CHAPTER VI

SUMMARY AND CONCLUSIONS
Socio-Economic Dimensions of the Study Area – Anantapur District.

The progress of district mainly depends upon its agro - econo - climatic factors and infrastructure facilities. In other words, they become basis for more production and thereby help to effect economy which in turn widen scope for more capital investment. Therefore, appraising the agro - econo - climatic factors and infrastructure facilities are quite essential to determine the capital investment for fillip of the district economy. The study relating to the socio-economic dimension of the district reveals the fact that the district is poised for accelerated economic growth with all the modern infrastructural facilities. The district is divided into three Revenue Divisions with 63 revenue mandals – Anantapur (20); Dharmavaram; and (17) Penukonda (26).

The Anantapur district is geographically the largest district in Andhra Pradesh with an area of 19,134 square kilometers accounting 6.9 per cent of the State. It is bounded by Kurnool district on the North, Kadapa district on the East and on the Southern and Western flanks by the State of Karnataka.

According to 2001 census, out of 37.94 lakh population of the district of Anantapur 54.67 per cent are males and the 45.33 per cent females. The density of population is 192 persons per Sq.Kms. There are 957 females for every 1,000 males. Out of the total population about 56.13 per cent are literates. Among the total male and female population, nearly 62 percent and 38 per cent are literates respectively. The work force in the total population of the district forms 48.83 per cent; of which 26% are in the Agriculture Sector.

The district is provided with two universities viz., Sri Krishnadevaraya University, Anantapur and Sri Satya Sai Baba Institute of Higher Learning at Puttaparthi along with a branch of the N.G. Ranga Agricultural University, at Rekalakunta, near Narpala. There are six Engineering Colleges; 12 B.Ed. Colleges; one Medical college; one Pharmacy college; two Polytechnic Colleges; 35 Degree Colleges; 96 Junior Colleges; 465 High Schools; 610
Upper Primary Schools and six Industrial Training Institutions. Oil Technological Research Institute only one of its type in the south and dry land agriculture research station are situated in Anantapur. The presence of this infrastructure indicates that the district is poised to pick fast rate of economic growth.

The average rainfall in the district is 552 mm. and it has a fairly good elevation which provides the district with tolerable climate throughout the year. The temperature is in the range of 20.1 to 38.4 degrees Celsius.

The soils are predominantly red, constituting 76% red soils and 24% are black soils. The principle crops that are growth both in kharif and rabi in the district are paddy, groundnut, mulberry, sunflower, jowar, millets, vegetables and fruits like papaya, orange, grapes, guava, lemon, pomegranate, sapota and tamarind.

The district is not endowed with perennial rivers. Seasonal rivers viz., Pennar, Jayamangala, Chitravati, Vedavati and Hagary rivers flow, covering a distance of 3,317 kms. benefiting the farmers.

The district is very poor in forest wealth both in terms of area and richness of fauna and flora covering a geographical area of 4.86 lakh acres constituting 10.3 per cent of the total geo-area is classified as forest against optimal area of 33 per cent indicated in the National Forest Policy.

The total geographical area of the district is 19,13,491 hectares, of which 54.58 per cent constitutes cropped area. The net area sown is 52.65 per cent and only 2.71 per cent is cultivatable waste.

The largest source of irrigation comes from Tungabhadra Project, H.L.C. and G.B.C. under registered area of 51,771 hectares. Under B.T. Project the registered area is 4,847 hectares in the district.
As per the live stock census of 2001, the total livestock population in the district is 53.60 lakh of which 12.40 lakh is the bovine population. The cattle and buffaloes accounted for 40.93 lakh and 4.67 lakh respectively and the population of sheep and goat aggregated 16.79 lakh and 3.15 lakh respectively. The poultry population in the district is 3.45 lakh and pig population is 2.21 lakh. This is attributed to continuous droughts experienced by the district and resultant disposal of animals at a throw away prices.

Anantapur district is rich in mineral resources and is well known for Gold and Diamond deposits. Tadipatri area is rich in cement grade like stone deposits. The other minerals that are available in the district are iron-ore, calcium, steatite and barytes.

