

An Empirical Study of Impact of Andhra Pragathi Grameena Bank on Rural Agricultural Farmers in Anantapuramu District of Andhra Pradesh

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ABSTRACT

Agriculture has always been the backbone of the Indian economy and despite concerted industrialization in the last six decades, agriculture still occupies a place of pride. It provides employment to around 60 per cent of the total work force in the country. Institutional credit and its utilization for farm production has become one of the major plans of agricultural development policy in the developing world. India's experience is no different from that of the rest of the world. The Commercial banks are playing very important role in national economy after the nationalization of banks and it is also an important source of finance in rural agricultural farmers for raising the yield and farm business income. It is also concentrates for increasing employment, productivity, procuring fixed assets and investment. The present paper concentration of impact of Andhra Pragathi Grameena Bank on rural agricultural farmers in Anantapuramu district of Andhra Pradesh.

Keywords: Institutional credit, Agriculture, and Employment.

INTRODUCTION:

“Agriculture has always been the backbone of the Indian economy and despite concerted industrialization in the last six decades, agriculture still occupies a place of pride. It provides employment to around 60 per cent of the total work force in the country. Figures provided by the Central Statistical Organisation (CSO) reveal that in 1950-51, the share of agriculture in Gross Domestic Product (GDP) was around 55 per cent. As the process of industrialization and economic growth gathered momentum under the Five Year Plans with manufacturing and service sectors growing rapidly and agriculture sector limping along, the percentage share of agriculture in GDP declined and reached a level of 13.9 per cent. Two important facts must be emphasized here: (a) agriculture contributed a major share of the national income in India at one time and (b) the share of agriculture in national income, however, has been decreasing continuously while the shares of the manufacturing and service sectors are increasing”.

Since independence, a multi-agency approach consisting of co-operatives, commercial banks and region rural banks- known as institutional credit-has been adopted to provide cheaper and adequate credit to farmers. The major policy in the sphere of agricultural credit has been its progressive institutionalization for supplying agriculture and rural development programmes with adequate and timely flow of credit to assist weaker sections and less developed regions. The basic objectives of this policy are:

- a. to ensure timely and increased flow of credit to the farming sector;
- b. to reduce and gradually eliminate the money lenders from the rural scene;
- c. to make available credit facilities to all the regions of the country side., reduce regional imbalances: and

d. to provide larger credit support to areas covered by special programmes like pulses development programmes, special rice production programmes and the National Oilseeds Development project.

Institutional credit, as mentioned earlier, refers to the funds made available by cooperative societies, commercial banks, and Regional Rural Banks (RRBs).

In the field of co-operation, the Primary Agricultural Credit Societies (PACs) provide mainly short and medium term loans and Land Development Banks (LDBs) provide long term loans to the agricultural sector. The commercial banks including Regional Rural Banks provide both short and long term loans for agriculture and allied activities. The National Banks for Agriculture and Rural Development (NABARD) is the apex institution at the national level for agricultural credit and provide refinance assistance to the agencies mentioned above. The Reserve Bank of India, as the central bank of the country, play a crucial role by giving over-all direction to rural credit and financial support to the National Bank for its operation.

One of the objectives held at the time of nationalization was to persuade the commercial banks to supply credit in favour of the priority sectors so as to enable the beneficiaries depending on these sectors to generate more employment, income, production, savings and assets by using the available borrowed funds. It is further envisaged that once this goal is realized this would help the beneficiaries of different sections to cross the poverty line. In view of this, an attempt is made to study as to what extent the sample borrowers of the farmers have succeeded in generating employment, income, production, savings and assets with the borrowed amounts of loan from Andhra Pragathi Grameena Bank.

REVIEW OF LITERATURE:

Rajagopalan (1968)¹, he stated that the supply of credit will depends on the savings, capital, risk and various policies of financial institutions in India. He further observed that this method a traditional approach through co-operative and government. He has also stated that the institutional credit is traditionally provided by the co-operatives and Government. The share of other institutions in institutional credit is negligible.

All India Rural Credit Review Committee² reviewed the progress made by institutional lending in the form of short-term, medium-term and long-term credit. The Committee suggested the entry of commercial banks into agricultural finance because of the inability of the co-operatives in meeting the credit needs of agriculture.

