

A STUDY ON AGRICULTURAL CREDIT IN GUNTUR DURING 2008-2018

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Abstract: Prerequisite for agriculture growth is one of the important parts of agriculture credit. There is a need to review agricultural policies on timely basis for providing adequate finance availability. Most of the Indian rural families and their savings are inadequate for formation of other economic activities lead to importance for rural credit system. These activities are coupled with substitution between realization of income and expenditure and insufficient investments towards agricultural capital. Liberalized economic environment and agricultural development is highly influenced by the institutional credit system. In India agricultural rural development banks, regional rural banks, scheduled commercial banks and cooperative banks comprises multi-agency approach for allowing credit to the agriculture sector. Apart from other points of interaction between the organized and unorganized sectors of the rural money market in India, overdue of institutional credit forge the link between them. It has serious implication in regard to flow of funds, liquidity, risks that confront the lenders and borrowers in the segments of the Indian money market which needs to be continuously explored.

Keywords: Rural Credit, Institutional Credit, Non-Institutional Credit, Co-operative Societies.

The co-operatives, if they are to survive as financial institutions, must take a prudent view of a borrower's eligibility, partly because they are obliged to protect the interests of their depositors and partly because, as organizations that at least aspire to win a popular following, they cannot imitate the ruthless methods private moneylenders use to exact repayment.

THE DISTRICT AND ITS DEMOGRAPHIC GLIMPSES:

Guntur district as reorganized in 2018 consists of 53 mandals and 33 branches organized into three revenue divisions-Tenali, Guntur and Narasaraopet. Topographically it may be divided into two segments namely, delta and upland, the former comprising of 7 blocks then 14 blocks and the latter 12. The population of the district was 64.4 lakhs as per 2018 Census against 48.3 lakhs as per 2008 Census, registering a growth of 25 per cent over a decade with a density of 403 persons per sq. km. Urban population forms 27.46 per cent for the State as a whole. The percentage of workers in the district is 43.8. Among workers 25.32 per cent are in cultivation, 45.23 per cent agricultural labourers and the remaining are other workers. The percentage of literacy is 34.3. Scheduled Castes form 9.22 per cent of the total population while the population of Scheduled Tribes accounts for 4.07 per cent. The total inhabited villages in the district are 692 and revenue villages are 728. Of the total 252 urban areas in the State 15 are located in this district.

LOCATION:

Guntur district is bounded in the north by Krishna and Nalgonda districts, on the west by Mahabnagar and Kurnool districts, in the east by Bay of Bengal and in the south by Prakasam district. It lies between 15°-18' and 16°-15' of North latitude and 79°-10' and 80°-55' of East latitude.

LAND UTILISATION:

The land utilization pattern of the district is shown in the Table 1 as follows.

TABLE 1: Land Use Classification

(in hectares)

Sl.	Classification of the area	Guntur	Andhra	India
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No.		district 2017-18	Pradesh (thousands) 2017-18	(lakhs) 2017-18
1.	Forests	1,60,629	62,12	6,74
2.	Barren and Unculturable land	42,934	23,40	2,14
3.	Land put to non-agricultural use	1,48,523	21,68	1,78
4.	Permanent pastures and grazing land	22,887	9,27	1,21
5.	Misc. tree crops and groves not included in net area sown	41,195	2,68	39
6.	Culturable waste	27,839	8,70	1,69
7.	Current fallows and other fallow land	1,06,137	39,13	2,19
8.	Net area sown	5,82,680	1,07,38	14,29
Geographical area		11,32,824	2,74,40	32,87

Source: 1. Andhra Bank, *Guntur District Credit Plan: 2017-18*, Vol.1, p. 19.

2. Government of Andhra Pradesh: *A.P. Statistical Abstract* 2018, Bureau of Economics and Statistics, Hyderabad, p. 60.

3. Government of India: *Indian Agriculture in Brief* 2018, p.8.

It can be noted from the preceding Table 1 that the net area sown claimed 51 per cent of the total area in the district as against 39 per cent in Andhra Pradesh and 44 per cent in the country 14 per cent of the geographical area is covered by forests while it is 23 per cent in the State and 21 per cent in the country. Barren and unculturable land is lower in the district (6.5 per cent). Land put to non-agricultural use is far above the State and country level denoting the degree of social, commercial and industrial development.

Permanent pastures and grazing land are less than that of State and country and they are slowly being used to raise eucalyptus and casurina plantations by the Forest Development Corporation of Andhra Pradesh. As and when Nagarjuna Sagar Project waters are diverted for irrigation, the scope for extending the area under cultivation will be augmented by converting a part of this barren and uncultivable land. Guntur district shows a large variation ($CV = 1.231$) when compared to the country ($CV = 1.14$) and the State ($CV = 0.961$) in regard to land utilization.

OCCUPATIONAL PATTERN:

Agriculture is the main occupation of the people and constitutes the key-sector of the economy in the district as in the case of State and country. The bulk of its income is derived from the agricultural sector and provides employment to nearly 71 per cent of the work force as per 2018 Census. The remaining workers are engaged in non-agricultural sector viz., trade, commerce, transport, mining and allied activities etc., in rural and urban sectors.

NATURAL RESOURCES:

The district is rich in mineral resources. The principal minerals found are limestone, being utilized by the cement factories at Macherla and Tadepalli; and copper mines are at Agnigundala of Vinukonda mandal. The soil in general is very fertile and it can broadly be classified into four types- black cotton (69%), red loamy (24%), sandy and clay (7%) soil.

