



CONTRIBUTION OF ANDHRA PRAGATHI GRAMEENA BANK TO SMALL BUSINESS GROWTH AND EMPLOYMENT GENERATION IN RURAL AREAS

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ABSTRACT

Traditional types of enterprise and services at the village level, with higher labour-capital ratio, provide better prospects of creating more opportunities for employment. Rural artisans engaged in village and cottage industries producing for and servicing the needs of the farming community and lower income groups, increase the potential of the rural economy. The artisans engaged in cottage and tiny (micro) enterprises are provided with working capital by Andhra Pragathi Grameena Bank (APGB) in order to enable them to purchase raw material, meet expenses on rental, wages, electricity taxes, marketing, transport and storage etc. The artisans are also supplied investment credit or medium / long term credit by APGB for purchase of operational tools and equipment, construction of sheds etc. The very purpose of this bank credit is to enable them to develop the activities and encourage production of goods and services which facilitate the rural artisans to rise above the poverty line. The Andhra Pragathi Grameena Bank has been providing loans and advances to artisans for taking up self-employment generating activities by using the locally available raw materials. The very purpose of bank loan is to help enhance the income levels of the rural artisans by pumping more of money, thereby promoting the rural economy. An attempt is made in here to analyze the impact of bank credit provided by APGB on employment generation of the sample rural artisans in Anantapuramu District of Andhra Pradesh.

Keywords: *Small business growth, Employment generation, Rural areas*

INTRODUCTION

The bank is actively involved in the development programmes of the government to cater to the credit requirements of the poor and the needy. The very purpose of establishing the Regional Rural Banks (RRBs) is to meet the credit requirements of the rural people particularly economically and socially marginalized sections, who are body in need of institutional credit for productive purpose. Even though the co-operative banks and commercial banks had reasonable records in terms of geographical coverage and distribution of credit, in terms of population groups the co-operative banks were dominated by the rural rich, while the commercial banks had clear urban biased. The RRBs were established to develop the rural economy by providing low cost banking facilities to the poor, particularly for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas. With a view in providing credit and other facilities by the RRBs to small and marginal farmers, agricultural labourers, petty traders or small business entrepreneurs, rural artisans and for the matters connected therewith and incidental thereto. In

addition, the potential and the need for diversification of economic activities in rural areas had begun to be recognized, and this sector where the RRBs could play a meaningful role. The RRBs Act, 1976 has summed up this overall vision to sub-serve both the development and the redistributive objectives.

The very purpose of economic growth with social justice witnessed a shift in the approach of development. The realization that the benefits of planning had percolated to the weaker sections made the government to devise various programmes and institutions for benefiting the specified categories, particularly in backward regions. The need for providing credit to the weaker sections in drought prone district like, Kurnool had been increasingly emphasized in recent years. The credit needs of these people, who inhabit particularly in the backward regions, are so large and diverse that the commercial banks, co-operatives and other financial institutions have to play prominent role without duplication of work or overlapping of functions or jurisdictions. In fact, the people in this region are badly affected within adequate credit support from the institutional credit agencies.

Royalaseema is one of the backward regions in the state and in the country. Most of the crops are rain fed. The present problems like low rainfall, crop failure and chronic drought made this region very backward. Despite this, majority of population depends on agriculture for their livelihood, which implied that successive years of drought adversely affect the conditions of these economically depressed classes. If the income of these people has to be raised, their level of productive investments has to be increased. This envisages the need for the development and expansion of banking facilities so that the growing credit needs of the farmers, petty traders or small business entrepreneurs and rural artisans can be met with in the district. An attempt was made in this paper to review the performance of Andhra Pragathi Grameena Bank (APGB) and its role in financing employment generation in the farming sector in Anantapuramu District of Andhra Pradesh.

Role of 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 Royalaseema Grameena Bank, Sree Anantha Grameena Bank and Pinakini Grameena Bank, into a single entity by a Notification of Government of India. The economy of the area of operation of the bank is primarily agrarian in nature as majority of its population depend on agriculture. Agriculture being the main activity, the production depends upon seasonal distribution of the rainfall. Out of the five districts, ananthapuramu district is under shadow zone with 2nd least rainfall after jaisalmer in the country. 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.

Employment

Employment is a relationship between two parties regulating the provision of paid labour services. Usually based on a contract, one party, the employer, which might be a corporation, a not-for-profit organization, a co-operative, or any other entity, pays the other, the employee, in return for carrying out assigned work. Employees work in return for wages, which can be paid on the basis of an hourly rate, by piecework or an annual salary, depending on the type of work an employee does, the prevailing conditions of the sector and

the bargaining power between the parties. Employees in some sectors may receive gratuities, bonus payments or stock options. In some types of employment, employees may receive benefits in addition to payment. Benefits may include health insurance, housing, and disability insurance. Employment is typically governed by employment laws, organisation or legal contracts.