The National Commission on Agriculture³ examined the requirement of institutional credit by the commercial banks. The commission covered the new strategy of agricultural development and all aspects of rural development including production, marketing, transport and processing. The commission suggested that the commercial banks should be involved in the financing of agriculture.

Kalidas (2014)⁴ is presented a research paper on "Inadequacies of Institutional Agricultural credit system in Coimbatore district". "The study has examined the inadequacies of institutional agricultural credit system and has identified the determinants of increased use of institutional credit at the farm household level in Coimbatore. The study is based on a random sample of 130 farm households covering 4 blocks in Coimbatore, comprising 26 marginal, 26 small, 26 semi-mediums, 26 medium and 26 large farmers and pertains to the year 2012-13. The quantum of institutional credit availed by the farming households is affected by a number of socio-demographic factors which include education, farm size, family size, gender, occupation of household, etc. The total debt per sample farm household from both institutional and non-institutional sources has been found to be Rs 22, 66,369 in the year 2012-13. The institutional sources have contributed about 92 per cent to the total debt and non-institutional 8 per cent. Although the institutional credit has increased rapidly in recent years in Coimbatore, it still lacks behind the productive needs of the farmers in Coimbatore. In the case of term loans, extent of credit gap was estimated to be 9 per cent in the study area. About 60 per cent farmers have reported the procedure to get loans from the institutional agencies to be complicated and time-consuming. Policy implications include simplification of loan application form and maintenance of proper records of loan applications and making disbursement of loan mandatory".

MUHAMMAD IQBAL, MUNIR AHMAD, and KALBE ABBAS (2003)⁵, they conducted a study on "The Impact of Institutional Credit on Agricultural Production in Pakistan". "The availability of institutional credit per cropped hectare increased in nominal as well as in real terms and showed a similar pattern over time. The ZTBL/ADBP and the commercial banks constitute the major sources of formal credit. The share of commercial banks in the total institutional credit declined over time especially in the 1990s. A significant shift from institutional credit for investment in fixed capital like tube wells and tractors to loans advances for operational expenditures like purchase of seed and fertiliser was observed especially in early to after mid 1980s and after mid 1990s. The relationship between institutional credit and agricultural GDP was found to be positive and significant. Availability of irrigation water and agricultural labour per cultivated hectare, and cropping intensity are the other

important determinants of agricultural GDP. It is suggested that the commercial banks and other financial institutions be encouraged to expand agricultural credit and extend the net of institutional credit to a larger proportion of the farming community especially, the small farmers. These institutions are required to extend consumption loans to the needy farmers in case of a large-scale crop failure especially to farmer with good loan records and these loans be granted in addition to the credit required for their farm operations. Moreover, a crop insurance scheme may be launched to provide cover to farmers against losses from drought, pest attacks, hailstorm, thunderstorm, heavy rains, and other natural hazards on payment of small premium in addition to credit markup”.

Anil Kumar Soni and Harjinder Pal Singh Saluja⁶ conducted a study on “Role of cooperative bank in agricultural credit: a study based on Chhattisgarh”. In this study they found that, “the Maximum numbers of respondents are satisfied with functioning of cooperative bank. The level of service of cooperative banks is very high. Cooperative banks are playing extraordinary role for agriculture credit and rural development. In short we can say that Cooperative Banks are providing rural Chhattisgarh all round assistance and proved to be an institution where "Growth with Social Justice" exists. Cooperative Banks plays a major role in rural credit delivery of Chhattisgarh State”.

Lenka (2010)⁷ he is presented a paper on “indebtedness in rural farmer households an analysis of the major states in India”. He used the secondary data collected by NSSO 59th round in the year 2003. “He observed that Uttar Pradesh leads the list of percentage (77.46 percent) of rural farmer households followed by Rajasthan (75.64 percent), Madhya Pradesh (67.31 percent), Orissa (63.96 percent) and Bihar (67.31 percent) He also observed that in every 100 indebted farmer households 61.1 per cent belong to marginal farmers, 19.8 per cent belong to small farmers, 6.4 percent belong to medium farmers and the rest 1.2 percent belong to large farmers. Kerala is observed to have the highest incidence of bank credit while cooperative societies are the main source of funds for the farmers of Maharashtra. 61 out of every 100 Maharashtra farmers have 93 borrowed from cooperative societies. He concluded that nearly half of the rural farmer households in the country are indebted in various degrees and agriculturally prosperous status have become home to a large number of indebted farmer households. Most of the indebted farmer households belong to the category of marginal and small farmers. More than 60 percent of the rural farmer households are found to have utilized their borrowings for agricultural pursuits. He stated that after a decade of economic reforms, professional money lenders dominate the source of funds for the poor rural farmers across the country”.