LAND HOLDINGS:

The crucial factor in agriculture is land. Its ownership and management determine the state of agricultural prosperity and poverty. The distribution of land holdings as per 2018 Agricultural Census is given in Table 2.

TABLE 2: Operational Holdings in Guntur District and Andhra Pradesh (Area in hectares)

Size group in hectares	Guntur District (2017-18)				Andhra Pradesh (2017-18)			
	No. of land holdings	Percentage	Area '000	% to total Area	No. of land holdings	Percentage to total	Area '000	% to total Area
0-2	3,52,740	78.3	273	40.5	41,19,848	68.9	31,71,561	22.1
2-5	77,866	17.3	240	35.9	13,28,279	21.6	41,44,747	28.8
5-10	16,908	3.7	116	17.1	4,96,681	8.1	34,94,478	24.3
10-20	2,752	0.6	34	5.2	1,65,238	2.7	22,02,104	15.3
20-30	199	0.1	6	0.7	29,553	0.5	7,04,468	4.9
>30	78	-	3	0.6	14,416	0.2	6,62,315	4.6
Total	4,50,543	100.0	672	100.0	61,54,014	100.0	1,43,79,674	100.0

Source: 1. Asst. Director (Planning and Statistics), Guntur District.

2. A.P. Statistical Abstract 2016, p. 96

It can be seen from Table 2 that in Guntur district 78 per cent of land-holdings are below 2 hectares whereas in Andhra Pradesh they are 67 per cent. 22 per cent of land-holdings belong to medium and big farmers (above 2 hectares) in Guntur district against 33 per cent in the State. They account for 59.5 per cent and 78 per cent of the area operated. The distribution of area among the size groups of farmers is shown in table.2.

IRRIGATION:

Irrigation is a supporting and facilitating factor though an indispensable one in modern agriculture. Guntur district is well developed in respect of irrigation as 54 per cent of the net area sown is irrigated. Canals and tanks are the most important sources of irrigation accounting for 95.38 per cent of the irrigated area.

The area irrigated source-wise is presented in Table 3.

TABLE 3: Net Area Irrigated by Source-wise, 2017-18 (in hectares)

Sl. No.	Source	Guntur District		Andhra Pradesh	
		Area in hectares	Percentage to total irrigated area	Area in hectares	Percentage to total Irrigated area
1.	Canals	2,92,734	94.4	16,92,792	48.9
2.	Tanks	2,955	1.0	8,99,919	25.0
3.	Tube wells	10,297	3.3	1,47,395	4.3
4.	Other wells	2,059	0.7	6,29,368	18.2
5.	Other source	1,961	0.6	93,246	2.6
	Total	3,10,006	100.0	34,62,720	100.0
6.	Area irrigated More than once	40,747	11.6	8,78,841	20.2
	Gross Area Irrigated	3,50,753	100.0	43,41,561	100.0

Source: Government of A.P., A.P. Statistical Abstract 2018 p. 115.

As shown in Table 3, 3,10,006 hectares of net area is irrigated under different sources and works out to 9.0 per cent of irrigated area in Andhra Pradesh. The total gross irrigated area is 3,50,753 hectares and it is 8.0 per cent of Andhra Pradesh. In Guntur district 94.4 per cent of net irrigated area is under canals while only 49 per cent is under the same source in Andhra Pradesh.

CROPPING PATTERN:

Due to assured irrigation and the natural resources agricultural production in the district has taken rapid strides. Paddy is the most important crop along with cotton, chillies, groundnut and turmeric. With increasing area brought under cultivation by Nagarjuna Sagar Project (NSP) and also with the advancement in farm mechanisation and dry farm techniques, there is much potential for development of agriculture, particularly in the upland areas and the details in this regard are shown in Table 4.

TABLE 4: Percentage of Area under Principal Crops to the Total Area Sown, 2007-08 and 2017-18

Crops	Guntur District		Andhra Pradesh	
	2007-08	2017-18	2007-08	2017-18
Paddy	33.3	41.6	26.4	30.3
Jowar	10.9	4.6	19.8	17.9
Bajra	4.4	3.3	4.6	4.3
Ragi	0.1	-	2.5	2.4
Other Cereals and Millets	9.0	4.9	8.3	7.8
Total Cereals and Millets	57.7	54.4	61.6	62.7
Other Food crops	12.5	6.6	5.6	6.0
Pulses	16.2	16.5	11.3	10.8
Total Food crops	86.4	77.5	78.5	79.5
Groundnut	1.5	2.9	12.5	9.8
Gingelly	3.9	3.6	1.8	2.3
Cotton	4.0	7.8	2.5	2.9
Tobacco	0.6	1.8	1.8	1.6
Other Non-food crops	3.6	6.4	2.8	3.9
Total Non-food crops	13.6	22.5	21.5	20.5

Source: Government of A.P., A.P. Statistical Abstract 2018.

It is clear observed from Table 4 that the percentage of paddy, which is the staple crop in this district, increased from 33.3 per cent in 2007-08 to 41.6 per cent in 2017-18 while in Andhra Pradesh it has risen from 26.4 per cent to 30.3 per cent only. The area under food crops registered a decline in the district from 86.4 per cent in 2007-08 to 77.5 per cent in 2017-18, whereas there is a marginal increase in the case wider range of the state. This is due to the increase in the area under commercial crops in the district. This trend in crop production may be treated as an index of capitalist agriculture involving greater application of modern inputs and increased investment.

