SUMMARY AND CONCLUSIONS

Rayalaseema has an area of 69,000 Sq.Kms which accounts for 25% of the total area of Andhra Pradesh. With 7.9 million persons, Rayalaseema accounted for 18% of total population of Andhra Pradesh in 1971.

In 1968-69, the per capita income of Rayalaseema at Rs. 241 was less than the per capita income of the other two regions viz., Coastal Andhra and Telengana. In fact, the per capita income of Rayalaseema was only 80% of the All India average in 1968-69.

The fact that 75% of workers in Rayalaseema depend on agriculture clearly shows that this region is heavily dependent on agriculture, than the rest of the State of Andhra Pradesh and the country as a whole. Moreover, the contribution of agriculture and animal husbandry to the income of the region was 61.3% in 1967-68 as against 43.3% for the country as a whole. This again indicates the extreme importance of agriculture in this region. However, agriculture also does not seem to be well developed in this region.

The rainfall in this region is low and erratic. Moreover, only 23% of Gross cropped area in the region had irrigation facilities in 1975-76. Soil erosion is another problem of this
region. The Government of Andhra Pradesh on the basis of well laid out criteria, identified all the four districts of Rayalaseema region as 'drought prone areas'. Backwardness of agriculture is not the only problem of the region. There has been very little industrialization. Thus the economic development of Rayalaseema requires the development of different sectors of the economy, the most important being agriculture.

The development and modernisation of agriculture requires heavy investment. Since the region is economically backward the farmers are not in a position to invest heavily in the field of agriculture. However, modernisation of agriculture through the application of science and technology, mitigating the severity of drought conditions more or less on a permanent basis and the achievement of the goal of economic growth with social justice are possible only when credit is made available to the agriculturists in the right quantities and at the right time. Indebtedness of the agriculturists to the money lenders, in majority of the cases in the past, spelt not only the ruin of the agriculturists but that of agriculture also. Thus the need of the hour is the agriculturist has to be freed from the clutches of money lender and he must be supplied with adequate credit and at the right time by the agricultural credit institutions. This alone can largely pave the way for the development
and modernisation of agriculture and improvement in the economic conditions of people dependent on agriculture. Hence the importance of institutional finance and the need to have proper estimates of the demand for agricultural credit.

Agricultural credit can be of three varieties - Short-term, medium-term and long-term. While the last two varieties are required for making permanent improvements to the farm, short-term agricultural credit is necessary to help the agriculturist in raising the crops. Thus provision of short-term agricultural credit assumes importance from the point of view of raising agricultural production and improving the economic conditions of farmers.

Since the quantum of agricultural credit required in a particular year cannot be known readily, the demand for agricultural credit has to be estimated carefully. So the short-term credit requirements of agriculture have been estimated for this region for the year 1975-76. These estimates also help us in assessing the working of the financial institutions in this region besides helping the financial institutions to carefully plan to reach the levels of credit required.

On the basis of certain assumptions, the short-term agricultural credit requirements have been estimated at Rs.249 crores for 1975-76 on full coverage basis - satisfying the credit
needs of all classes of farmers - large, medium and small. However, if we assume that farmers who have holdings of above two hectares can meet 50% of their credit needs themselves, the estimated demand for credit comes down to Rs. 152 crores. Thus we have two estimates of demand viz., 249 crores (as the maximum) and 152 crores (as minimum) for that year. It may be remembered that these estimates are liable to change given the change in conditions and prices of inputs.

Having estimated the demand for short-term agricultural credit we must have a look at the supply of agricultural credit by different agencies. The most important institutional sources of finance for agriculture are the commercial banks and co-operatives.

