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Factors affecting loan default and repayment on tribal households in Andhra Pradesh

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Abstract

The indebtedness of tribal households in Andhra Pradesh was in sharp contrast to the situation prevailing at the all India level. Not only was the percentage of indebted households high but even the amount of dues were also much higher than the corresponding all India figures. Much more alarming was the fact that nearly two-thirds of these loans were for unproductive purposes, that too from non-institutional agencies at a higher interest rates (20 per cent and above). Above all, non-tribals emerged as the single largest source of finance accounting for more than one-third of the borrowings of the tribal households in Andhra Pradesh. Administration of credit disbursement and recovery operations need a suitable and efficient network of institutional structure. Indiscriminate diversion of agricultural credit for unproductive purposes and wilful default of loan repayment hinder the smooth flow of agricultural loans. The SAO loans were used for agricultural purposes accounted for 83.8 and 76.3 per cent for non-defaulters and defaulters in Rampachodavaram while 71.3 and 65 per cent respectively in Seethampeta region. A very low number of borrowers used the loan amount for repayment of debts in both the regions. The proportion of outstanding amount among defaulters is more to the GPCMS compared with other sources of borrowings.

Keywords: Indebtedness, Borrowings, Repayment, Credit, GCC, GPCMS, Income, Agriculture

Introduction

An attempt is made to present the effective disbursement and recovery of agricultural credit by the Girijan Co-operative Corporation (GCC) through the Girijan Primary Co-operative Marketing Societies (GPCMS) to the tribal households. Effective disbursement and recovery of credit depends on both exogenous and endogenous factors. The exogenous factors consist mainly of the credit requirements of the tribal households to meet the agricultural operations and family needs in the agency areas. Administration of credit disbursement and recovery operations need a suitable and efficient network of institutional structure. Such institutions must be capable of integrating total activities of the tribal households including the supply of daily requirements, marketing of minor forest produce, disbursement and recovery of credit. However, natural factors such as failure of crops, ill health inevitably leads to non-repayment of loans by the tribal households. In such an event credit institutions must be capable of rescheduling credit to minimise the inconvenience caused to both the institutions as well as the borrowers. The endogenous factors of efficient agricultural credit administration includes development of appropriate attitudes and knowledge among the tribal farmers specially for credit utilization and repayment culture among the tribal households. Indiscriminate diversion of agricultural credit for unproductive purposes and willful default of loan repayment hinder the smooth flow of agricultural loans. Therefore, an attempt was made in this paper to identify the opportunities for farming operations and identification of the dominant factors influencing the need for institutional support for financing the tribal agriculture and utilization of credit. Thirdly, to find out the reasons for loan default and timely repayment by the tribal households.

Methodology

According to 2011 census, Andhra Pradesh is accounted for 5.33 per cent of tribal population to the total population. The study was selected two mandals viz., Rampachodavaram in East Godavari district and Seethampeta in Srikakulam district of Andhra Pradesh.

From each mandal 80 defaulters and 80 non-defaulters, a total of 160 samples were collected each from Seethampeta and Rampachodavaram mandals to conduct the study on financing of tribal agriculture through Girijan Primary Co-operative Marketing Societies (GPCMS) in Andhra Pradesh. Thus, the total sample consists of 320. The reference period of the study was August-November, 2020.

Review of Literature

There were many studies conducted on tribal indebtedness across the country. The studies like, Ramaiah, P (1985) ^[3], Sidhu.R.S and Sucha Singh Gill (2006) ^[4], Golait, R (2007) ^[2], Abhijit Pathak (2020) ^[1], Abhijit Sinha and Amitabha Bhattacharyya (2020) ^[1].

Ramaiah, P (1985) ^[3] study assess the magnitude of tribal indebtedness, sources of credit, its impact on their family life and role played by the Government and other agencies in extending aid and assistance to the tribals. The study indicated that both landed and landless tribals had to borrow loans to meet even their daily expenditures resulted in increased indebtedness. More than 80 per cent of tribal families are indebted in Gudur and Mulugu Samithi area and the incidence is around 50 per cent in Eturunagaram, where there is a large concentration of non-tribal settlers. The average debt of individual households varies from Rs. 950 - 1,500.

