

As on 31st March 1993, the data compiled by the Reserve Bank of India reveal that among the priority sector occupation group wise, agriculture possesses the share of 45.8 percentage in the total number of accounts at its share in total credit is 42.4 percent but average amount outstanding per account is Rs.4866. Industries hold 8.9 percent in total number of accounts and amount outstanding is 7.8 percent but average amount outstanding per account is Rs.4615. The share of Trade is 20.2 percent and the amount outstanding is 18.8 percent whereas the average amount outstanding per account is Rs.4891. The share of Transport is 2 percent in the total number of accounts and the amount outstanding is 1.7 percent but the average amount outstanding is Rs.4579. Personal loans and Professional services constitute 14.2 percent in the total number of accounts and the amount outstanding is 18.3 percent whereas the average amount outstanding per account is Rs.6758. The share of all other including unclassified is 10.2 percent. The average amount outstanding per account is Rs.6383. The share of unspecified is 0.6 percent in total number of accounts and the amount outstanding is 0.8 percent whereas the average amount outstanding per account is Rs.6872. The average amount outstanding per account in the case of Small Borrowers is Rs.5251 at all India level. (Appendix-XI)

NABARD AND NON-FARM PROMOTIONAL SCHEMES A BOON TO RURAL WOMEN’S PROSPERITY

National Bank for Agriculture and Rural Development (NABARD) has launched various promotional schemes in the areas of skill up gradation, market support and
credit delivery on an experimental basis, providing need-based grant for voluntary and promotional agencies to augment rural employment opportunities with credit. These promotional programmes can be classified into five broad categories.

**Strengthening credit delivery/credit innovations**

(i) Improving awareness of officers of Primary Lending Institutions/ NGOs.
(ii) Linking of SHGs with banks
(iii) Sponsoring TME Cells and Women Development Cells in RRBs and Co-operative Banks

**Developing Entrepreneurs**

(i) Training-cum-production Centre
(ii) Rural Entrepreneurship Development Programmes
(iii) Training programmes in Market Orientation/Skill development

**Support to Promotional Organisations**

(i) Artisan Guilds/ Producer’s Organisations
(ii) Training to Trainers (NGO’s)
(iii) Workshop for District Industries Centres
(iv) Mother Units and Common Service Centres
(v) Assistance to Rural Women in Non-farm Development (ARWIND)

**Area Programmes**

(i) Area Plan for Rural Industrialisation (APRI)
(ii) District Rural Industries Project (DRIP) and,

**Research and Studies**

17a
Genesis of Syndicate Bank

The genesis of Syndicate Bank may be traced to the efforts of the enlightened businessman who wished to help the poor, Mr. Upendra Ananth Pai, along with the active support of two of his brothers started a joint-stock bank called “Canara Industrial & Banking Syndicate Ltd; which was registered on Oct 20, 1925. The business of the Bank commenced from Nov 10, 1925 in a small room in Udipi with only one employee. Messrs P.A.Pai Brothers were appointed as the managing agents of the Bank.

A. Krishna Rao, Chairman and Managing Director of Syndicate Bank states that Syndicate has been the first institutional agency, which is encouraging the employment of women in the Bank on a large-scale. Though Syndicate Bank has international exposure in London in the West and Hong Kong in the East. Its Head Office is situated in a remote rural area at Manipal in Karnataka in India. Among the top 500 Banks in the world, Syndicate Bank occupies 444th rank in credit utilisation as well as employment promotion at Global level. In India, Syndicate Bank has occupied Seventh rank in advancing loans and at Andhra Pradesh level; the same institution has occupied Fifth position. It is with pride written that Syndicate Bank occupies Fourth rank in Anantapur District in advancing loans and promoting economic empowerment of women in general and rural women in particular. It is a Lead Bank for three districts of Andhra Pradesh namely Anantapur District, Kurnool District and Cuddapah District.

Progress of Syndicate Bank

Syndicate Bank has been very fast growing and developing at various capacities. It shows a remarkable progress in branches, deposits and advances from 1991-92 to June 1998. The number of branches has increased from 1548 during 1991-92 to 1627 until June 1998.