Commercial banks started concentrating on agricultural sector only after the nationalisation of banks in 1969. In Rayalaseema also commercial banks have started expanding their branches, mobilising deposits and advancing loans to agriculturists. But the population served by a bank branch in Rayalaseema was 34,000 where as the All India Average was 26,000 in 1976. This shows the need for rapid expansion of bank branches in this region. It is gratifying to note that the per capita deposits and advances have been increasing in this region. Moreover the State Bank of India has started several programmes for the development of agriculture in this region. It started
adopting villages and opened branches known as Agricultural development branches. There were seven Agricultural Development Banks by the end of 1976 in this region. A rural bank known as the Rayalaseema Grameena Bank sponsored by Syndicate Bank, was started at Cuddapah in 1976. It opened 45 branches, mobilised deposits to the tune of Rs. 97 lakhs and advanced an amount of Rs. 94 lakhs by the end of 1977. Since the Dantwala Committee supported the role of the rural banks in meeting the credit needs of rural people, one more rural bank may be started in this region, covering the two districts, viz., Anantapur and Chittoor. The commercial banks in this region also started organising 'farmers service societies' at various places in all the four districts. These societies serve the credit needs of small and marginal farmers. It may be noted that the farmers service societies have a wide range of operations whereas the Rural banks are concerned only with banking operations. Despite all these efforts it is sad to note that the commercial banks' advances to agriculture in Rayalaseema stood only at Rs. 26 crores which fall far short of the estimated minimum requirements of Rs. 152 crores.

Now let us have a look at the co-operatives. While all the four co-operative central banks continue to be under the Rehabilitation programme of the Reserve Bank of India, the position of primary agricultural credit societies also remains
to be improved. In fact the rising overdues of these banks made their loan operations modest. The overdues of primary credit societies stood at 43.3% of the outstandings during 1974-75. Their total advances amounted to Rs. 7.5 crores during the same year in Rayalaseema region.

The long term loans provided by co-operatives amounted to Rs. 7.4 crores during 1975-76. The perspective plan for Rayalaseema has rightly said: 'The fact, however, remains that even after fifty years of functioning, the co-operatives have not been able to make significant headway and the cultivators in this area continue to look upon the village money lenders... for the bulk of their credit requirements.

The Government of Andhra Pradesh having identified all the four districts of Rayalaseema as drought-prone areas started special developmental schemes like D.P.A.P and S.F.D.A in all these districts, during the last five years. But here again there is a wide gap between the targets and achievements. The expenditure incurred was hardly 35% of the budget provisions. Moreover, only some of the schemes under D.P.A.P have achieved satisfactory progress. So the financial allotment for these schemes should be increased and care should be taken in making the schemes a success. The S.F.D.A at Cuddapah has completed its Five Year Term. Its term should be extended and similar
schemes should be started in the remaining three districts for the benefit of small and marginal farmers.

The fact that Rayalaseema needs more institutional financing will be clear if we look at the mounting indebtedness of rural people in this region. According to the 1971-72 survey of the Reserve Bank of India, the total rural indebtedness of Rayalaseema amounted to Rs. 100 crores in 1971-72. And the burden of indebtedness (percentage of liabilities to assets) at 9.4% was higher in Rayalaseema when compared to the State's average of 8.2% and 4.4% of the country. Thus it is obvious that Rayalaseema needs more institutional financing, that too, at the right time, to save it from the clutches of the money lenders.

Thus the problems relating to agricultural finance are many sided. There are wide gaps between the demand and supply of agricultural credit - gaps which are quantitative and gaps which are qualitative. We have already mentioned about the quantitative gaps and the inability of the institutions to meet the demand for agricultural credit. But from the point of view of quality also the farmers are facing problems. The lending institutions insist on security for advancing loans which the poor and illiterate farmer finds it very difficult to obtain. Moreover, the lending institutions are unable to see that the loans are utilised for productive purposes. The special
developmental schemes which started their operations recently also have some drawbacks. There are problems in identifying the needy farmers. And the farmers on their part are not aware of the existence of various facilities and subsidies available to them. Therefore an integrated and development-oriented policy of agricultural finance must take into account the peculiar problems of Rayalaseema region and literally flood the area with finance.