The district is industrially backward with the lowest number of workers employed in registered factories. The industrial development is concentrated mostly in urban areas. However, the district is known for Dharmavaram silk sarees and Rayadurg ready-made dresses, both employing more than three lakh workers on continuous basis.

The domestic and industrial power requirements of the district are drawn from Thungabhadra Hydel Project at Hospet. Integrated power grid is established at Gooty connecting Nagarjunasagar, Kothagudem and Thungabhadra.

Anantapur district is “home of tourist centres” worth visiting. Lepakshi of Hindupur mandal is popular for its Veerabhara temple and the huge monolithic Nandi stands nearby. Pilgrims visit the place largely for Shivaratri. Penna Ahobilam is famous for its temple of Sri Lakshimi Narasimha Swamy. There is a spring channel known as Bugga Koneru.

Puttaparthi situated on the banks of Chitravati which is universally famous with the abode of Sri Satya Sai Baba who is credited with occult
powers. A World reputed super specialty hospital is also located in Puttaparthi where free treatment is given to all.

The Thimmamma Marri Manu (a banyan tree) which has spread over more than five acres area has become an important tourist center which is near Kadiri town the place where the shrine of Sri Lakshmi Narasimhaswami is found in the district.

National Highway No: 7 runs through in the district, with a total length of 160 Kms. The district has 8,674 kms. of road and 379 kms. of railway line. The district is linked with Chennai, Delhi, Mumbai, Bangalore and also Hyderabad by the railways. Guntakal is one of the biggest railway junctions in the country. Andhra Pradesh State Road Transport Corporation provides commuting facilities in the district for the movement of goods. There are 861 post offices, 98 telegraph offices and 100 telephone exchanges. Number of cities in the country are connected through the STD facilities. Anantapur town is provided with a TV relay station with 75 kms. radius of operation and TV relay stations are at Hindupur and Guntakal and FM Radio Station is situated at Anantapur. The district has also an Airport at Puttaparthi which has been inaugurated in the year 1991.

The district is having 144 Commercial Bank Branches, 81 Grameena Bank Branches (Sree Anantha Grameena Bank), 17 Branches of Cooperative Bank with 233 Primary Agricultural Co-operative Societies and One Branch of A.P.S.F.C. 62 per cent of the bank branches are in rural areas and 40 per cent of bank branches in semi urban/urban areas. Rural development programmes like TRYSEM, DWCRA, IRDP and Jawahar Rojgar Yojana are implemented in the district from the inception.
Objectives of the Study

1. To identify the poverty alleviation schemes / programmes covered by the Lead Bank Scheme for financial assistance in the district;

2. To assess the quantum of financial assistance provided to the Below Poverty Line (BPL) people in the rural areas by the Lead Bank (Syndicate Bank) sponsored RRB – the Sree Anantha Grameena Bank (SAGB) in Anantapur district;

3. To examine the role of Lead Bank sponsored Regional Rural Bank – Sree Anantha Grameena Bank (SAGB) of Anantapur – in poverty alleviation in Anantapur district;

4. To evaluate recovery rate of the loans advanced to the BPL people by the Lead Bank sponsored Regional Rural Bank – SAGB; and

5. To assess the overall performance of the Lead Bank Scheme over a period of ten years 1991-92 to 2000-01 in promotion of economic well being of the people who were below the poverty line in the district.

Need for Credit

Anantapur district has the dubious distinction of accounting for the second lowest rainfall in the country. Owing to scarcity of rainfall, the district is experiencing adverse seasonal conditions frequently making community and other related activities highly uncertain. Nearly, 70 per cent of the people live in rural areas, who include farmers, agricultural labourers and rural artisans. Majority of the people’s standard of living is very poor. Naturally, there is an acute need for credit, more so, in the case of farming community in the rural areas of the district.