Suryawanshi Santosh (2015)⁸ he conducted a study on “Direct Institutional Credit o Indian Agriculture”. He found in his study that, “the performance of agricultural credit in India reveals that though the overall flow of institutional credit has increased over the years, there are several gaps in the system like inadequate provision of credit to small and marginal farmers, paucity of medium and long-term lending. The study reveals that the institutional credit in India after economic reform period has been increased in its quantum. The credit provided by the various institutional sources has increased its advances. But an efforts has to be taken by the banks to reduce its outstanding. The expansion of rural bank branches declines from 0.18 per cent to -6.58 per cent during 1991-1995. From 1994, the rural bank branches declined sharply unit 2006. This shows that after the reforms in banking sector, rural branch expansion did not increase. Fur he found that, in years of 2007 to 2011, it has demonstrated some improvement”.

METHODOLOGY:

Objectives:

1. To review the theoretical background of financial institutions for agriculture
2. To analyse the impact of Andhra Pragathi Grammeena Bank on rural farmers in Anantapuramu district

Sample design and data collection:

The study covers the Anantapuramu district in Rayalaseema region of Andhra Pradesh. The district have five revenue divisions. Convenience of the researcher, one mandal were selected from each revenue division, each mandal 60 sample households were identified and selected. Altogether five mandals, 300 sample respondents covers in the study area. The present study based on both primary and secondary data. The primary data were selected from agricultural farmers who are benefited by the Andhra Pragathi Grameena Bank in Anantapuramu district through a structured Interview-Schedule and also conducted personal interview of farmers as well as bank officials. The secondary data were collected from dailies, journals, various agricultural annual reports, published and unpublished theses, various university libraies and websites etc.

Tools used:

In the process of analysis and interpretation of the present data various statistical tools used in appropriate places wherever the necessary.

Data Interpretation:

The main objective of regional rural banks to provide financial assistance to the rural agricultural farmers to generate income, increasing employment opportunities for social and economic development of the farmers.

The study covers three types of farmers, small farmers, medium farmers, and large farmers. The small farmers generate the employment i.e., 31160 days, medium farmers generate 43950 employment days and large farmer have 94367 employment days before taken the financial assistance from the Anantha Pragathi Grameena Bank in the Anantapuramu district of Rayalaseema region of Andhra Pradesh.

After availing financial assistance from the select bank, it was significantly contributed towards the generation of employment and adopt latest machines and agricultural practices for increasing their productivity in all categories of farmers in the study area.

The table 2 reveals that the cost and income of the farmers before taking loans in Anantapuramu district. It is evident from the study above, the highest cost per acre (i.e., Rs.12,374, large farmers Rs. 12,311) is indicate in the Small farmers and large farmers and remaining medium farmer have low cultivation cost per acre i.e.,Rs.10,970 when compare to other category farmers. In case of income from the cultivation, income per acre is gain by the small farmers i.e, Rs.22,432 followed by large farmers (Rs. 21,461) and medium farmers (Rs. 18,920) before availing the loan respectively.

The analysis per acre income increased before loan to after loan period is reported Rs.1270 in case of small farmers. In case of large farmers were getting income per acre Rs. 1,178 after availing loan amount. It indicates a definite improvement of income after the use of agriculture credit by Andhra Pragathi Grameena Bank in Anantapuramu district of Andhra Pradesh. It is noticed that per acre cost of cultivation and per acre income are increased from pre-loan period to post-loan period of all categories of sample borrowers is presented in the table 3. One of the principal aims of commercial banks since the nationalization of banks was to encourage farmers to create and acquire assets out of bank loans and earn a reasonable income to lead decent life with quality.

Assets are the one of the economic development of the any one in to the nature. Every farmer forming their land and get income through different crops in a year which availability of all resource and also procuring additional assets from their agricultural income. It is witnessed from the table 4 about the impact of borrowing on assets of selected households in Anantapuramu district.