Sidhu RS, Sucha Singh Gill (2006) ^[4] mentioned the findings of Rural Financial Survey 2004, conducted by the World Bank and National Council of Applied Economic Research (NCAER) only 19.4 per cent of the rural households in Uttar Pradesh and 24 per cent in Andhra Pradesh had access to formal sources of credit. Only 11.8 per cent of marginal farmers and 33.8 per cent small farmers accessed institutional credit in Andhra Pradesh as against 13.5 per cent and 24.7 per cent respectively in Uttar Pradesh. The proportion of indebted cultivators came down to 46.1 per cent in 1971 and further declined to 22.3 per cent in 1981. In the subsequent period, the proportion of indebted cultivators increased to 25.9 per cent in 1991 and has increased sharply to 57.2 per cent in 2003. At the all-India level 48.6 per cent of the total farmer households are reported to be indebted. The incidence of indebtedness is the highest in Andhra Pradesh (82.0 per cent) followed by Tamil Nadu (74.5 per cent), Punjab (65.4 per cent), Kerala (64.4 per cent), Karnataka (61.6 per cent) and Maharashtra (54.8 per cent).

Golait R, (2007) ^[2] revealed that the credit delivery to the agriculture sector continues to be inadequate. It appeared that the banking system is still hesitant on various grounds to purvey credit to small and marginal farmers. It was suggested that concerted efforts were required to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes. Facilitating credit through processors, input dealers, Non-Governmental Organizations (NGOs), etc., that were vertically integrated with the farmers, including through

contract farming, for providing them critical inputs or processing their produce, could increase the credit flow to agriculture significantly.

Abhijit Sinha and Amitabha Bhattacharyya (2020) ^[1] have observed that the role of Primary Agricultural Credit Societies (PACS) towards the development of the rural economy is very significant in the Indian context as it produces 95 per cent of the total agricultural produce of the country, contributes 35.3 per cent of the non-farm output and almost 50 per cent of the non-farm employment. The importance of PACS at the country level seems to be declining due to which the membership strength of these institutions is growing at a low rate of 0.557 per cent. The Northern and North-Eastern zones witness a growth rate of 3.53 per cent and 2.32 per cent respectively. The PACS membership growth was negative among scheduled caste (SC) and scheduled tribe (ST) at the all India level. There is also a substantial decline in borrowings in some states while a considerable increase in some parts of the country. Total number of borrowers on the whole has seen a decline excepting in the Southern Zone where borrower strength grew at 7.26 per cent. The members from the SC and ST groups also show the same trend, In the case of SC borrowers, except in the Southern Zone (where growth is 4.62%), all the other regions combined show a negative growth rate of 6.43 per cent. The ST borrowers also reveal a similar trend with a decline in all regions except the Southern Zone which shows a growth of 5.32 per cent. At the all-India level, the number of ST borrowers shows a declining rate of 2.84 per cent.

Opportunities for own farm development

The defaulter and non-defaulter tribal borrowers in Seethampeta and Rampachodavaram regions were asked to indicate the opportunities for improvement of their agricultural farms. The important opportunities for own farm development include improvement in land development, cropping pattern, development of irrigation facilities, livestock development and purchase of agricultural implements etc. The details are presented in Table 1. A large proportion of defaulters reported that there exists opportunities for land development (89%) and cropping pattern (75%) on their farms in Seethampeta while among non-defaulters development opportunities exist for cropping pattern (77.5%) and irrigation facilities (55%). A significant proportion of the defaulters and non-defaulters expressed their opinion on purchase of agricultural implements and livestock. The highest percentage of defaulters (81.3%) and non-defaulters (87.5%) in Rampachodavaram region indicated adequate opportunities for cropping pattern followed by irrigation facilities, land development and livestock. Thus, it is clear that the improvements of cropping pattern, land development and irrigation were identified as the most important alternative opportunities of own farm development by both the defaulters and non-defaulters in the study regions.