Regarding live stock population of 2018, it is observed that cattle in the district account for 9 per cent of the total livestock population against 23 per cent in the state. Buffaloes claim 28 per cent in the district whereas 11 per cent in the state. This is mainly due to tremendous development of dairy in the district. Sheep in the district are only 8 per cent as against 13 per cent in the State. But development of poultry is being boosted in the district (47%) compared to the State (41%). Goats in the district account for a lower proportion (6%) when compared to the State (8%).¹

ANAND PATTERN' OF DAIRY DEVELOPMENT:

Anand² aims at providing incentives (inputs) to the farmers to reduce production cost and thereby enhancing milk production. Educating the rural milk producer on pure milk production, maintaining healthy cattle by improved practices of breeding, feeding, management through farmer induction programme are also part of Anand. Sangam dairy at Vadlamudi in Tenali mandal is the first of its kind in Andhra Pradesh in co-operative sector run by the Guntur District Milk producers

Co-operative Society with a capacity of 1,50,000 litres of liquid milk per day. As many as one lakh milk producers are actively associated in the dairy programme.

INFRASTRUCTURE:

(1) The length of roads in the district comes to 5.47 per cent of the State. P.W.D. roads in the district are the major source constituting 52 per cent of the total roadway, which is 10 per cent of the State. (2) Three warehouses are located in district, one in Guntur and two in Tenali mandal- Duggirala and Vadlmudi with a capacity of 76.33 tonnes. (3) Guntur is a popular seat of education and is termed as Oxford of Andhra. 45 per cent of men and 27 per cent of women in the district are literate according to 2018 Census. Nagarjuna University was established near Guntur in mid 1970s to cater to the needs of those aspiring higher education.

DEMAND FOR FARM CREDIT:

The demand for farm credit is a function of a multiplicity of variables. The methods of estimation are also divergent. The RBI has suggested two methods namely, gross cropped area method and operational landholding method for arriving at an estimate of farm credit. Scales of finance are fixed crop-wise by technical committees and they form the basis for credit estimation. These scales of finance along with the recommended period of financing and the period of recovery are furnished in Table 5.

TABLE 5: Crop-wise Scales of Finance: 2017-18

Name of the crop	Estimated yield per acre (Rs.)	Gross scale of finance per acre (Rs.)	Percentage of yield to finance per acre
Kharif : 2018			
Paddy	2,200	1,000	45
Sugarcane	5,000	2,000	40
Banana	8,000	2,000	25
Turmeric	6,000	2,000	33.3
Bajra(HYV)	1,000	400	40
Jowar (HYV)	800	400	50
Chillies	5,600	2,000	35.7
Groundnut (irrigation)	8,000	1,000	12.5
Tobacco	4,000	1,800	45
Cotton (all varieties)	6,000	2,000	33.3
Rabi: 2018			
Paddy	2,420	1,200	49.5
Groundnut	8,000	1,000	12.5
Tobacco	4,000	1,800	45

Source: The GDCCB Ltd., Action Programme: 2017-18.

It may be noted that the prescribed scales of finance exhibit a wide variation among the different crops. Jowar (HYV) is the only crop for which 50 per cent of the estimated value of yield is prescribed. For others it is less than 50 per cent. Paddy (45%), sugarcane (40%), banana (25%), turmeric (33.3%), bajra (40%), chillies (35.7%), groundnut (12.5%), tobacco (45%) and cotton (33.3%).²

Except in the case of paddy there is no difference in the scale of finance between Kharif and Rabi season. 25 and 40 per cent of total credit have been fixed as minimum kind component for Kharif and Rabi seasons respectively. The duration of loan disbursement is longer as regards the former compared to the latter season.

GROSS CROPPED AREA METHOD:

The crop loan requirement for each crop is calculated on the basis of cropping pattern and the scales of finance for various crops as recommended by the Technical Committee and approved by the Standing Committee and District Credit Council. Thus, the aggregate amount for all the crops in a given block is estimated. Keeping in view certain assumptions like taking into account that 50 per cent of the farmers may approach for loans, 50 per cent of the amount is fixed as crop credit demand for that particular year.

In Guntur district a total area of 5,47,908 hectares is under various crops and the total crop loan requirement for this area works out to Rs. 11,782.817 lakhs. The crop loan requirement at 50 per cent is Rs. 5,891.409 lakhs under this method.

OPERATIONAL LANDHOLDING METHOD:

To cross check the first method, this method is suggested. Under this method operational holdings of small, medium and large farmers are taken into account in respect of every block in the district and the details are shown in Table 6.

TABLE 6: Assessment of Credit-Operational holding Method (Rs. in lakhs)

Category of farmers	Proportionate requirement	Amount estimated
Small farmers (Proportionate requirement 100 %)	2,036.118	2,036.118
Medium farmers (proportionate requirement 50%)	2,363.136	1,181.569
Large farmers (Proportionate requirement 25 %)	7,383.553	1,845.889
Total	11,782.807	5,063.575

Source: The Lead Bank Survey, Guntur 2017-18.

It is obvious from the Table 6 that 100 per cent requirement of the small farmers, 50 per cent requirement of medium farmers and 25 per cent requirement of large farmers is taken into account for fixing the crop loan requirement under this method. The aggregate for all the holdings works out to Rs. 5,064 lakhs.

After obtaining the crop loan requirement under the two methods an average of the requirements is taken into account, whenever there is a wide variation between the two methods; The final outlay is fixed as shown in Table 7.