Credit undoubtedly, paves the way for economic development of the down trodden-sections of the society. Money lenders were the prime source of credit for the rural people in Anantapur district. The limited arrangement of
credit institutions in the past did not help the farmers and they were forced to
depend on local money lenders. The interest rates charged by the money
lenders were very high. So, the liberalised institutional finance is the need of
the hour in Anantapur district.

The banking sector reforms as recommended by the Narasimham
Committee empowered the individual banks to liberally expand the banks’
business in order to better serve credit needs. The salient recommendations of
the Narasimham Committee are under,

1. Deregulation of interest rates.
2. Bringing down the Statutory Liquidity Ratio (SLR) of banks to 25 per
cent in phased manner and progressive reduction of Cash Reserve Ratio
(CRR) to 10 per cent.
3. Abolishing of branch licensing policy.
4. Setting up of special tribunals to speed up loan recovery.
5. Introduction of Computers to improve efficiency in operation and render
better customer service leading towards improving profitability.
6. Priority sector lending programme, which the committee has named as
directed credit, is to be phased out. It should be rendered to 10 per cent
from 40 per cent and in course of three years it may be abolished.

According to Narasimham Committee recommendations to improve the
functioning and giving positive signals of structural changes in banking sector.
The reforms will be successful in the banking sector can reduce effectively. In
order to enable banks to tackle the problems of non-performing assets (NPAs),
there is need for legal reforms. According to his recommendations the
efficiency of banking sector, the rate of interest for priority sector is reduced.
The availability of funds for commercial banks increased, as a result or reduce
on in SLR, CRR Ratios. The banking sector reforms steered to achieve
sustainable economic progress in the country.
The Syndicate Bank, the Lead Bank in Anantapur District, which came into existence in 1970, has been allocated five districts in Andhra Pradesh. The objectives of Lead Banks to activate through the district credit plan and to achieve the goals of the National Plan with an emphasis on poverty reduction, employment generation, creation of basic needs through economic expansion, to initiate technical measures, to raise productivity and income levels of the people, particularly the weaker sections.

The performance of the Syndicate Bank as the Lead Bank in the district has been impressive. The Credit Deposit Ratio is fluctuating over the years due to variation in deposits mobilisation and credit deployment of the Lead Bank in the district. One could observe that the overall credit-deposit ratio in the district has been satisfactory and it is as per the established banking norms.

The priority sector credit programme started with the social control over commercial banks in 1968. All commercial banks in the district, the total bank credit has increased from Rs. 21,759.93 lakh in 1992 to Rs.1,72,976.00 lakh in 2004; the agriculture loan has increased accounted for 10.32 times, the small scale sector and accounted for 6.39 times and the tertiary sector went up 5.28 times during 1992-2004.

It is significant to note that the banks performance in credit distribution is better in the case agriculture sector followed by small scale sector while it is negligible in case of tertiary sector.

The branch expansion programme is recorded to be an impressive one with 209 branches by 1992 in the district. This number has increased to 244 branches by 2004. That is to say that there is a bank for every 14,400 people in the district; this is slightly more than the national average. It is rather a wellcome sign to push fast district to catch higher economic growth rate.

All commercial banks could mobilize deposits to June of Rs. 34,329 lakh in 1992 which went up to Rs. 2,32,544.05 lakh in 2004 in the district. The
increase of deposits is to the tune of Rs. 1,98,214.14 lakh. That the deposits of
the commercial banks have shown a great change, because of spread of bank
branches and saving habit among the people.

From the three Revenue Divisions of the Anantapur district –
Anantapur, Dharmavaram and Penukonda – Six mandals have been selected at
the rate of two mandals from each Revenue Division in such a way by picking
up one the developed mandal; and another, underdeveloped mandal. The Six
mandals selected for the study are: Kudairu and Peddapappur from Anantapur
Revenue Division; Bathalapalli and Ramagiri from Dharmavaram Revenue
Division; and Chilamattur and Nallamada from Penukonda Revenue Division.

The socio-economic profile of the 300 sampled respondents selected for
the purpose of assessing the impact of poverty alleviation programmes is
summed up in the following paragraphs.