Table 1: Opportunities of own farm developments of the defaulter and non-defaulter households in the two regions

Opportunities	Seethampeta				Rampachodavaram			
	Defaulters (80)		Non-Defaulters (80)		Defaulters (80)		Non-Defaulters (80)	
	No.	%	No.	%	No.	%	No.	%
Land Development	71	88.8	39	48.8	58	72.5	53	66.3
Cropping Pattern	60	75.0	62	77.5	65	81.3	70	87.5
Irrigation Facilities	37	46.3	44	55.0	61	76.3	55	68.8
Livestock	30	37.5	29	36.3	23	28.8	24	30.0
Agricultural Implements	35	43.8	31	38.8	7	8.8	9	11.3

Source: Field Survey

Usefulness of Credit

The tribal households in the study area were asked to indicate whether the credit supplied through the cooperatives was useful in reducing the debt burden and helped in increasing the area under high yielding crops, reduce/stop borrowings from money lenders etc. These details are shown in Table 2. It has been reported by the defaulters and non-defaulters that the credit supplied through the GPCMS were useful to an extent that varies between 77.7 to 96.3 per cent. Across the sample area, a major proportion of defaulters opined that usefulness of credit constitutes 78.8 and 77.5 in non-defaulters in Seethampeta region while these figures for Rampachodavaram were 83.8 and 96.3 respectively. About 65 per cent of the defaulters expressed that it helped them in reducing their borrowings from money lenders. Only 36.3 per cent of non-defaulters in Seethampeta region expressed this opinion and in case of Rampachodavaram such opinions are 38.8 and 48.8 per cent for defaulters and non-defaulters respectively. More than 66 per cent of non-defaulters and 40

per cent of defaulters in Seethampeta region expressed that the credit was useful in raising high yielding crops and the corresponding figures were 25 and 47.5 percent respectively in Rampachodavaram region. A significant percentage of both defaulters and non-defaulters expressed they were able to repay their debts with the sale proceeds of agricultural crops in Rampachodavaram whereas this number is very low (8.8%) in Seethampeta region. It can be concluded that 79 and 96 per cent of the borrowers indicated that GPCMS credit was very useful, it helped stop borrowings from money lenders (range between 36 to 65%), it was useful in cultivating high yielding crops (range between 25 to 66%), could repay the debts from the sale of crop proceeds (range between 11 to 41%) and a very few number of them stated that there is no change in their family and farm incomes even after borrowings from GPCMS. Finally, a major proportion of both the defaulters and non-defaulters spelt out their satisfaction for being a member in the GPCMS in the two regions.

Table 2: Usefulness of credit received from the GPCMS for the defaulter and non-defaulter households in the two regions

Perception	Seethampeta				Rampachodavaram			
	Defaulters (80)		Non-Defaulters (80)		Defaulters (80)		Non-Defaulters (80)	
	No.	%	No.	%	No.	%	No.	%
Percentage of borrowers Reporting usefulness of credit	63	78.8	62	77.5	67	83.8	77	96.3
Nature of usefulness:								
a) Stopped borrowings from money-lenders	52	65.0	29	36.3	31	38.8	39	48.8
b) Raising High Yielding Crops	32	40.0	53	66.3	38	47.5	20	25.0
c) Repaid Debts from the farm income because of director sale of crop	9	11.3	7	8.8	24	30.0	33	41.3
d) No change in the family and farm income	7	8.8	10	12.5	5	6.3	6	7.5