Total deposits of the bank at all India level amounted to Rs. 7580 crores during 1991-92 and increased to Rs. 14,950 crores until June 1998. It shows a tremendous progress in deposit mobilisation. Total advances provided by the bank increased from
Rs. 3852 crores during 1991-92 to Rs. 7,743 crores until June 1998. It also shows a remarkable involvement of the bank in sanctioning credit. (Appendix-V)

The bank’s target in total deposits in Andhra Pradesh increased from Rs. 665 crores in March 1990 to Rs. 1365 crores in 1998. The achievement in total deposits increased from Rs. 436.35 crores in March 1989 to Rs. 1335 crores in March 1998. This progress in fixing the targets and achievements in total deposits. Syndicate Bank’s targets in total advances Andhra Pradesh level increased from Rs. 495 crores in March 1990 to Rs. 950 crores in March 1998. It’s achievements in the total advances increased from Rs. 297.37 crores to Rs. 835.17 crores. This also illustrates a rising trend in the achievements in total advances of the bank. (Appendix-VI)

Syndicate Bank in Anantapur District mobilised total deposits from Rs. 42,83,41,000 to Rs. 103,32,000 as on 31st December 1998. The aggressive advances of the bank increased from Rs. 37,61,56,000 to Rs. 61,75,000 as on 31 December 1998. (Appendix-VII)

In Andhra Pradesh, Syndicate Bank’s PSA from Rs. 121.45 crores out of the total advances Rs. 297.37 crores increased to Rs. 389.89 crores out of Rs. 835.17 crores respectively. The percentage of PSA out of total advances increased from 40.84 in March 1989 to 57.01 in March 1996, but decreased to 46.68 in March 1998. (Appendix-VIII)

Syndicate Bank’s allocations to priority sector under annual action plan in Anantapur District increased from Rs. 1049.71 lakhs during 1989-90 to Rs. 1058.56 during 1992-93. Again they steeply increased to Rs. 2059.06 lakhs during 1998-99. It’s percentage output of the total institutional credit was 10.70 during 1989-90 which increased to 12.39 till 1991-92. Later it decreased to 9.64 during 1993-94. Again increased to 12.51 during 1998-99. This shows a remarkable performance of the bank in Anantapur District. (Appendix-IX)
RURAL WOMEN IN INDIA

During the UN Decade for Women, the Government of India constituted a committee on the status of Women by a Resolution of the Ministry of Education and Social Welfare on 22 September 1971. The state has, over the years, been the main player in the area of developmental work, with greater resources at its disposal, an implementing authority (and mandate) and administrative machinery unmatched by any other agent. For the first 25 years of development planning in India, it was assumed that the general progress made by the population as a whole, would ultimately be shared by all sections, and that whatever benefits accrued to the men (or to the family as a reckoning unit) would also percolate to the women and result in better status and gender equality. This, however, turned out to be a faulty assumption. A Minimum Needs Programme was therefore incorporated into the Fifth Plan design. Since the household continued to be targeted as the beneficiary the approach itself was based on the concept of patriarchy. There was no mention of women's specific needs in the areas listed for priority attention under the programme.

The Sixth Plan document began, again, with an admission that the weaker sections (SC/STs, women, and the rural poor), were still lagging behind in terms of incremental development. A chapter on women and development was included for the first time, in the Sixth Plan document. Targeting rural poor women in particular, the Plan declared that, 'a fair share of employment opportunities would have to be created through poverty alleviation programmes.' The assumption continued to be that employment and income generation would automatically lead to improvement in the status of women.

The belief, as the policy-makers themselves were to concede subsequently, was simplistic. The two plans that followed noted that the results of developmental efforts in terms of both poverty and alleviation and improvements in the status of women had 'not been commensurate with the inputs made'. A separate ministry for women and children
was created in 1984. Issues pertaining to rural women's advancement were identified by three planning groups of the Government of India:
(a) The core group on Integrated Rural Development Programme (IRDP), 1976;
(b) The working group on the development of village level organisation of rural women; and
(c) The national committee on the role and participation of rural women in agriculture and rural development.

Priority Sector and Rural Women Development Schemes

Rural Women's development thus received priority for the first time during the Sixth Plan period. The emphasis however, continued to be on the economic front, through programmes such as IRDP, Development of Women and Children of Rural Areas (DWCRA), and the Training of Rural Youth for Self-Employment (TRYSEM). An enumeration of the different schemes alone runs to two pages, with 41 items listed under employment generation alone, including the National Rural Employment programme (NREP), the Rural Landless Employment Guarantee Programme (RLEGP), the Jawahar Rozgar Yojana (JRY), the Shram Shakthi Employment Guarantee Scheme, and the Integrated Area Development Programme (IADP). Under the NREP and RLEGP projects for creating community assets, there was a mandate to give preference to SC/STs, but in subsequent assessments by the planners themselves, it was again conceded that none of these projects had delivered the expected results, in the form of overall betterment of women's status in these communities.

