

ROLE OF REGIONAL RURAL BANKS IN POVERTY ALLEVIATION IN ANDHRAPRADESH WITH REFERENCE TO ANDHRAPRAGATHI GRAMEENA BANK

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ABSTRACT

Poverty is one of the main issues, attracting the attention of sociologists and economists. It indicates a condition in which a person fails to maintain a living standard adequate for a comfortable lifestyle. Though India boasts of a high economic growth, it is shameful that there is still large scale poverty in India. As a phenomenon, rural development is the end-result of interactions between various physical, technological, economic, social, cultural and institutional factors. As a discipline, it is multi-disciplinary in nature, representing an intersection of agriculture, social, behavioral, engineering and management sciences. Rural development is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas.

RRBs provide funds to the weakest among weaker sections of rural society. This paper represents the RRBs act as alternative agencies to provide institutional credit in the rural areas. In short, failure of co-operatives and commercial banks to meet the growing credit requirements of the small and marginal farmers, rural artisans and farm labourers in rural areas is the rationale behind the origin of RRBs. The present paper helps to know about the role of Andhrapragathi Grameena bank and its provisions towards to credit facilities especially to the agricultural sector with special emphasis on the small, marginal and the landless farmers. APGB promotes self-employment schemes thereby promoting all-round development of village societies. This bank Provides awareness programmes to the rural people about various banking facilities available and to provide subsidiary services like commercial banks. These rural banks are taking a very good step to eradicate the poverty with innovative programmes in different categories like self-employment,

priority and non-priority sectors. These RRBs are ready to face Issues and challenges of poverty alleviation programme with the help of Government policies.

Keywords: *RRBs, Rural Poverty, Self-Employment, APGB.*

INTRODUCTION

Poverty is said to exist when people lack the means to satisfy their basic needs. In this context, the identification of poor people first requires a determination of what constitutes basic needs. These may be defined as narrowly as “those necessary for survival” or as broadly as “those reflecting the prevailing standard of living in the community.” The first criterion would cover only those people near the borderline of starvation or death from exposure; the second would extend to people whose nutrition, housing, and clothing, though adequate to preserve life, do not measure up to those of the population as a whole. The problem of definition is further compounded by the noneconomic connotations that the word poverty has acquired. Poverty has been associated, for example, with poor health, low levels of education or skills, an inability or an unwillingness to work, high rates of disruptive or disorderly behavior, and improvidence. The total output of goods and services, even if equally distributed, would still have been insufficient to give the entire population a comfortable standard of living by prevailing standards.

Poverty in India: Poverty is one of the main issues, attracting the attention of sociologists and economists. It indicates a condition in which a person fails to maintain a living standard adequate for a comfortable lifestyle. Though India boasts of a high economic growth, it is shameful that there is still large scale poverty in India. Poverty in India can be defined as a situation when a certain section of people are unable to fulfill their basic needs.

India has the world's largest number of poor people living in a single country. Out of its total population of more than 1 billion, 350 to 400 million people are living below the poverty line. Nearly 75% of the poor people are in rural areas, most of them are daily wagers, landless laborers and self-employed householders. There are a number of reasons for poverty in India. Poverty in India can be categorized into two namely rural poverty and urban poverty.

Basic Reasons for the Rural Poverty: High Population Growth, Illiteracy, Caste System, Large Families.

Basic Reasons for the Urban Poverty: Slow Job Growth, Failure of PDS System, No Social Security Schemes, Lack of Opportunity to Quality Health and Educational Services. The following Table-1 explains Poverty headcount ratio at \$1.90 a day (2017 PPP)

Table-1: Population living below national poverty line in Asia continent-2017(%)

Sl.No	Country	<\$1.90 a day	Total population (millions)	GDP growth (%)
1	China	0.7%	1386.4	6.9
2	India	21.6%	1339.2	6.6
3	Bangladesh	14.8%	164.7	7.3
4	Pakistan	4%	197.0	5.7
5	Sri Lanka	7%	21.4	3.1

Source: World Bank org.

Notes: International Poverty Line has a value of US\$1.90 PPP.

India is in a period of unprecedented opportunity, challenge and ambition in its development. Already the world's third largest economy in purchasing parity terms, India aspires to better the lives of all its citizens and become a high-middle income country by 2030, well before the centenary of its independence. India's population in millions 1339.2, GDP (US\$) 2597.49, and poverty rate (\$1.90/day) 21.6% Long-term GDP growth has become more stable, diversified, and resilient. Over the next few years, India is expected to grow at well over 7 percent per year, with progress being buttressed by dynamic reforms in the macroeconomic, fiscal, tax and business environments. While India is still

home to 176 million poor people, it is seeking to achieve better growth, as well as to promote inclusion and sustainability by reshaping policy approaches to human development, social protection, financial inclusion, rural transformation, and infrastructure development. The term rural development connotes overall development of rural areas to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities, village and cottage industries and crafts, socio-economic infrastructure, community services and facilities and above all human resources in rural areas. As a phenomenon, rural development is the end-result of interactions between various physical, technological, economic, social, cultural and institutional factors. Rural development is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. Education, entrepreneurship, physical infrastructure, and social infrastructure all play an important role in developing rural regions.