The quality of employment

The quality of employment refers to the overall conditions, characteristics, and nature of a job that determine its capacity to satisfy the worker's needs and aspirations. While the website provided focuses on the definition of "employment" itself, diving deeper into the concept of the "quality of employment" means considering factors such as:

- **Job security:** The assurance that an individual will remain in the job and will not face unexpected termination.
- **Wages and compensation:** Whether the pay is competitive, fair, and commensurate with the skills and responsibilities of the job.
- **Working conditions:** The physical environment, safety measures, equipment quality, and the overall atmosphere of the workplace.
- **Opportunities for Advancement:** Availability of avenues for career growth and development within the organization.
- **Work-Life Balance:** The ability of the job to accommodate and respect an individual's personal and family life.
- **Job Satisfaction:** Whether the job provides personal fulfillment and aligns with the worker's passions and values.
- **Employee Rights and Treatment:** How well the organization respects and upholds the rights of its employees, ensuring no discrimination or unjust treatment.
- **Skill Utilization and Development:** The opportunity to use one's skills to the fullest and the provision for continuous learning and training.

OBJECTIVES OF THE STUDY

1. To study the flow of bank credit to the sample rural artisans in Anantapuramu District and
2. To analyse the impact of Andhra Pragathi Grameena Bank's credit on employment creation of sample beneficiary rural artisans.

METHOD

Sample design of the study

Stratified random sampling method is adopted in selecting the rural beneficiary artisans. There are 81 branches of Andhra Pragathi Grameena Bank in the Anantapuramu District. Each branch of APGB is treated as one stratum from which 25 percent of beneficiaries (who have availed the loan facility from APGB) are selected at random. The total beneficiaries of rural artisans from 81 branches of APGB are 1528 thus the total sample beneficiary rural artisans for the present study come to 478. But to accomplish the objectives of the study, the impact is to be studied at two periods which represent the impact and employment and assets position of the sample beneficiary artisans before the APGB assistance was provided (pre-loan 2006-07) and their position after the bank assistance was given (post-loan period 2011-12).

A brief profile of the sample beneficiaries

The majority of the sample beneficiaries belong to the other communities (44.3 per cent) backward communities (37.6 per cent) and SC/ STs constituted for about 12.5 per cent and 5.4 per cent of the total sample beneficiaries respectively. It is evident from the table that out of the 478 sample beneficiaries, 60 per cent are male and the remaining 40 percent are female beneficiaries. More than 51 per cent of the sample members have less than 3 members in their family where as 30 percent are in between 4 to 5 members in the family. But about 19 per cent of the sample beneficiaries are having large families i.e. above the 5 members in their family small families are located in Kurnool region but the large families are found in Adoni and Nandyal regions in the district of Kurnool. The total numbers of literates are only 34.00 per cent of the total sample beneficiaries and the remaining are illiterates (66 per cent) of the total sample beneficiaries, 20 percent of the beneficiaries are in the age group of below 25 years. 24 per cent are in the age group of 26-35 years, 23 per cent are in the age group of 36-45 years 22 per cent are in the age grouping 46-55 years and the remaining 11 per cent are in the age group above 55 years more than 60 per cent of the beneficiaries belonging to the younger generation. Out of the total sample beneficiaries, 36 per cent are engaged in subsidiary occupations, whereas 64 per cent of artisans having no subsidiary occupations in the study area. The higher number of beneficiaries' pottery met and basket weaving blacksmith and tailoring/ embroidery whereas the lowest number by sample beneficiaries are found in case of gold smithy Stone carving beads making and handloom weaving. The highest number of gold smithy 69 per cent are engaged in secondary occupation followed by mat weavers 46 per cent and carpenters 38 per cent whereas the lowest number, of black smithy 9 per cent, are involved in the subsidiary occupations.

Loans availed by sample beneficiaries

The sample beneficiaries have availed Rs.47.47 lacs for the productive activities but, the availability of APGB finance to rural artisans is not commensurate with their needs and level of production. The RBI has issued instructions that all commercial banks and rural banks including APGB, should provide increasing proportion of their advances to village and small industries and cottage industries so as to reduce their dependence upon non-institutional sources, with the objective that no worth - while project in this sector should be rejected for want of adequate security. The IDBI has come forward to for providing refinance facilities to the primary lenders for loans up to Rs.5 lacs. It has also set up a credit committee for small and village industries which over-views the credit needs and the measures taken to augment the flow of credit. National Bank for Agricultural and Rural Development has been discharging the functions of an apex institution for the flow of credit to the artisans and cottage type of units in the rural areas. The lead banks

have also been setting the targets of loans and advances by the different banks for different sectors and groups of people. In fact, targets of the Lead Banks in case of rural artisans never touched 100 per cent of achievement during the last one decade in Anantapuramu District of Andhra Pradesh.