Development of Women and Children in Rural Areas.

DWCRA was introduced in the second half of the sixth plan, specially targeting rural women. Beginning with 50 districts, this revolving grant scheme had by the end of the eight plans, covered 291 districts. With the central and state governments, and
UNICEF, each contributing one-third of the seed money, the women beneficiaries were encouraged to form thrift groups, which were expected to work better than the previous experiments of granted aid to individual women, which had 'failed'.

**Support for Employment of Women Programme.**

It was the same with the support for employment of women programme (STEP) launched by the department of women and children development of the Government of India. Employment and income targets were not being met, and whatever gains were registered were not automatically leading to improvements in the status of the women targeted.

**Central Social Welfare Board**

The Central Social Welfare Board (CSWB) has social- economics programmes for women, but the procedures drawn up (calling for 'eligibility certificates' from various officials, for instance) intimidate not only illiterate women, who would like to avail of the assistance, but also voluntary bodies that would like to undertake schemes for the betterment of rural women. The government 'grants-in in-aid scheme' for mahila mandals' to encourage women to be self- reliant, and to run training-cum production centers for needy women for instance, calls for the maintenance of 13 different registers. Under the circumstances, even the modest resources allocated and set apart for women's development are not utilised optimally, by and for those who need it most.

**Employment Guarantee Scheme.**

A new Employment Guarantee Scheme (EGS), through Shramshakti (voluntary community labour) was introduced specifically for women belonging to the SC/STs below the poverty line as a priority group, and calls for 'at least 50 workers to make themselves available every day'. Those who are unable to muster their number for various reasons, become, under the rules, ineligible for assistance, even if they need it and quality for it individually. The latest in state - sponsored projects for poor women is
the Mahila Samruddhi Yojana, announced as a gift to rural women on independence day of August 1993, 'for the social elevation of rural women. The approach however, remains at the core that of a handout or welfare-oriented intervention, and at the best, as partial, one-dimensional empowerment. What such an approach forgets however, is that while a women's economic situation might improve, and she might be eating better, her gender equation within the family may not necessarily change. Article 15 of the Constitution empowers the state to enact legislation to protect women and promote the welfare and progress of SC/STs.

Several such laws were introduced in the post independence period -15 are listed in the India country report presented at Beijing conference of 1995, including the maternity benefits act of 1961 (amended in 1976 to cover women who do not fall within the purview of the employees state insurance act), the equal remuneration act of 1976, the child marriage restraint (amendment) act of 1976, the Hindu succession act of 1956, the Hindu marriage Act 1955, the medical termination of pregnancy Act of 1971, the dowry prohibition Act 1961, the rape law amendment 1983, the prevention law of atrocities act of 1989 and the protection of civil rights act of 1955, these were aimed at giving the weaker sections greater clout in asserting and claiming their legitimate entitlements as citizens, irrespective of sex or caste.

The rural poor have nonetheless remained largely untouched by legislation, because they have neither the information, nor the machinery to claim their privileges or dues under the law (such as minimum wages, or maintenance for deserted wives). In addition, the fact that 94 per cent of working women are in the unorganised sector makes it difficult to enforce or monitor legal provisions in practice. It is another matter that the government itself flouts the law by paying less than the statutory minimum wage for labour recruited under the food-for-work programme for relief.

The Expert Group Meeting on Forward Looking Strategies for the Advancement of Women, held in Bangkok from 28 November to 2 December 1983. The Fourth World Conference on Women 1995 (Beijing) has documented that Women's issues needed to
be viewed as part of the overall national development and as an integral part of all priority sectors and micro economic planning.19

Rural women in Labour Market

The women of rural India are all ways utilized as occasional labour for which their daily status, weekly status and usual status, are much lower than that of the rural males. Their physical capabilities, technical skills are still under-estimated. Most of the women in rural India are self-employed. Normally they engage themselves in handicrafts, cottage industries, in collecting forest products and selling them in the markets. They generate their own source income, very few of them get regular employee status and most of them are utilised as casual labourers.