Source: As ex ante

Reasons for Default of ST Loans

Defaulters in both the regions were asked to indicate the important reasons for loan default to the GPCMS. Among the reasons stated for default consists of having no knowledge/awareness of due dates, society officials not approaching the borrowers for repayment(not following up with the borrowers), inadequate income generation from agriculture, crop failure, unforeseen family expenditures, debts with high rate of interest from non-institutional lenders were to be repaid first and willful defaulting. These details presented in Table 3 shows as many as 22 (27.5%) and 13 (16.3%) of defaulters stated that they had no knowledge of due dates for repayment of their loans in Seethampeta and Rampachodavaram regions respectively, A

higher proportion of defaulters (42.5%) indicated that society officials did not approach for repayment of loan in Seethampeta while such proportion was 33.8 percent in Rampachodavaram. The major reasons for defaulting loans to the GPCMS were stated to be inadequate income from agriculture (reported at 82.5 per cent in Seethampeta and 72.2 per cent in Rampachodavaram), crop failure 65 and 47.5 per cent and unforeseen family expenditure 49 and 50 per cent respectively in these two sample mandals. About 19per cent in Seethampeta and 10 per cent of the defaulting borrowers in Rampachodavaram reported that debts with high rate of interest were repaid first to avoid hardships and litigations. The willful defaulters were found only in Seethampeta region (41.3%).

Table 3: Reasons for default of ST loans by the defaulter households in the two regions

Reasons	Defaulters			
	Seethampeta (80)		Rampachodavaram (80)	
	No.	%	No.	%
No knowledge of due dates	22	27.5	13	16.3
Society officials did not approach me for repayment	34	42.5	27	33.8
Inadequately income from agriculture	66	82.5	58	72.5
Crop failure	52	65.0	38	47.5
Unforeseen family expenditure	32	40.0	40	50.0
Debts with high rate of interest were repaid first	15	18.8	8	10.0
Willful default	33	41.3	0	0.0

Source: As ex ante

The analysis clearly show that there were four main reasons for defaulting in both the regions namely, inadequate income from agriculture (82.5%), crop failure (65%), society officials not approaching for repayment (42.5%), and unforeseen family expenditure (40%) in Seethampeta while the corresponding figures for Rampachodavaram were 72.5, 47.5, 33.8 and 50 per cent respectively. Surprisingly 41.3 per cent of the borrowers in Seethampeta come under willful defaulters category and none expressed such reason in Rampachodavaram. Of the seven reasons for defaulting, five reasons had a lions' share among the defaulters in Seethampeta compared with Rampachodavaram. The data suggests that there was need to reschedule the period of repayment of agricultural credit by the GCC whenever crop failure occurred in tribal areas and to have better follow up by the officials of GCC for loan recovery, keeping in mind the illiterate nature of tribe populations and their lack of financial knowledge.

Reasons for the Prompt Payment of Loans

Information was elicited from the non-defaulting borrowers on the reasons for their prompt repayment of loans to GPCMS. The most common reasons for prompt payment of loans to the GPCMS are: adequate income from agriculture, no other debts except society loan, persuaded by the local

representatives, persuaded by the officials and low interest rates on society loans. These details are shown in Table 4. The data on prompt repayment of loans show that the majority of the non-defaulters were satisfied with their farm income being adequate for repayment of loans to the GPCMS in both Seethampeta (76.3%) and Rampachodavaram (58.8%) followed by persuasion by the officials (37.5 & 40%), repaid because of low interest (28.8 & 31.1%), persuaded by the local representatives (30 & 38.8%) and no other debts except society loan (25 & 22.5%) respectively. Minimization of loan default is possible by proper integration of credit and marketing activities in the tribal areas. It was observed that one of the main reasons for the non-default of loans by the tribal households in Rampachodavaram region was effective integration of the marketing of agriculture and forest produce with the supply and recovery of loans. Therefore, the rate of default was low in this region compared with Seethampeta region where there was no such integrated marketing activity. At the field level, the defaulters and non-defaulters in Rampachodavaram region reported that the D.R. Depots were functioning well in close liaison with the tribal households in the supply of credit, sale of agricultural produce and minor forest produce which was conspicuous by its absence in the Seethampeta region.