TABLE 7: Final Assessment of Crop Loan Demand in Guntur District: 2017-18

(Rs. in lakhs)

Sl. No.	Items	Amount
1.	Gross cropped area amount	11,782.817
2.	Amount arrived at under first method	5,891.409
3.	Assessment as per second method	5,063.576
4.	Average of the two methods	5,477.493
5.	District Credit Plan outlay	5,113.000

Source: The Lead Bank Survey, Guntur 2017-18.

The average crop loan requirement under the above two methods works out to Rs. 5,477.49 lakhs and an amount of Rs. 5,113 lakhs is proposed by District Credit Plan (DCP) for the year 2017-18. Table 8 offers details of the district credit plan.

TABLE 8: Guntur District Credit Plan: 2017-18

(Rs. in lakhs)

Sl. No.	Sector	Total loan
1.	Crop loans	5,113.00 (64.6)
2.	Agricultural allied activities and term loans	1,382.376 (17.5)
3.	Small scale industries	1,017.408 (12.9)

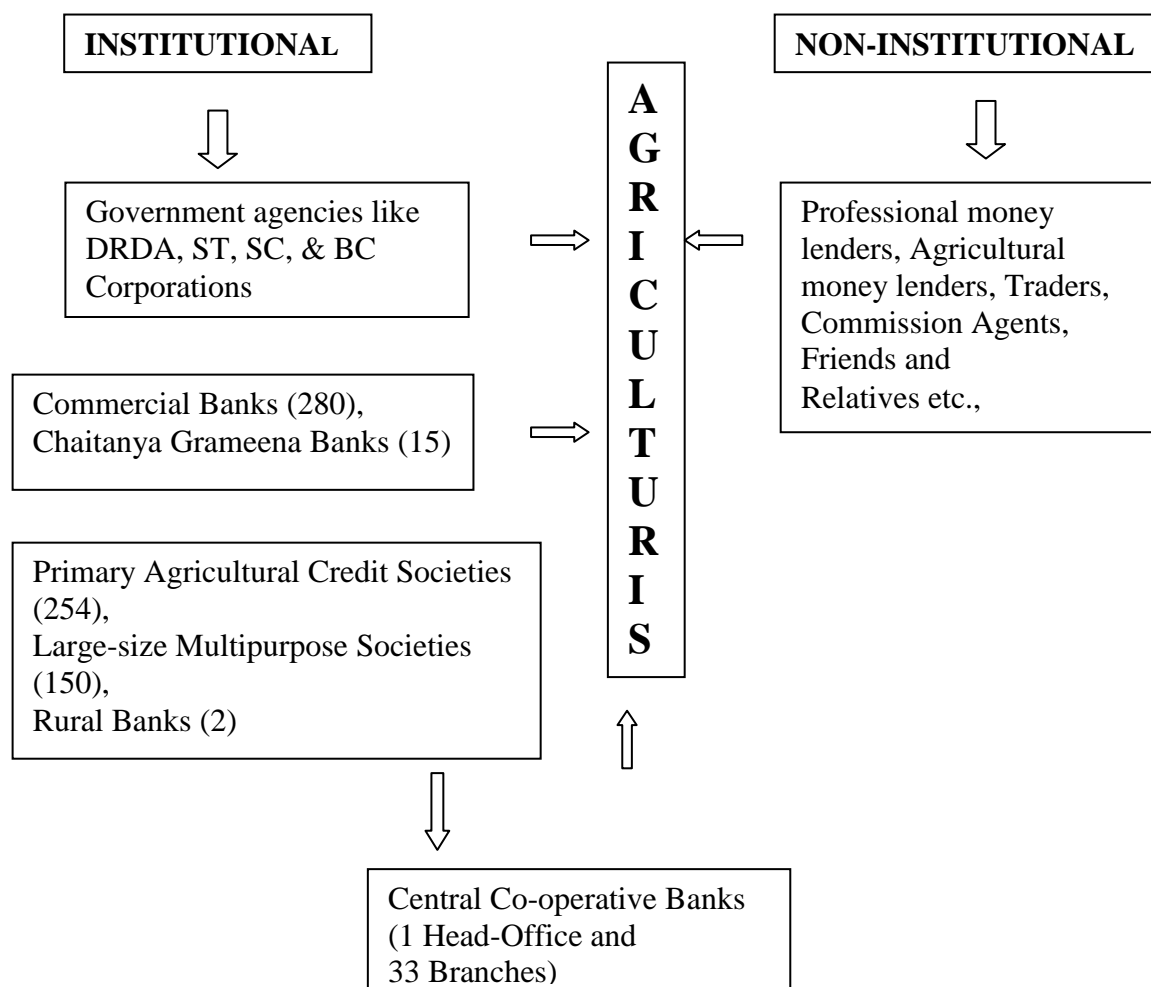
4.	Tertiary sector	400.355 (05.0)
Total		7,913.139 (100.0)

Source: District Credit Plan: 2017-18.

It is observed from Table 8 that the credit plan has accorded top priority for agriculture. The proportion allocated for crop loans comes to 65.0 per cent. Agriculture allied activities and term loans account for 17.5 per cent, together they account for 82 per cent. Industries account for 13 per cent, whereas tertiary sector claims only 5 per cent.

Like the agricultural credit system of the country the district's agricultural credit market is characterised by dualism. The chief sources of non-institutional credit in this area are moneylenders-agricultural and professional, traders, friends and relatives, while co-operatives, commercial banks, regional rural banks and the government constitute the institutional source of credit as shown in Diagram 1.