Women and the organised sector

Employment in organized sector has done much to draw women out of the family and household that had hit her to make up their world. A noticeable trend in women's employment is the growing presence of women in the service sector, especially in transportation, communications and financial services. Overall, the opportunities are better in the banks, public institutions, insurance, posts and telegraphs, and the travel and tourism industry. The service sector is open only to women with education. It holds out no hope for women workers pushed out of sunset industries, who have neither education, nor any well-developed skill. It is to middle class women with a background of education that the service sector has become accessible. The second point is that even in this sector, it is the jobs at the lower end of spectrum, where skills are low and levels of pay relatively poor, which are available for women. In the service sector, women are concentrated in information handling, secretarial jobs, such as typing, stenography and clerical jobs, such as accounts and so on.
Rural women and the unorganised sector

The National Commission on Self-Employed women estimates that 94% of the total female in this sector. Women have a noticeable presence in several segments of the unorganised sector. They participate extensively in agriculture, animal husbandry, dairying, social and agro-forestry, fisheries, handicrafts, khadi and village industries, handloom weaving and sericulture. In agriculture, where their participation is substantial, their activities range from sowing to weeding, transplantation and harvesting. In agro-forestry, they are engaged in the collection of minor forest produce and medicinal herbs, as well as in afforestration programmes. Besides land-based occupations, women contribute in no small measure to village and rural industries. They have a pronounced involvement in handloom weaving and handicrafts and in a variety of khadi and village industries. While the majority of workingwomen are in rural areas, a large number are in self-employment and home based production as well. Typically, they are in small trades, making garments, rolling bidis and incense sticks, and in a variety of other activities. There are innumerable women working as vendors, hawkers and domestic servants.

STATEMENT OF PROBLEM

A special session of the U.N general assembly converted in the early 80's emphasized that the development of women is an important pre-condition for overall economic development. A resolution was passed that 'All the countries will pursue the objectives of women in all aspects of development process on equal basis as both beneficiaries and participants and during this decade a substantial improvement in the status of women will take place.' Until the 80's, women in the rural areas were not identified as a special group for development programme except welfare. It is in fact led a package approach ensuring women's role in society and development. A special component plan for women in all development schemes was suggested.

Rural women in India suffer from being both economically and socially invisible. Economic invisibility stems from the perception that women are not relevant
to the wage and market economy. Social invisibility is a result of the general status of 'second class citizens' usually accorded to women. Women are excluded from family, caste and community decision-making roles. They are prohibited from joining in many religious and social functions and often, women are veiled.

In India, the benefits of over 40 years of planned development have accrued unevenly to men and women. The 35 per cent of destitute households are headed by women, 39 per cent of women get wage employment, 90 per cent of rural and 70 per cent of urban women workers are labelled unskilled, 40 per cent of rural and tribal women have access to health care during pregnancy and lactation. The Govt of India census report 1991 reveals that 64 per cent of men and 39 per cent of women are literate. Crimes and violence against women are on an upward trend. About 85-90 per cent of beneficiaries of various development schemes are men-oriented leaving women to just dream and sketch various welfare-oriented programmes.

According to the national sample survey, (1987-88) in nearly one fourth of the female-headed households, there is no working member, while in more than half such households, there is only one working member. In 90 per cent of the cases, usually a female is an income earner. The survey has also highlighted that 60 per cent of these families live on a monthly per capita expenditure of less than Rs.160. The rural women are indeed among the poorest sections of the Indian society with lowest wages and highest unemployment and under employment*. In order to achieve women empowerment, in general and rural women in particular, various development programmes, and some special programmes for women are designed from Sixth Five Year Plan (1980-85) onwards. Despite the development programmes being implemented, the benefits are not accruing to the deserving rural women. In spite of the fact that a vast literature is available on priority sector, very little attention has been made on this area with reference to nationalised banks. It is sure to say that no in-depth study has been made on priority sector lending to rural women with reference to Syndicate Bank. In this contest the present study focuses the following research questions:
• Is there any significant role of credit utilisation on socio-economic characteristics in the study area?
• Are there significant growth trends in credit utilisation of rural women beneficiaries during the study period?
• Is there any relationship existing between credit utilisation and socio-economic characteristics of rural women beneficiaries?
• Are there any significant variations in the credit utilisation among the areas and categories? and
• How far are determined socio-economic characteristics of rural women beneficiaries on credit utilisation?

In this above background, the following objectives and hypotheses are framed, and the methodology adopted for this study is discussed.

OBJECTIVES

The main objectives of the study are as follows:
• To find out the role of credit utilisation of rural women beneficiaries;
• To examine the growth trends in credit utilisation during the study period;
• To analyse the relationship between credit utilisation and socio-economic characteristics of rural women beneficiaries;
• To probe variations in the credit utilisation among the areas and categories;
• To identify the level of influence of socio-economic characteristics in the determination of credit utilisation of rural women beneficiaries
• To suggest pragmatic policy implications.