Table 4: Reasons for the prompt repayment of ST Loans by the non-defaulter households in the two regions

Reasons	Defaulters			
	Seethampeta (80)		Rampachodavaram (80)	
	No.	%	No.	%
Adequately income from agriculture	61	76.3	47	58.8
No other debts except society loan	20	25.0	18	22.5
Persuaded by the local representatives	24	30.0	31	38.8
Persuaded by the Officials	30	37.5	32	40.0
Repaid because of low interest	23	28.8	25	31.3

Source: As ex ante

Income by Source

Information was elicited from both the defaulter and non-defaulters on their sources of income in the two regions and these details are shown in Table 5. Sources of income was classified into agriculture, non- agriculture, MGNREGS, and MFP. A higher proportion of incomes were realized from agriculture (41.6%) followed by MGNREGS (28%), MFP (24.8%) and non-agriculture labour was very small (5.6%) among defaulters in Seethampeta while for the defaulters in Rampachodavaram the corresponding figures are 45.5, 24.1, 25.6 and 4.8 per cent respectively. More are less a similar trend was also observed in case of non-

defaulters in both the regions. The average incomes from agriculture (Rs. 22,796) and MFP (12,356) were significantly higher among non-defaulters compared with the defaulters Rs.18,564 and Rs.11,075 respectively. On the whole, the proportion of agriculture income was higher among defaulter and non-defaulter households in both the regions in the study area. More than 40 per cent of income was received from the agriculture in the study area. Next to agriculture, MGNREGS contributes 28 percent in defaulters in Seethampeta and MFP (25.6% & 25.9%) respectively in defaulters and non-defaulters in Rampachodavaram region.

Table 5: Average income by source of the defaulter and non-defaulter households in the two regions (Annual income in Rs.)

Source	Seethampeta				Rampachodavaram			
	Defaulters (80)		Non-Defaulters(80)		Defaulters (80)		Non-Defaulters(80)	
	Amount	%	Amount	%	Amount	%	Amount	%
Agriculture	18564	41.6	22796	46.1	22055	45.5	22046	43.5
Non-Agricultural	2500	5.6	2000	4.0	2350	4.8	2700	5.3
MGNREGS	12500	28.0	12350	24.9	11680	24.1	12800	25.3
Minor Forest Produce (MFP)	11075	24.8	12356	25.0	12438	25.6	13094	25.9
Total	44639	100.0	49502	100.0	48523	100.0	50640	100.0

Source: As ex ante

Source-wise Borrowings

Table 6 revealed the data on the source-wise borrowings of defaulters and non-defaulters the study regions. The sources of borrowing were classified into four groups, namely friends & relatives, money lenders, traders and GPCMS. The highest loan amount was provided by GPCMS to the non-defaulters Rs. 32400 (82.5%) and defaulters Rs.30800 (74.6%) in Seethampeta region. In case of Rampachodavaram, the highest amount received by defaulters Rs. 31600 (79%) and non-defaulters Rs.30350 (81%). Next to GPCMS, traders and money lenders provided loans to the tribal households in the two regions and friends & relatives provided a meager amount of loan in both the regions. The average amount of loan borrowed by defaulters (Rs. 41300) and non-defaulters (Rs. 39250) were marginally more in Seethampeta compared with

Rampachodavaram which was reported at Rs. 40000 and Rs. 37500 respectively in Seethampeta and Rampachodavaram. On the whole, the highest proportion of loan amount was provided by GPCMS to the non-defaulters in both the regions which accounted for 82.5 and 80.9 respectively in Seethampeta and Rampachodavaram. While those defaulters in Rampachodavaram and Seethampeta reported that 79 and 74.6 per cent loans were provided by the GPCMS. Traders provided 13.3 and 8.2 per cent of the loan amount to the defaulters and non-defaulters in Seethampeta, while it was 8.9 and 7.7 per cent in Rampachodavaram. This shows that both the defaulters and non-defaulters have received more than 3/4th of the loans from the GPCMS. However, both traders and money lenders are still having influence by providing considerable amounts of loans to the tribals in the agency areas.