OBJECTIVES OF THE STUDY

- To understand the poverty statistics and impact of RRBs in Indian poverty.
- To analyze the Role of APGB on poverty and rural development in Andhra Pradesh.

RESEARCH METHODOLOGY

The Data for the present study is collected mostly from the secondary sources. Various published reports, and other selected official websites, books, magazines, journals, newspapers/unpublished articles, and internet websites are used for the purpose of research paper.

ESTABLISHMENT & IMPORTANCE OF REGIONAL RURAL BANKS

Prime Minister, Smt. Indira Gandhi had taken up the initiation for appointment of the committees on rural credit. Special institution under the name of RRBs appeared on the rural credit scene of India. When the government of India promulgated an ordinance to provide for the incorporation and regulation of the RRBs and first five banks in four states commenced business

.This was considered one of the major structural changes in rural banking in India. Based on the recommendations of the banking commission and the working group of the Government of India established Regional Rural Banks in the year 1975, under the RRBs act 1976. It is the state sponsored bank, regionally based and rural oriented commercial banks have taken birth in rural India which is popularly known as “Regional Rural banks”. The basic purpose of the RRBs was to bring progress with social justice to the rural poor, who were generally denied access to financial services from rural co-operatives as well as commercial banks. The rationale was that during the 1960s and 70s, wealthy farmers dominated co-operatives and the commercial banks had an urban bias. Therefore, most poor people turned to informal sources for their financing needs.

Aims of Regional Rural Banks: To take the banking services to remote and rural areas where there was no banking facility of any kind. To promote self-employment schemes thereby promoting all-round development of village societies. To provide credit facilities especially to the agricultural sector with special emphasis on the small, marginal and the landless farmers. To

promote the welfare of economically and socially backward people of the rural sector.

ROLE OF APGB (ANDHRA PRAGATHI GRAMEENA BANK) IN RURAL DEVELOPMENT

The Andhra Pragathi Grameena Bank (APGB), sponsored by Syndicate Bank, in the state of Andhra Pradesh, came into existence on 01.06.2006 after amalgamation of 3 RRBs namely Rayalaseema Grameena Bank, Sree Anantha Grameena Bank and Pinakini Grameena Bank, into a single entity by a Notification of Government of India. The area of operation of the Bank consists of 5 districts viz., Anantapur, Y.S.R kadapa District, Kurnool, Nellore and Prakasam with a distinct sociocultural heritage. The Bank is functioning with a Network of 8 Regional Offices and 549 Branches with its Head Office at Kadapa. The Bank stood robust and occupied No.1 position among all the existing RRBs in the Country with Net Owned Funds of Rs.1471.62 Crores as on 31.03.2015. The paid up capital of the bank continues to be Rs.4243.26 lakhs, contributed by the government of India, sponsored bank (syndicate bank) and the govt. of Andhra Pradesh. In the ratio of 50:35:15 respectively.

Table-2: District-Wise Distribution of APGB Branches (2017-18) (Rs. In Numbers)

Population category	DISTRICTS					Total
	Anantapur	Kadapa	Kurnool	Nellore	Prakasam	
Rural	76	64	67	51	67	325
Semi-urban	25	32	31	25	30	143
Urban	20	16	24	14	07	81
Total	121	112	122	90	104	549
Regional office	2	2	2	1	1	8

Source: Annual Reports of Andhra Pragathi Grameena Bank.

Here the following Table-3 was providing the information about loan disbursement of Andhra pragathi Grameena bank in Andhra Pradesh. In the year 2013-14 the loans disbursement grand total both priority and non-priority was Rs.4, 72,558.26, in the year 2014-15 it decrease to Rs.4, 14,880.68,

in the year 2015-16 rapidly increases to Rs.7,36,185.53, in the year 2016-17 it increases to Rs.8,06,134.90 and finally 2017-18 it continuously increased with good growth of Rs.9,49,841.78 lakhs.