HYPOTHESES

Therefore, the following specific hypotheses are framed in the present study.
• There is a significant role of credit utilisation of rural women beneficiaries;
• There is a considerable level of increasing trends in credit utilisation of rural women beneficiaries during the study period;

• There are significant difference in credit utilisation among the areas and categories;

• There is a positive relation between credit utilisation and socio-economic characteristics of rural women beneficiaries;

• The socio economic characteristics of rural women beneficiaries exercise a considerable impact on credit utilisation;

**METHODOLOGY**

From the empirical studies relating to the credit utilisation to the rural women beneficiaries in six areas namely Atmakur, Chiyyedu, Kundurpi, Singanamala, Vidapanakal, Yadiki, it can be understood that the credit utilisation by rural women beneficiaries is studied at two levels. One is macro aspect of trends on credit utilisation by rural women beneficiaries and other is micro aspect of spatial variations. This study examines both the trends and spatial variations. In this background, the following Methodology is adopted for this study:

**Area of Study**

Anantapur district has three revenue divisions and 16 development blocks with 63 mandals. It is the severest drought hit district of Andhra Pradesh heading for a second rank in the country. The total population of the district is 31.84 lakhs with 35 per cent literate. Agricultural labourers and other workers constitute about 30 per cent of the total population. The district has 866-Gram Panchayats, 964 Revenue Villages. There are totally 31 branches of Syndicate Bank spreading throughout Anantapur district. Out of the total branches, 6 rural branches were selected based on stratified sampling randomly. The selected rural areas are Atmakur, Chiyyedu, Kundurpi, Singanamala, Vidapanakal and Yadiki.
Data Collection

This study has made use of both primary and secondary data. The secondary data of credit utilisation by rural women beneficiaries under the priority sector were collected for selected rural branches from official records of Lead District Office, Syndicate Bank, Anantapur District, for the period of 1989-98. The credit utilisation by rural women beneficiaries under the priority sector listed for each rural branch separately and stratified into six categories namely, Agriculture and Allied Activities, Small Scale Industries (SSI), Small Business and Small Trade, Small Transport, Professionals and Self Employed and Artisans. The information relating to Primary Data was collected from the rural women beneficiaries. From each branch, 50 sample respondents were selected randomly. The primary source of information was collected with the help of pretested-structured schedule by holding personal interview regarding the credit utilisation and socio-economic characteristics of rural women beneficiaries in different rural areas of Anantapur District of Andhra Pradesh.

The independent variables of socio-economic characteristics are Age, Education, Family size, Income, Employment, Rate of interest, Security, Savings and Investment. Apart from these variables, the dependent variables of credit utilisation by rural women beneficiaries under priority sector were also selected in six rural branches of Syndicate Bank in Anantapur District of Andhra Pradesh. The Present study was restricted to be taken from above cited independent and dependent variables only. Therefore, the present study mainly focuses on credit utilisation by rural women beneficiaries under priority sector and socio-economic characteristics of rural women beneficiaries in selected six rural areas of Anantapur District of Andhra Pradesh.

Analysis of Data and Statistical Techniques

(a) Secondary Data Analysis
(i) Comparative Analysis

The Collected Secondary data were tabulated and credit utilisation worked out in Rupees. Simple tabular analysis was used to compare the Mean and the Co-efficient of Variations of the credit utilisation of Rural Women Beneficiaries in different areas of Anantapur District. This was expected to show spatial variation in credit utilisation of Rural Women Beneficiaries among the six areas.

The formula used is:

\[ X = \frac{\sum x}{n} \]

Where;

\( X \) - Credit utilisation
\( n \) - Number of Sample observations

\[ CV = \frac{\delta}{X} \times 100 \]

Where;

\( \delta \) - Standard Deviation
\( X \) - Mean Value

(ii) Growth Trends

Secondary data for 10 years (1989- 98) was used to study growth rate in credit utilisation of Rural Women Beneficiaries for each area with wide variations among credit utilisation of even of the same year. An experimental growth model was found to be appropriate. The model adopted is:

\[ V = Ab^t = A (1 + g)^t \] ---- (1)

This on taking log becomes

\[ \log V = \log A + t \log B \] ---- (2)
It could be written as
\[ Y = a + bt \]

Where;
\[ Y = \log V, \quad a = \log A \quad ---- \text{(3)} \]
And 
\[ b = \log B = \log (1 + g) \]
\[ t = 0, 1 \ldots \ldots t \text{ years.} \]

Then \([(\text{anti log of } b) - 1] \times 100\] will be the annual growth rate (g) in the credit utilisation of Rural Women Beneficiaries. Equation (3) was estimated by OLS method, separately for each area and growth rates were derived. These growth rates were studied for statistical significance and differences between areas of Anantapur District.