Table 6: Source-wise borrowings (Average) of the defaulter and non-defaulter households in the two regions: 2019-2020

Source	Seethampeta				Rampachodavaram			
	Defaulters (80)		Non-Defaulters(80)		Defaulters (80)		Non-Defaulters(80)	
	Amount	%	Amount	%	Amount	%	Amount	%
Friends & Relatives	1500	3.6	1050	2.7	1950	4.9	2200	5.9
Money Lenders	3500	8.5	2600	6.6	2900	7.3	2050	5.5
Traders	5500	13.3	3200	8.2	3550	8.9	2900	7.7
GPCMS	30800	74.6	32400	82.5	31600	79.0	30350	80.9
Total	41300	100.0	39250	100.0	40000	100.0	37500	100.0

Source: As ex ante

Repayment and Outstanding of Loans

Information was elicited on repayment and outstanding amount of loans from the defaulter and non-defaulter households in the study regions. These details are presented in Table 7. The data on repayment of loans shows that defaulters cleared fully (100%) their loans to friends & relatives followed by money lenders (71.4%), traders (65.5%) and to the GPCMS (26.6%) in Seethampeta, while the corresponding figures for non- defaulters are 85.7, 88.5, 90.6 and 100 per cent respectively in the same region. Non-defaulters in Seethampeta repaid the total loan amount to the GPCMS, followed by traders (90.6%), money lenders (88.5%) and friends & relatives (85.7%). The total outstanding loan was accounted for 61.7 percent of which 73.4 per cent was due to the GPCMS by the defaulters while overall dues was less than two per cent among non-defaulters in Seethampeta region. In case of defaulters in Rampachodavaram, about 91 per cent of loan amount was paid to the friends & relatives, traders (87.9%), money lenders (86.2%), and GPCMS (20.9%). Non-defaulters in both regions have almost cleared their amount of dues. The

proportion of outstanding loan dues to the GPCMS was reported higher at 79.1 per cent, money lenders (13.8%), traders (12.1%) and friends &relatives (87%) by the defaulters in Seethampeta and the corresponding figures are 79.1, 13.8, 12.1 and 8.7 per cent respectively among defaulters in Rampachodavaram. In both the regions, the proportion of outstanding amount among defaulters is more to the GPCMS compared to other sources of borrowings. It was observed that the defaulters cleared all their loans to friends& relatives (100%) followed by money lenders 71.4, traders 65.5 and to the GPCMS 26.6 and the total loan repayment is accounted for 38.3 per cent and the outstanding proportion reported at 61.7 in Seethampeta. The proportion of outstanding loans were meager i.e., less than two per cent in non-defaulters. In case of the defaulters in Rampachodavaram, the proportion of loans of different sources was cleared between 86-91 and they paid only 21 per cent of GPCMS loans. The proportions of outstanding loans were lower among defaulters in Seethampeta (61.7%) compared with the defaulters in Rampachodavaram (65%).

Table 7: Repayment and outstanding loans of the defaulter and non-defaulter households in the two regions (2019-2020)

Source	Seethampeta							
	Defaulters				Non-Defaulters			
	Repayment		Outstanding		Repayment		Outstanding	
	Amount	%	Amount	%	Amount	%	Amount	%
Friends & Relatives	1500	100.0	0	0.0	900	85.7	150	14.3
Money Lenders	2500	71.4	1000	28.6	2300	88.5	300	11.5
Traders	3600	65.5	1900	34.5	2900	90.6	300	9.4
GPCMS	8200	26.6	22600	73.4	32400	100.0	0	0.0
Total	15800	38.3	25500	61.7	38500	98.1	750	1.9
	Rampachodavaram							
Friends & Relatives	1780	91.3	170	8.7	2000	90.9	200	9.1
Money Lenders	2500	86.2	400	13.8	1850	90.2	200	9.8
Traders	3120	87.9	430	12.1	2900	100.0	0	0.0
GPCMS	6600	20.9	25000	79.1	30350	100.0	0	0.0
Total	14000	35.0	26000	65.0	37100	98.9	400	1.1

Note: % of repayment & outstanding to the loan amount.