DIAGRAM 1: INSTITUTIONAL ARRANGEMENTS FOR SUPPLY OF FARM CREDIT IN GUNTUR DISTRICT IN 2017-18



Owing to recent changes in the social, economic and political milieu in the country in general and the area in particular-which impose greater restrictions on moneylending by non-institutional agencies, the role of moneylending is slowly diminishing. In order to fill the void arising in this context and close the credit gap, institutional agencies of credit are expanding their activity.

CO-OPERATIVES:

Experience has shown that co-operatives can serve as a means by which peasant cultivators can help one another to improve their position. But the success of rural co-operatives pre-supposes a modicum of social equality, political democracy and economic viability among the villages. These pre-conditions have not been present in Guntur district even to date. If the co-operative movement is to get anywhere two things must happen. First, the power of the village oligarchs-the leading people must be curtailed; second, the government must become an instrument of the ordinary people and must be considered as such by the ordinary people.³

THE GUNTUR DISTRICT CO-OPERATIVE CENTRAL BANK LTD., (GDCCB):

The GDCCB Ltd., has its Head office at Tenali. With a network of 33 branches, it is one of the major agencies of farm finance in the district. It administers S.T. and M.T. loans mostly for crop production through a network of 254 PACS, 125 LAMPS and 2 Rural Banks. Besides, Urban Credit Societies, Sale and Marketing Societies, Weavers Co-operative Societies, Industrial Co-operative Societies and others totaling 568 are also operating in the district.

GENESIS:

Under Credit Co-operative Societies Act 1904, the bank was registered as 'Tenali District Urban Bank' on November 28, 1910 and inaugurated on March 17, 1911. The nomenclature was changed on February 13, 1916 as 'The Guntur District Co-operative Banking Union Limited.' In the initial days the bank has lent money by the recommendations of District Collector or Deputy Collector.⁴ Again in 1928 its name was changed as 'The Guntur District Co-operative Bank' and in 1933 the present name was given. The Bank got permanent buildings of its own by November 17, 1958.

The GDCCB Ltd., Tenali covers the entire revenue district of Guntur, all villages are served by agricultural co-operatives under the reorganisation programme. The bank has a network of 33 branches covering all mandals and blocks. These particulars of branches are shown in Annexure-1.

OPERATIONS OF THE GDCCB LTD.,:

Table 9 provides a bird's eye view of the working of Central Co-operative Bank before and after reorganization.

TABLE 9: Working of the GDCCB Ltd., (Rs. in Lakhs)

S. No	Particulars	1994-95	2017-18	Growth rate in times
1.	Number of members	1,565	1,138	-0.27
2.	Share capital	82.40	234.18	2.84
3.	Reserve funds	11.43	89.81	7.85
4.	Deposits	274.55	600.47	2.18
5.	Borrowings	90.12	405.98	4.50
6.	Working capital	467.70	1,329.54	2.84
7.	Loans and advances outstanding	343.77	1,037.45	3.00
8.	Loans and advances	341.73	1,780.43	5.2
9.	Collections	244.30	1,215.03	4.97
10.	Overdues (8-9)	97.43	565.40	5.80
11.	Percentage of overdues to demand	29	32	

Source: The GDCCB Ltd., Annual Action Programme: 2017-18.

The membership of the GDCCB Ltd., decreased by 27 per cent under the programme of reorganization. Share capital, reserve funds and deposits increased by 2.84, 7.85 and 2.18 times

during the period under reference. Borrowings, working capital and loans and advances out standings went up by 4.5, 2.84 and 3.0 times respectively. Current loans and advances and collections rose by 5.2 and 4.97 times. Overdues therefore, reorganised a six-fold increase. However, overdues to demand rose marginally from 29 to 32 per cent.

PACS IN GUNTUR DISTRICT:

The implementation of the programme of reorganization of Primary Societies into viable units, resulted in reduction in the number of credit societies operating in the district. Table 10 furnishes a bird's eye view of the structure and performance of PACS in Guntur district.

TABLE 10: Operations of Primary Agricultural Credit Societies as on March 31, 2008

(Rs. in lakhs)

Sl. No.	Particulars	Amount
1.	Number of Societies	371
	Of which PACS	244
	Rural Banks	2
	LAMPS	125
		371
2.	Total Agricultural families in the district	5,25,403
	Of which small farmers	3,71,530
	Percentage of small farmers	70.71
3.	Number of members belong to	
	SCs	28,370
	STs	6,597
	BCs	38,103
		73,070
4.	Borrowing membership	62,677
	Of which small farmers	51,130
	Percentage of small farmers among borrowers	81.58
5.	Percentage of borrowing membership to total Membership	27.2
6.	Paid-up share capital	234.18
7.	Reserves	89.81
8.	Deposits	228.72
9.	M.T. (Agril.) loans advanced	8.43
10.	S.A.O. loans advanced	1,532.41
	Of which small farmers	1,185.48
11.	Percentage of loans to small farmers	77.36
12.	Collection	1,085.06
13.	Percentage of overdues to demand	29.2

Source: The GDCCB Ltd., Annual Action Programme: 2017-18.