Table-3: Andhra Pragathi Grameena Bank Priority and Non-Priority Sector Loan Disbursement
(Rs. In lakhs)

Particulars	2013-14 (Amount)	2014-15 (Amount)	2015-16 (Amount)	2016-17 (Amount)	2017-18 (Amount)
A) PRIORITY SECTOR					
a) Farm sector					
i) Short-term KCC/JL (Ag) produce loans	227581.55	106041.04	344591.30	421280.12	510678.78
ii) Agrl.term	49617.17	61769.27	87218.94	81899.29	88625.91
iii) Agrl.Allid /SHG	--	81065.74	116879.27	127969.19	130098.54
Total of (a)	367428.26	248876.05	548689.51	631148.60	729403.23
b) Non-farm sector	9805.00	31579.45	50761.84	58042.34	75689.08
c) Other priority sector	7017.00	4440.20	7088.87	13248.10	12928.91
d) Indirect finance (Via FSCSs)	2841.00	1274.00	0	0	0
Total of priority (a+b+c+d)	387091.26	286169.70	606540.22	702439.04	818021.22
B) Non – priority sector	85467.00	128710.98	129645.31	103695.86	131820.56
Grand total(A+B)	472558.26	414880.68	736185.53	806134.90	949841.78

Source: Annual Reports of Andhra Pragathi Grameena Bank.

The following Table-4 provides the information about the govt. schemes sanctioned through APGB in Andhra Pradesh to different Caste Categories. Every year APGB was sanctioned some funds to the people who are availing the funds from government. APGB was very effectively working on govt. policies from the date of established. For the year 2017-18 we can find that the funds allocated to certain Castes like for BCAP targeted fund was Rs. 10,682.04 but the proceeded fund was Rs. 10,425.34, for SCAP having Rs.

10079.07 target but proceeded fund was Rs.9840.72, for the STAP targeted fund was Rs.858.67 but the proceeded fund was Rs.831.28, for APSMFC targeted fund was Rs.2826.55 but proceeded fund was Rs.2573.55, for Kapu corporation targeted fund was Rs.7053.89 but proceeded fund was Rs.6652.59, for Christiana Corporation the targeted fund was Rs.52.70 but the proceeded fund was Rs.46.70, and finally Backward Classes Federation targeted fund was Rs.2948.01 but the proceeded fund was Rs.1812.01 lakhs.

Table-4: Progress of Government Sponsored Schemes for the Year 2017-18 through APGB

(Rs. In lakhs)

Sl.no	Name of the Scheme	Target Received	Proceedings	Grounding	Pending
1	BCAP	10682.04	10425.34	6182.12	4243.22
2	SCAP	10079.07	9840.72	6484.85	3355.87
3	STAP	858.67	831.28	615.27	216.01
4	APSMFC	2826.55	2573.55	1119.50	1454.05
5	Kapu Corp.	7053.89	6652.59	3407.40	3245.19
6	Christiana Corp.	52.70	46.70	25.00	21.70
7	BCF	2948.01	1812.01	218.6	1593.41
TOTAL		34501.03	32182.19	18052.74	4129.45

Source: Annual Reports of Andhra Pragathi Grameena Bank.

BCAP-Backward Classes Action Plan; **SCAP**-Scheduled Caste Action Plan;
STAP-Schedule tribes Action plan; **(BCF)** Backward Classes Federation.
APSMFC-Andhra Pradesh state minority Finance Corporation.

FINDINGS

According to the above statements we can find out the population and poverty status of the country. Mostly find out the role of APGB on rural development with special reference to Andhra Pradesh. The poor and middle class people were suffered a lot with low income, unsecured health and food facilities. Government schemes and policies were not sufficient and there is lack of communication to reach poor people. Some of the schemes were sanctioned by govt. officially but banks were not interested to give loans to poor and unemployed people because of their low income and lack of property. Some of the govt. scheme stopped with lack of funds and lack of interest. These cause only 55% people were got govt. benefits, balances were suffered a lot.

SUGGESTIONS

As per the above discussion the main objective of Regional rural banks making rural development in India. Because the real development of a country depends on villages how it's developing in different aspects like economically, socially and financially. Some of the govt. schemes were not going well or unsuccessful, because of lack of publicity on the schemes. And some of the banks were not implementing them because of those are not profitable to the bank. So, the govt. must take a serious action plans to communicate with banks and convince them to sanction pending schemes

and create awareness to the public as early as possible.

CONCLUSION

The above discussion is on the recent status of poverty in India. In the history of Indian poverty was decreased time to time, so the alleviation programmes of poverty are partially successful in India. The only way to develop the rural villages as financially and economically strong the government must wanted bank's support. The RRBs were helped to ruralpoor and middle class people like landless farmers, small land holders, and self-employed people were the targeted group. The Regional Rural Banks were doing their job greatly but they have some limitations, so the government keeps support to the RRBs with good facilities and funds. Then only the banks were done their job properly. The Andhraprgathi Grameena bank was well established and working for the poor to develop them financially, economically and socially. And finally the paper concluded by identifying the RRB's role with pros and cons.

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