The present study randomly selected, based on the records maintained in
the corresponding SAGBs'. 63 per cent of the respondents belonged to the
Backward Caste and Schedule Castes. The sex wise composition of the
respondents, 56 per cent are male and 44 per cent are female; 61 per cent of the
sample respondents are in their middle age as they are above 30 years but
below 50 years.

More than 60 per cent of the respondents have maintained nuclear
families and the remaining 40 per cent have joint family system, whose size is
in the range of 5-8 members.

The study reveals that about 73 per cent of the respondents are literates.
However, a majority of the respondents educated upto the eighth class level.
Among the total male and female respondents, 64 per cent and 36 per cent are
literates respectively.
It has been found that nearly 40 per cent of the respondents live in pucca
houses; 30 per cent in semi-pucca houses; and remaining 30 per cent live in
kutcha houses or thatched huts. On the whole, it can be stated that the position
of the respondents in respect of housing is not satisfactory in the selected
mandals of the district.

The occupational pattern of the respondents reveals that an
overwhelming number of them have been engaged in the village as agricultural
labourers and domestic coolies working for very meager wages which was not
sufficient to meet the both ends.

The basic facilities such as, water, sanitary, health and electricity
facilities have not been found in a majority of the cases in the study area. It is
only in the case of Kudairu and Bathalapalli the respondents have access to
hospital facility and in the remaining places no such facility is made available.

Most of the respondents did not possess any worth mentioning assets
during the pre-loan period. Nearly 45-50 per cent of them possessed bicycles.
Their kitchen consisted of hardly 3-4 aluminum utensils. The only luxury
items seemed to be steel meals plates and tumblers. Their clothing seemed to
very simple. On personal enquiry it was known most of them did not have
more than three pairs of dresses, into playing the fact that sampled respondents
lead an abject poverty life during the pre-loan period in the district.

More than 50 per cent of the respondents did not save any money,
during the pre-loan period, as their entire income was spent on food, clothing
and shelter. Their food items were very simple - rice and some curry. They
consumed only two - meals a day. They reported to have neither any tiffin item
nor any coffee/tea.

The Lead Bank sponsored Regional Rural Bank – Sri Anantha
Grameena Bank (SAGB) was established on November 1, 1979, covering
Anantapur district functioned with 70 branches in 1991-92, which steadily
increased to 81 branches in 2003-04. Most of the branches located in rural areas solely to accelerate the pace economic growth in the rural areas of the district.

The SAGB provided a major chunk of financial assistance to the implementation of Swarn Jayanti Gram Swarozgar Yojana (SGSY) scheme in the district. It is reported that except in Bathalapalli mandal (where the percentage of beneficiaries covered under the SGSY is slightly over 36 per cent) beneficiaries in the five mandals, covered were in the range of 41 per cent to 47 per cent. There is no significant difference with respect to the financial assistance in the case of other anti-poverty alleviation programmes implemented in the district, such as, Scheduled Caste Action Plan, Scheduled Tribe Action Plan, Backward Caste Action Plan, Group Loans and Individual Loans.

The SAGB through its administrative machinery could identify the ruralities who were found to live Below Poverty Level (BPL) of income for its financial assistance. The sole aim of the SAGB' financial assistance was to lift them above the BPL of income in the sampled mandals of the district.

CONCLUSION

The banks under IRDP has provided credit to the tune of Rs. 54.05 lakh during 2002-2004 in the district. To give further fillip to this scheme the Differential Rate of Interest (DRI) Scheme was launched in 1972. Under this, credit to the tune of Rs. 259 lakh was provided by 2003-2004, covering 1,620 beneficiaries in the district.

The recover of Rs. 6,237 lakh in 1992 which is increased to Rs. 52,756 lakh in 2004. This growth is registered by Rs. 46,519 lakh in the district. The overdue position in 1992 is the order of Rs. 5,926 lakh which increased to Rs. 27,156 lakh in 2004. In other words, the mounting overdues are accounted for Rs. 21,230 lakh. The horizontal position of recovery and overdue are
accounted 51 per cent and 49 per cent in 1992 while the figures are accounting to 67 per cent and 33 per cent in 2004. It is deduced from the analysis that the performance of recovery and overdue position is satisfactory but yearly trend analysis had wider fluctuations.