Small farmers constitute nearly 70 per cent of the agricultural householdings in the district. Small farmers account for 76 per cent of the membership in PACS. Small farmers account for the membership in PACS. The membership of SCs in PACS (12.3%) is higher than their proportion in the population (9.2%) whereas that of STs is (2.9%) is lower than their share in the population (4%). Backward castes account for 16.5 per cent of the membership and this is lower than their population proportion. Borrowing membership accounts for 27 per cent of total membership and this is lower than national average (33%). The percentage of small farmers among borrowers is 82 per cent and their share of agricultural loans 77 per cent. In view of this, it may be said that the performance of PACS in terms of membership and loans to small farmers is guided by considerations of equity. The level of overdues to demand was 29 per cent. The capital structure of PACS was thin as paid-up capital, reserves and deposits constituted nearly one-third of loans advanced.

PROGRESS OF COMMERCIAL BANKS:

Banking is fairly well developed in the district because of the fast rising activity in both the sectors of agriculture and industry. Some upland areas have also been provided with banking facilities since the nationalisation of commercial banks. The following Table 11 reveals the development of banking in the district since the inception of planning.

TABLE 11: Banking Development in the District

Sl. No.	Mandal	Number of branches			
		1987-88	1997-98	2007-08	2017-18
1.	Guntur	43	49	213	146
2.	Tenali	24	26	28	60*
3.	Repalle	7	9	11	32
4.	Bapatla	6	8	10	44*
5.	Narasaraopet	6	7	10	31
6.	Vinukonda	2	6	8	29
7.	Gurajala	3	5	7	10
8.	Sattenapalle	4	6	7	25
9.	Macherla	3	3	6	13
10.	Ponnur	4	5	8	39*
11.	Mangalagiri	2	8	16	24
12.	Others	1	14	21	66
13.	Total	105	146	344	544

*Including cluster branches: 5 Ponnur, 5 Bapatla, 1 Tenali mandals

Source: District Credit Plan: 2017-18, pp.548-54.

It can be observed from the Table 11 that in 1975s, 50 per cent of the branches were located in Guntur mandal whereas the remaining branches were located mostly at delta mandals. The pattern of branch location thus, led to concentration of banking in relatively developed mandals. There was no substantial change by 2007-08. By 1995s 62 per cent of branches were located in Guntur and Tenali mandals, whereas the remaining 38 per cent of branches were located in other 6 mandals. By 2017-18, this tendency was corrected as only 27 per cent of branches were located in Guntur and Tenali mandals. The rest of the branches were distributed in the rest of the mandals.

The rural and urban distribution of bank offices in Guntur district is in favour of the rural areas than in the country. The proportion of rural and semi-urban branches in the district was 72 per cent, while in the country it was only 70 per cent in 2017-18. Population coverage per bank office in the district is less (16,000) than that in the State and India. The index of deposits and advances with 1995 as the base rose to 709 and 678 respectively. The per capital level of deposits in the district was greater than that of the State and lower than that of the country. This position was not changed by 1995.

To put the district commercial banking to litmus test, the RBI has fixed the targets as shown in Table 12.

TABLE 12: Aggregate Position of the Advances of Commercial Banks as on March 31, 2018 vis-à-vis RBI Targets

Sl. No.	Items	District's position	RBI targets
1.	C/D ratio	89.8	60.0
2.	Priority to total advances	39.2	40.0
3.	Agriculture to total priority	68.0	40.0
4.	Weaker section of agriculture to total advances	62.6	50.0

5.	Weaker section of small scale industries to total small scale industries	10.2	12.5
6.	DRI advances to total advances of previous year (December 31, 2018)	0.43	1.0
7.	SC/STs share in DRI	68.9	40.0

Source: The Guntur District Credit Plan: 2017-18, p.557.

The C/D ratio at the end of March 31, 2018 for the district was nearly 90 per cent as against the target of 60 per cent. However, the achievement regarding the advances to priority sector was short of the target only marginally. The share of agriculture in total priority sector advances and weaker section of agriculture to total advances were above the proposed target as also the share of SCs and STs in the DRI loans. The achievement in respect of weaker section of small-scale industries (SSI) to total SSI advances and DRI advances to total advances have lagged behind their respective targets.

CHAITANYA GRAMEENA BANK:

To meet the ever-growing needs of the rural economy of the district, especially of the weaker sections Chaitanya Grameena Bank was established on March 25, 2018 with Tenali as headquarters. As in the case of regional rural banks, its capital of Rs. 25 lakhs was contributed in the ratio of 50:35:15 by the Government of India, the sponsor bank i.e., Andhra Bank and the Government of A.P. respectively. It opened 12 branches by May 14, 2018. The bank has disbursed 75 per cent of accounts for crop loans, 11 per cent for professional and self employed, 6 per cent for retail trade and remaining 9 per cent accounts for agricultural term loans, road transport operations, small business etc.⁵

INTERGRATED RURAL DEVELOPMENT PROGRAMME (IRDP):

Table 13 presents the outlay of various programmes and beneficiaries in the district. The amount of subsidy under the different schemes rose to Rs. 3.2 lakhs by 2007-08 and Rs. 135 lakhs by 2017-18. The average for seven years period is Rs. 88 lakhs. The loan component also went up from Rs. 1 lakh to Rs. 222 lakhs. The average per annum is Rs. 152 lakhs. The number of beneficiaries has also recorded a fast increase from 302 at the beginning to 10,183 by 2017-18. The average outlay per beneficiary rose from Rs. 1,391 to Rs. 3,511. During the period of 7 years an outlay of Rs. 1,691 lakhs was distributed to 64,865 beneficiaries in the district.