It shows that, the small farmers assets were increased after getting financial assistance from the commercial banks from Rs. 3,37,49,865 to Rs.3,51,13,635 average, medium farmers assets were average increased from Rs. 2,72,29,140 to Rs.83,680. It is also positive impact on large farmers also increased their assets from Rs.3,83,63,400 to Rs.3,96,66,833. In case of assets per individuals, the large farmers assets have highly increased while comparing to other type of farmers in the district of Anantapuramu. While increasing the value of total assets was represents who are medium farmers in the study area.

The objective of any Nationalised banks are providing credit facility to the rural farmers for cultivation of their agricultural lands and also increasing their socio-economic development. This has given the scope to farmers to generate income, savings and investment for future development.

Table 5 reveals that household savings of borrowers. The total average savings increased from before and after loan period of all selected rural farmers and also per households saving also increased after loan period. This is evident from the above results after receiving loan from the banks and utilizing the same amount for improving of agricultural practices in selected anantapuramu district. It is concluded that, it is significant impact on empowerment of rural farmers after getting the financial assistance from the banks.

CONCLUSIONS:

Commercial banks are playing vital role in development of nations economy. Especially, in agricultural sector every farmer getting financial assistance from the banks for development of agriculture. After the nationalization of banks, it become an very important financial sources of rural agricultural farmers in India. In is evident from the study, every farmer economic status, social status, in the form of agricultural practices, employment generation have been increased after borrowing the amount of different types of farmers from the Anantha Grameena Bank in selected study area. It is suggested that, the selected study area is very drought – prone area in Andhra Pradesh because there is no sufficient rainfall. Hence, the government takes initiative and gives more subsidies, sufficient financial assistance without any obligations for encouragement of young rural

farmers, definitely we can reduce the suicide of farmers in the study area.

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TABLES:

Table-1: Details of selected households in employment Generation through institutional credit (man days)

Type of farmer	Borrowers						Total increased employment	% to total
	Before loan			After loan				
	area	Emplo yment	Per acre Emplo yment	area	Emplo yment	Per acre Emplo yment		
Small Farmers	365	31160	85	375	35250	94	4090	13.12
Medium Farmers	496	43956	88	564	55272	98	11316	25.74
Large Farmers	964	94367	97	987	112622	114	18250	19.33

Source: Field survey

Table 2: Details of Cost and income of selected farmers before taking loan

Type of farmer	Area	Cost	Cost of per acre	Income	Income per acre
Small farmers	365	45,16,510	12,374	81,87,680	22,432
Medium farmers	496	54,41,120	10,970	93,84,320	18,920
Large farmers	964	1,18,67,804	12,311	2,06,88,404	21,461

Source: Field survey

Table 3: Particulars Cost and income of selected farmers after taken the loan

Type of farmers	Area	Cost	Cost of per acre	Income	Income per acre
Small farmers	375	49,03,125	13,075	88,88,548	23,702
Medium farmers	564	67,06,524	11,891	1,15,66,767	20,508
Large farmers	987	1,28,18,169	12,987	2,23,45,116	22,639

Source: Field survey

Table 4: Particulars of assets of sample farmers before and after loan taken

(In Rs.)

Type of farmer	Farmers						Value of assets increased
	Before loan			after loan			
	No. of farmers	Value of total assets	Assets value per households	No. of farmers	Value of total assets	Assets value per households	
Small	135	33749865	2,49,999	135	3,51,13,635	2,60,101	13,63,770
Medium	90	2,72,29,140	3,02,546	90	2,90,83,680	3,23,152	18,54,540
Large	75	3,83,63,400	5,11,512	75	3,96,66,833	5,51,114	13,10,483

Source: Field survey

Table 5: Details of saving amount of selected farmers

(In Rs.)

Category Wise farmers	Famers					
	Before loan			After loan		
	No. of house holds	Total savings	Per house hold savings	No. of house holds	Total savings	Per house hold savings
Small	135	10,96,200	8,120	135	12,10,950	8,970
Medium Farmers	90	10,08,090	11,201	90	11,16,000	12,400
Large Farmers	75	10,62,000	14,160	75	12,15,000	16,200

Source: Field survey