The SAGB could mobilize deposits is accounted for Rs. 34,025 lakh during the period 1992-04 while the increase in number of depositors is accounted for 2,22,719. In other words, the increase in deposits mobilization is multiple which is due to more deposits by the depositors.

The SAGB accorded top priority in respect of deployment of credit to the priority sector, which is fluctuating, and decreased relative terms it ranged 86.37 per cent in 1991-92, 75.86 per cent in 2003-04. The role of the SAGB, effective participation in the Government sponsored economic programmes. The credit deposit ratio is accounted for 114.75 per cent in 1991-92, which rose to 79.46 per cent in 2003-04.

Recovery of loan to the banking agency is as important as credit to the enterprise. The horizontal position of recovery and overdue are accounted 44.71 per cent and 55.29 per cent by March 1992, while the figures are reversed accounting to 55.49 per cent and 44.51 per cent by March 2003. The result of improvement in better recovery and keeping overdus at low level. This would improve the working results, and also performing assets.

The non-performing assets of the SAGB have been decreased from 14.49 per cent in 1998-99 to 7.36 per cent by 2002-03.

The financial assistance by the SAGB generated employment significantly during the post-loan period.

The employment generation picked-up rather slowly in the category of workers who used to get employed less than 81 days in a year. In the next
phase, increasing trend in the generation of employment of those respondents who used to get employed in the range of 81-160 mandays per annum.

The trend in the case of respondents who used to get employed in the range of 161-240 mandays showed far too encouraging trend in respect of employment generation. At the aggregate level, for all the six mandals put together, the increase in employment during the post-loan period was 56 per cent as against 5.33 per cent during the pre-loan period.

In case of the workers who come under the category of 161-240 mandays of work employment generation was recorded to be quite impressive. For the simple reason that they already had some basic infrastructure and were engaged in work more than six months in a year. This trend clearly indicates that provision of rural credit plays a significant role in providing employment in rural areas and thus directly promotes economic well-being of the respondents in the study period.

The total income generation from all the sources by the SAGB beneficiaries increased significantly during the post-loan period.

The income generation took place rather slowly in the category of respondents who used to get less than Rs. 4500 in a year. In the next group of income level, slight increasing trend in the income generation of these respondents who used to get income between Rs. 4500 to Rs. 6500 per annum.

The income increasing trend in the case of respondents who used to get income in the range Rs. 6500 and above showed far too encouraging. At the aggregate level, for all the six mandals put together the increase in income during the post-loan period was 66 per cent. This is a positive trend; income increasing trend clearly indicates that SAGB rural credit played a significant role in the level of incremental income realised through the increase of percentage of mandays of employment for family members. It is, as reported,
attributed largely to the credit which the SAGB provided in the district during the study period.

The consumption expenditure during the post-loan period short-up consequent upon increase in income levels due to the SAGB’s financial assistance. A majority of sampled respondents (say over 70 per cent) whose income level was in the range of Rs. 5,000 to Rs. 10,000 could spend a considerable amount on food items.

Similarly, expenditure on clothing did also increased sufficiently during the post-loan period.

The increase in expenditure on quality food and clothing during the post-loan period clearly reflects the impact of financial assistance to anti poverty alleviation programmes.

Further the respondents experienced monetary relief due to reduction in interest payments which are considerably lower compared to interest payments made to private money lenders in the absence of bank loan. The study observes that interest payments for households per annum worked to less than Rs. 500.

The position of assets acquired by the respondents after they were served by the poverty alleviation programmes. 68.33 per cent of the respondents have savings; 80.67 per cent of the respondents that they are now having T.Vs; 77.00 per cent of them purchased several household articles; 82 per cent of the respondents possess livestock; 62.00 per cent of the total respondents have now good furniture in their houses furniture where as a limited number of them have even purchased jewellery; and purchased various goods after taking the loan.