Source: As ex ante

Classification of GPCMS Loan

Information was also collected on GPCMS loan amount from the defaulter and non-defaulter households in the study regions. These details are presented in Table 8. A careful look at the table shows that the largest number of defaulters (in proportion, too) are found in the Rs. 10001-20000 range of loans (37.5%), followed by Rs. 20001-30000 (20%) and 16.2 Per cent in the loans of Rs. 40001-50000/- in the Seethampeta while the corresponding numbers among the non-defaulters were found in the group Rs30001-40000 (25%), Rs.20001-30000 (18.8%) and Rs. 40001-50000/- (17.5%). Similarly, in the Rampachodavaram region, the

concentration of defaulters were found to be high in the amount ranges of Rs10001-20000 (30%), Rs. 40001-50000 (21.4%) and Rs. 20001-30000 (16.2%). Among the non-defaulters concentration of the beneficiaries were found in the following loan ranges: Rs. 20001-30000 (33.8%), Rs. 30001-40000 (30.0%) and less than Rs. 10000 (12.5%). On an average, the non-defaulters in Rampachodavaram received a lower loan amount (Rs. 30350/-) than that of the corresponding group (Rs. 32400/-) in the Seethampeta. Comparing the defaulters, Rampachodavaram households averagely received marginally more loan at Rs. 31600/- than their corresponding group in Seethampeta at Rs.30800/-.

Table 8: Classification of defaulter and non-defaulter households according to GPCMS Loan (Amount in Rs.)

Classification	Seethampeta				Rampachodavaram			
	Defaulters (80)		Non-Defaulters(80)		Defaulters (80)		Non-Defaulters(80)	
	No.	%	No.	%	No.	%	No.	%
≤ 10000	4	5.0	13	16.2	8	10.0	10	12.5
10001-20000	30	37.5	10	12.5	24	30.0	9	11.2
20001-30000	16	20.0	15	18.8	13	16.2	27	33.8
30001-40000	6	7.5	20	25.0	9	11.2	24	30.0
40001-50000	13	16.2	14	17.5	17	21.4	7	8.8
50001 & Above	11	13.8	8	10.0	9	11.2	3	3.7
Total	80	100.0	80	100.0	80	100.0	80	100.0
Average Loan	30800		32400		31600		30350	

Source: As ex ante

Conclusion

A major proportion of defaulters and non-defaulters opined that usefulness of credit constitutes 78.8 and 77.5 in Seethampeta region while these figures are higher at 83.8 and 96.3 respectively in Rampachodavaram. The SAO loans were used for agricultural purposes accounted for 83.8 and 76.3 per cent for non-defaulters and defaulters in Rampachodavaram while 71.3 and 65 per cent respectively in Seethampeta region. A very low number of borrowers used the loan amount for repayment of debts in both the regions. In both the regions, adequate income from agriculture is the main reason for prompt repayment of loans which accounted for 76 and 59 percent respectively in Seethampeta and Rampachodavaram. Across two regions, defaulters and non-defaulters were vary in different income groups. As many as 30 (37.5%) of defaulters and 26 (32.5%) of non-defaulters were in the range of Rs.40, 001-60,000 in Seethampeta region while for Rampachodavaram region they were 41 (51.3%) and 40 (50.1%) respectively. A

higher proportion of incomes were realized from agriculture (41.6%) followed by MGNREGS (28%) and MFP (24.8%) among defaulters in Seethampeta while the defaulters in Rampachodavaram the corresponding figures were 45.5, 24,1,25.6 and 44.8 per cent respectively. The average amount of loan borrowed by defaulters was Rs.41300 and non-defaulters was Rs.39250 which was marginally more in Seethampeta compared to Rampachodavaram (Rs. 40000 and Rs. 37500). In both the regions, the proportion of outstanding amount among defaulters is more to the GPCMS compared with other sources of borrowings. The existence of alternative sources of loans like cooperatives is not only low but also their absorption levels by these tribal is far from satisfactory. This compelled the Tribals to depend on traders, money lenders and middlemen with the consequential perpetuation of their indebtedness. Thus there is a need to adopt a target oriented approach to provide relief from the indebtedness is need of the hour.

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