TABLE 13: Programme-wise Particulars of Subsidy, Loan Component and Number of Beneficiaries since 20012
(Rs. in lakhs)

Year	Programme	Subsidy	Loan component	Total outlay	Beneficiaries
2011-12	SFDA	3.20	1.00	4.20	302
2012-13	1. SFDA & 2. Cyclone Rehabilitation Programme (CRP)	22.67	38.94	61.61	5,157
2013-14	1. SFDA, 2. CRP, 3. IRDP & 4. Minor irrigation outside SFDA	96.90	195.19	292.09	18,602
2014-15	1. SFDA, 2. IRDP & Minor irrigation outside SFDA	80.92	129.57	210.29	9,829
2015-16	1. Regular SFDA & 2. IRDP	98.67	171.98	270.60	9,556

2016-17	IRDP	181.02	313.49	494.51	16,236
2017-18	IRDP	135.02	222.49	357.51	10,183
Total		618.20	1072.61	1690.81	64,865

Source: Andhra Bank: *District Credit Plan: 2017-'18*, p.125.

DIFFERENTIAL RATE OF INTEREST (DRI) SCHEME:

There is a persistent demand from various government agencies that all the IRDP loans should be brought under the purview of DRI. However, as per the present eligibility norms of the DRI only a certain percentage of the beneficiaries under IRDP will be entitled for the benefits under DRI scheme and not all because of the lower income ceiling fixed in respect of DRI advances. Further the banks have limited financial resources to sanction loans under DRI i.e., 1 per cent of aggregate advances as at the end of the previous year.

PROGRAMME FOR THE UPLIFTMENT OF SCHEDULED CASTES:

This is a state sector plan and this also forms part of the revised 20-Point Economic Programme. The District Scheduled Caste Co-operative Society expects to release an amount of Rs.2 crores of margin money for grounding schemes to cover 10,000 families under this plan. As per the action plan of the society an amount of Rs.91.2 lakhs is expected to be released by the agency as margin money along with Rs.122.516 lakhs of matching subsidy from DRDA in respect of loans in rural areas under Rs.185.77 lakhs of institutional credit during the year 2017-18.⁶

NON-INSTITUTIONAL AGENCIES OF RURAL CREDIT:

The institutional arrangements for the supply of agricultural credit in the district have so far been discussed. The unorganized (non-institutional sector) consists of moneylenders, traders, landlords, friends and relatives. These agencies adopt flexible methods of business operation and charge rates of interest ranging from 12 to 60 per cent.

Reliable data is not available regarding the number of these agencies and volume of their operations. It is hazardous to arrive at an estimate of their population. However, based on the observations and contacts made at the time of field investigation, it may be safe to state that there are on an average 5 agriculturist moneylenders for a revenue village and about the same number of traders and commission agents who engage themselves in trade combined with moneylending. There are hardly any professional moneylenders operating in rural areas of the district. They are situated mostly in towns and carry on their business with the villagers. Thus, they provide a link between the rural and urban money market. As most of them function in an informal style, it is difficult to estimate their number and volume of their business. With the advent of land reforms, landlordism as a phenomenon of rural credit dispensing has almost disappeared. It is dangerous to guess the magnitude of friends and relatives and their role in the supply of credit and therefore, it is better to refrain from it. An attempt is made to depict the agricultural credit structure on the basis of the sample study undertaken in respect of defaulter households. The following Table offers the details.

TABLE 14: Farm Credit Structure in Guntur District: 2017-18

Sl.No.	Agency	Credit outstanding (Percentage)
1.	Government	2.0
2.	Co-operatives	35.0
3.	Commercial banks	11.0
	Institutional Credit:	48.0
4.	Agricultural moneylenders	28.0
5.	Professional moneylenders	4.0
6.	Traders/Commission agents	12.0
7.	Friends and relatives	8.0
	Non-institutional Credit:	52.0

Total (Institutional and Non-institutional Credit)	100.0
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Source: Field Data.

From the Table 14 above it may be noted that institutional and non-institutional credit account for 48 and 52 per cent respectively. Among the institutional agencies co-operatives are the foremost accounting for 35 per cent of farm credit followed by commercial banks (11%) and government (2%).

The agricultural moneylenders account for 28 per cent followed by traders and commission agents. The other agencies are relatively insignificant. Therefore, the grip of rural trinity namely, the large farmer-cum-moneylender and the trader is getting loosened by the institutional developments in farm credit.

TABLE 15: Distribution of Credit according to Size of the Holding and Agency in Guntur District: 2017-18 *(in Percentages)*

Sl. No.	Agency	Size of landholding			
		10 acres and above	5-10 acres	2.5-5 acres	Less than 2.5 acres
1.	Government	3.0	2.2	1.5	2.0
2.	Co-operatives	35.0	37.4	32.0	25.0
3.	Commercial banks	21.0	13.4	8.5	6.0
	A. Institutional Credit:	59.0	53.0	42.0	33.0
4.	Agricultural moneylenders	29.0	28.0	38.0	42.0
5.	Professional moneylenders	3.0	5.0	2.0	6.5
6.	Traders and commission Agents	4.0	8.0	8.0	11.5
7.	Friends and relatives	5.0	6.0	4.0	7.0
	B. Non-institutional credit:	41.0	47.0	52.0	67.0
	Total (A+B)	100.0	100.0	100.0	100.0

Source: Field Data.

There is a positive relationship between institutional credit and size of holdings. The marginal and small farmers are induced to borrow more from informal market even at higher rates of interest due to slender asset base and higher degree of risk. Medium and large farmers on the other hand have a better access to institutional finance because of their economic status and social standing and therefore, there is minimum risk for lending agencies. In other words, the credit market is fragmented and differentiated in terms of the status of different size groups of borrowers in the district as elsewhere in developing economies.