The success of financing poverty alleviation programmes is determined to a great extent by the effective recovery of loans advanced, so that, bank
could re-cycle their funds for further lending. The poverty alleviation programmes have been assisted by the SAGB and they have to repay their loans in installments as per banking rule. A vast majority of the respondents accounting for 69 per cent reported to have repaid loans rather regularly; and while 8 per cent could repay loans to the banks with a little delay. The respondents who were irregular in repayment of bank loans accounted for 23 per cent of the total respondents. This position leads us to the inference that the poverty alleviation programmes, in the study area, accomplish substantial income earnings and thus enabling to repay their loans promptly.

**Hypotheses Tested**

Through the pertinent inferences of the study has proved all the three hypotheses set for.

The poverty alleviation programmes implemented have yielded positive results and enabling 66 per cent of the respondents to cross the Below Poverty Level of income in the study area of the district. This was made possible by the positive role played by the SAGB at the gross root levels in the district.

In respect of the NPAs levels, it is recorded that the SAGB experienced a declining trend of NPAs. The NPA of the SAGB for the year 1998-99 was 14.49 per cent and it came down to 7.36 per cent by 2002-03.

**Attitude of the respondents**

A majority of the respondents expressed satisfaction, regarding the terms, conditions and procedures of getting loans; but they expressed certain difficulties in securing loans, when approached bank officials. A considerable number of respondents reported to have wasted their time and money for frequently upon banks for a single purpose of getting bank loan alone.
It is further reported that the respondents, who have furnished documents as required by the bank officials, used to get loans in a maximum period of one month from the date of application; in the most cases they reported to have availed themselves of loans even within 15-20 days from the date of application. The banks, especially, the branches of the SAGBs have been playing positive role in meeting the rural credit in the district.

The impact of SAGB finance on income, employment, expenditure and asset acquisition is found to highly encouraging and positively related to quicken up economic growth in the district.

The SAGB’s financial assistance to the poverty alleviation programmes has improved the economic position of its sample respondents. The significant observation of the study is that 66 per cent of the respondents could cross the Below Poverty Level through the financial assistance of the SAGB in the district.

Suggestions

Anantapur district is the second lowest rainfall receiving district in the country; as such the bankers should give more priority to the weaker sections. The quantum of the loan amount must be increased to reap the benefits of modern technology. Modern technology is divisible and this divisibility helps even the small farmers to adopt new techniques of cultivation. Hence to improve the economic position of an individual the loan amount must be increased.

Housing conditions reported to be not satisfactory. The respondents have expressed their dissatisfaction that some ineligible individuals could get houses meant for the people who are living BPL line of income. This has caused a lot of heart-burn among the downtrodden sections who constituted as the respondents in the study in the district. It is, therefore, urged that the
district administration to implement the various housing schemes designed to be sanction to the targeted groups only.

The respondents felt that the amount of loan component to be enhanced so that it could save them from falling into the clutches of the rural usurers who often exploit them.

Irrigation facilities are to be provided in all the mandals for it generates employment opportunities all through the year and employment provision is an antidote to poverty.

Bankers, especially in the rural areas have to come forward to extend personal loans without enforcing collateral security. This would go a long way in improving economic position of the households in the district.

Bankers may chalk-out ‘Rural Loan-Melas’ to completely meet the rural credit needs of the needy in the district. If this is done, usurers will vanish from the rural scene.

The respondents sincerely felt that the government should provide coldstorage for preserving dairy products and vegetables as it would help to reap economic benefits through marketing of their goods at a later date when prices are relatively higher.

Bankers have to design a special package of financial assistance scheme to such of those women who want to take-up independent economic activities in this district as it empowers them to further contribute to the economic development of the district.

The bankers should properly monitor the units for which it has financed. The corresponding bank Field Officer should frequent upon the units and appraise their economic position to the head office. Banks, which have been functioning in the rural areas, should give wide publicity to
developmental schemes along with the financial assistance to take-up those schemes by the individuals in the respective mandals. This knowledge richly helps the ruralities to properly plan to take up various economic activities to improve their economic position in the district.