Employment generation

The purpose of producer - oriented programmes, including credit delivery schemes, is to generate productive employment and enhance the production potential so that there is an improvement in the levels of living of the rural artisans. The main aim of financing the artisans is to help generate gainful employment opportunities. An attempt is made to assess the extent of additional employment generation in the sample rural artisan activities during the post- loan period. The size of the rural artisan activities is generally very small in terms of workers engaged since they are house- hold in character. Hence, the rural artisan activities are mostly family labour- oriented except brick- making, tailoring and embroidery activities in the present empirical study. Moreover, during busy season, if required, they can also occasionally employ hired labour either on full – time or part- time based on their activities or occupation. As far as employment generation is concerned, the benefit is to be estimated in terms of additional man- days of employment created for the artisan family. In this connection, it may be noted that incremental employment depends on the nature of artisan occupation. The impact of bank credit on the employment generation of the sample rural artisans is positive and significant. In fact, there is an impressive increase in the man-days of employment generated by the sample artisans. The total man-days of employment stood at 67078 man-days during the pre –loan period. This increased to 12691 man-days in the post-loan period, indicating an addition of 59913 man-days. The percentage change in the man-days is 89.32 over the period. It is evident from the following table-1.

Table-1 Employment generation of rural sample artisans

(Man-Days)

S. No	Activity	Pre-Loan period	Post-Loan period	Net addition	Paired 't' values
1	Carpentry	184	346	162	292.129
2	Gold Smith	128	289	151	183.568
3	Black Smith	137	292	145	263.193
4	Pottery	181	334	153	263.662
5	Beads Making	158	311	153	171.721
6	Stone Carving	145	307	162	215.204

7	Shoe/Chappal	201	364	163	49.587 *
8	Tailoring/Embroidery	194	378	184	197.859
9	Mat/basket weaving	176	310	134	40.116 *
10	Handloom weaving	187	328	141	127.880
11	Others	178	344	166	227.119
	Total	175.60	332.44	166.84	192.073

Note: * Insignificant at 0.5 level.

RESULT

The above table-1 shows that the financial assistance help generate on an average 157 additional man-days of employment. As a result, the average employment has increased to 332 man-days in the post-loan period from 176 man-days in the pre-loan period. Our analysis shows that there is an impressive growth in the incremental employment generation. The incremental employment generation has varied from 134 man-days to 184 man-days. The highest incremental employment generation is found in the case of tailoring and embroidery (184 man-days), followed by 'other category' i.e. brick making (166 man-days), shoe and chapel- making (163 mandays), carpentry and stone carving (162 man-day); whereas, the lowest incremental employment generation is noticed is mat and basket weaving (134 man-days) followed by hand -loom weavers (141 man-days) blacksmiths (145 man-days) and goldsmiths (151 man-days). The analysis shows that there is an impressive and significant growth in employment generation among the sample artisans. Hence, the null hypothesis, namely impact of APGB loans on employment generation among the sample beneficial is not significant, is rejected. The low level of incremental employment generation may be attributed to the decreased participation or inadequate interest shown by younger generations in artisan occupations, the higher rates of interest on loans borrowed from the money-lenders and the middle men who supplied raw material.

Community-wise employment generation

The social communities/castes associated with the artisanal activities are, viz Scheduled Castes (SCs) Scheduled Tribes (STs) Backward Casts (BCs) and other communities mostly 'forward castes' (OCs). The particulars of the average employment generated by different communities are shows in table -2 .

Table-2 community –wise average employment generation

(Man-days)

S. No	Caste	Pre-loan period	Post-loan period	Incremental Employ- ment	Percentage Change
1	S.C 60	9856 ,169.93	18287,315.29	145.36	85.54
2	S.T 26	6078,189.94	10045,313.91	123.97	65.27
3	B.C 180	4330,166.54	8475,325.96	159.42	95.72
4	O.C 212	46814,175.99	90184,339.03	163.04	92.64
Total	478	67078,175.60	126991,332.44	5913,156.84	89.32

It is observed from the table-2 above that all communities have experienced a comfortable increase in the average employment generation during the post –loan period as compared to the pre- loan period. However, the O.Cs have generated the highest incremental employment (164 man-days), followed by B.Cs (159 man-days); whereas STs have got lowest incremental employment (124 man-days) followed by S.Cs (145 man-days). Our analysis shows that the OCs have emerged as the highest group in generating more incremental employment with the financial assistance by the Andhra Pragathi Grameena Bank in the Anantapuramu District.

CONCLUSION

Inclusive growth is highlighted in the documents of World Bank and the Eleventh Five year plan document. The Eleventh five Year plan emphasized the need for the inclusive growth and it says “growth process which yields broad-based benefits and ensures equality of opportunity for all”. The rural banks particularly Andhra Pragathi Grameena Bank has been providing loans for the development of rural artisans in Anantapuramu District. But it is inadequate to meet the financial needs of the total sample farmers. However, their employment conditions have improved significantly during the postloan periods. The other caste (OCs) sample beneficiaries have generated the highest incremental employment during the post-loan period. Hence, there is a need to increase and expand the financial services of rural banks to the hitherto neglected sections like rural artisans who are promoting the farmingactivities with a view to generating more employment in rural India.

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