(iii) Variations of credit utilisation among different areas/
Categories

A linear additive model of one-way classification of ANOVA Technique used to find out the variations of credit utilisation of Rural Women Beneficiaries under priority sector among different areas/categories. The Procedure of ANOVA technique is:
\[ x_{ij} = \alpha_i + L_j + \Sigma_{ij} \]

Where;
\[ x_{ij} \] - the credit utilisation in the ith respondent of jth areas / categories.
\[ \alpha_i \] - general mean effect.
\[ L_j \] - the influence of jth area/categories.
\[ \Sigma_{ij} \] - are random disturbances

The first steps in the ANOVA are identification of normality and homogeneity of variances. This is to be explained by using Barlett’s test. The procedure is given below.
\[ \chi^2 = \sum_{i=1}^{k} \frac{V_i \log e \frac{S_{2i}^2}{S_{1i}^2}}{1 + \frac{1}{3(k-1)} \left( \sum_{i=1}^{k} V_i \right) - \frac{1}{V}} \]

\[ S_{2i}^2 = \frac{\sum V_i S_i^2}{V_i}, \quad V = \sum_{i=1}^{k} V_i \]

\[ S_{1i}^2 = \frac{1}{n_i-1} \sum_{j=1}^{k} (X_{ij} - X_i)^2; \quad i = 1, 2, \ldots, k. \]

Moreover, to identify the extent of credit utilisation between the areas/categories, the Critical Difference (CD) technique used which is explained below.

\[ CD = \sqrt{2/n (MSE)} F, \quad (n-k) \text{ at } 0.05 \text{ and } 0.01 \text{ level of significant} \]

(b) Primary data analysis

(i) Percentage Analysis

First, the collected data were tabulated and calculated by simple percentage analysis used to find out the nature and role of Socio-economic characteristics and credit utilisation of rural women beneficiaries in different areas of Anantapur District of Andhra Pradesh.

(ii) Relationship between Socio-economic characteristics and credit utilisation

The collected primary data used to analyse the relationship between socio-economic characteristics and credit utilisation of rural women beneficiaries in different areas is simple Carl Pearson's Co-efficient of Correlation.
(iii) Impact of Socio-Economic characteristics on Credit utilisation

By using the multiple log linear regression approach, which in fact is an effective tool to find out the impact of socio-economic characteristics on credit utilisation. The multiple linear regression model used for this study is as follows:

$$\log Y = \log a_1 + \log x_1 + \ldots + \log x_n + u$$

Where;

$$Y = \text{credit utilisation (dependent variable)}$$

$$X_{1..n} = \text{socio-economic characteristics (independent variables)}$$

$$u = \text{random disturbances}$$

Statistical Tests

All the Statistical tests were conducted for 5 per cent and 1 per cent levels of significance with the help of appropriate test statistics between t and F.
SCOPE AND LIMITATIONS

The present study is confined to Anantapur district of Andhra pradesh. It is areainspecific. As such, the conclusions arrived at in this study may not have direct relevance to other areas due to differences in agro-climatic and socio-economic conditions. The present study is subject to the following limitations (i) The financial agencies lending activities of other than syndicate bank are not studied because of time bound work. (ii) Farm sector development is not studied because of the least concentration of rural women under priority sector.(iii) Non -farm sector is making strides and gaining importance. Therefore, it is only studied however, despite these limitations, the study has tried to illustrate certain broad characteristic features of the rural women that may be of relevance for the entire country. As such the findings and conclusions arrived at in the present study may be significant and have practical implications of formulating the policies for making rural women empowerment in particular and women empowerment in general in the country.

CHAPTERISATION SCHEME

The study begins with introduction consisting of statement of the problems, objectives, hypotheses, areas of study, data collection, analysis of data, limitations and chapterisation scheme.

The second chapter deals with the review of literature.

The third chapter describes area profile.

The fourth chapter highlights the analysis of data and results

The fifth chapter presents summary of findings and suggestions.
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