CONCLUSION:

The agricultural economy of Guntur district can be regarded as a developed one because of better natural endowments and exploitation over the years. The development of irrigation is in an advanced stage though there is some more potential to be exploited. Intensity of cultivation, farm equipment, land utilization, yield levels indicate the progressive character and technological change in the matter of agriculture in Guntur district. Livestock and dairy development are picking up very fast. Thus the forward and backward linkages in the agricultural economy are getting forged and strengthened.

The estimation of farm credit is a complex task. The district credit plan, which includes an estimate of farm credit, is based on the RBI guidelines. For the year 2006-07 crop loan demand has been assessed at Rs. 5,113 lakhs, which forms 65 per cent of the district credit plan. The supply of farm credit in the district is characterized by dualism-organized and unorganized sector agencies operating with divergent business practices.

The GDCCB Ltd., has a long history and has turned the corner in recent years. The PACS under its jurisdiction have been reorganized and made viable. Their operations are informed by a sense of social purpose, besides business principles. The coverage of commercial banks is higher as indicated by the average population served by a branch and the C/D ratio. The Chaitanya Grameena Bank is a recent phenomenon and is yet to strike its roots in the rural credit system. The governmental agencies especially under the IRDP are forging ahead to ameliorate the lot of rural poor.

The rural credit market of the country is fragmented. Like wise Guntur district rural credit market is fragmented and differentiated due to the operation of a plurality of agencies broadly classified into two categories-institutional and non-institutional. The former account for 48 per cent farm credit in the district compared to about 40 per cent in the country. Institutional credit and farm size are positively correlated in the district as in most cases of factor markets in the developing world. This phenomena of fragmentation and differentiation of rural credit market in Guntur district has serious implications for the supply of credit, cost of credit, substitution of credit and liquidity management on the part of lending and borrowing agencies.

NOTES & REFERENCES

1. Government of A.P., *Andhra Pradesh Statistical Abstract 2018*, pp.130-131.
2. *The Hindu*: "Project to Benefit Producer and Consumer of Milk Dairy Products," June 1,2018, p.17.
3. Daniel Thorner: *Agricultural Co-operatives in India-A Field Report*, Mumbai Asia Publishing House, 2017, p.36.
4. The GDCCB Ltd., *Souvenir 2018*, p.42.
5. Chaitany Grameena Bank's, *Annual Report 2017-18*, p.4.
6. Andhra Bank, *District Credit Plan: 2017-18*, Guntur, Vol. I, p.118.

ANNEXURE-1: The GDCCB Ltd., Branches as on 31-03-2018

Sl. No.	Branch headquarters	Date of opening	Name of the block covered	Name of the talk covered
1.	Guntur	14.12.1926	Nallapadu	Guntur
2.	Narasaraopet	21.10.1955	Narasaraopet	Narasaraopet
3.	Gurajala	30.03.1961	Gurajala	Gurajala
4.	Sattenapalle	29.12.1962	Sattenapalle	Sattenapalle
5.	Vinukonda	21.11.1964	Vinukonda	Vinukonda
6.	Bapatla	17.01.1967	Bapatla	Bapatla
7.	Repalle	10.02.1970	Repalle	Repalle
8.	Chilukaluripet	31.03.1971	Nadendla	Chilukaluripet
9.	Mangalagiri	15.04.1971	Mangalagiri	Tadikonda
10.	Ponnur	28.04.1971	Ponnur	Ponnur
11.	Amaravathi	01.02.1975	P. Tyalluru	Tyalluru
12.	Piduguralla	30.12.1975	Piduguralla	Piduguralla
13.	Macherla	27.03.1978	Macherla	Macherla
14.	Indira Town Br, Tenali	27.12.1979	Tenali	Tenali
15.	Tenali branch	02.04.1980	Emani	Emani
16.	Prattipadu	26.06.1981	Prattipadu	Prattipadu
17.	Pedakurapadu	08.02.1982	P. Tyallur	Tyalluru
18.	Krosuru	08.07.1982	Rajupalem	Rajupalem
19.	Cherukupalle	08.04.1983	Pallapatla	Pallapatla
20.	Duggirala	13.05.1983	Amarthalur	Emani
21.	Thulluru	26.03.1984	Thullur	Thullur

Sl. No.	Branch headquarters	Date of opening	Name of the block covered	Name of the talk covered
22.	Phirangipuram	25.05.1984	Phirangipuram	Phirangipuram
23.	Khajeepalem	04.06.1984	Khajeepalem	Khajeepalem
24.	Koritipadu	26.10.1984	Koritipadu	Koritipadu
25.	Dachepalli	31.10.1984	Dachepalli	Dachepalli
26.	Santhagudipadu	31.10.1984	Santhagudipadu	Santhagudipadu
27.	A.C.B. Guntur	01.04.1987	Guntur	Guntur
28.	Vemuru	24.06.1989	Vemuru	Vemuru
29.	Chebrol	24.06.1989	Chebrol	Chebrol
30.	Kollipara	20.07.1992	Kollipara	Kollipara
31.	Adm., Off., Guntur	27.08.1993	Guntur	Guntur
32.	Kakumanu	17.01.1995	Kakumanu	Kakumanu
33.	Nizamapatnam	17.01.1995	Nizampatnam	Nizampatnam

Source: The GDCCB Ltd., Tenali, Action Plan: 2017-18.