

## **Role of Regional Rural Banks in Enhancing Income of Beneficiaries in Allahabad District of Uttar Pradesh**

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### **Abstract**

This paper has examined the enhancement in income of the sample beneficiaries under important Regional Rural Bank (RRB) schemes running in Allahabad district of Uttar Pradesh (UP). The cost analysis under selected schemes of RRB indicates that dairy, tractor and agri-business schemes have been much costly schemes as compared to that under Swarozgar Credit Card (SCC) and Kissan Credit Card (KCC) schemes and as a result of it the cost incurred on assets has increased highly. The increase in average net income beyond the increase in cost shows that the average income has been higher than the average cost under the selected schemes of RRB. This clarifies that RRB schemes have enhanced the income of beneficiaries in the area.

**Key words :** Finance, Beneficiary, Scheme, Financial scheme, Enterprise.

Regional Rural Banks (RRBs) came into existence in 1975 as a third arm of financial banking for meeting the varied and growing needs of rural masses (1—8). In the State of Uttar Pradesh a total of 40 RRBs were established in various districts under 10 lead banks for the development of the State. These RRBs opened 3004 branches in the state till the year 2000. Allahabad Kshetriya Gramin Bank was established in the year 1980 and was operating with a total of 70 branches of which 69 were working in rural Allahabad and only one in urban Allahabad till the survey of this study. As regards the role of RRBs the Regional Rural Banks have contributed maximum to the banking habits among the rural people by the various branches with better services to the customers in addition to granting loans and advances to needy peoples of weaker sections. Keeping these in view this study was undertaken with the following objectives : To study the roles of AKGB in Yamunapar region of Allahabad district, to assess the costs and income from the benefits received by RRBs, to analyze and compare the scheme wise costs and income of beneficiaries.

### **Methods**

The sampling technique used in this study was a

multistage stratified mixed sampling technique. Allahabad District was selected purposively having higher number of RRB branches at first stage of sampling. Further Yamunapar region being most backward, two blocks i. e. Karachana and Koraon having maximum RRB branches were selected randomly at second stage of sampling. Thereafter one RRB branch from each block i.e. Panchdeora from Karchana and Lediari from Koraon were selected randomly at the third stage of sampling. Thereafter, five villages i. e. Panchdeora, Mugari, Basaria, Baraha and Kabara from Panchdeora branch under KCC (Kisan Credit Card) scheme and five villages i. e. Lediari, Needi, Baraha, Bhagatpur and Katghar from Lediari branch were selected under dairy, agri-business, tractor and SCC schemes at fourth stage of sampling. From these 10 villages, the list of beneficiaries were categorized in five economic categories i. e. landless, marginal farmers (upto 1 ha), small farmers (1—2 ha), medium farmers (2 to 4 ha), and large farmers (above 4 ha). Thereafter, the ultimate sample beneficiaries were chosen randomly according to probability proportion to the total beneficiaries under each schemes restricting the samples to 150 at the fifth and final stage of sampling for indepth study. The reference period of the study

**Table 1.** Category-wise cost incurred in receiving loans and maintenance of assets by sample beneficiaries. Figures in parentheses are per cent increase or decrease in after period over before period. (in Rs / Beneficiary)

Categories of beneficiaries	No. of samples	Cost-incurred in receiving loans		Cost-incurred on maintenance of assets		Total cost on assets	
		Before loan	After loan	Before loan	After loan	Before loan	After loan
<b>Swarozgar Credit Card (SCC) Scheme</b>							
Landless laborers	29	1024.13	1451.72 (41.75)	810.34	1326.89 (63.74)	1834.47	2778.61 (51.46)
Marginal farmers	3	1166.70	1500.00 (28.56)	1000.00	1400.00 (40.00)	2166.70	2900.00 (32.84)
All beneficiaries	32	1037.50	1456.25 (40.36)	828.12	1335.75 (61.05)	1865.62	2790.00 (49.54)
<b>Kissan Credit Card (KCC) Scheme</b>							
Marginal farmers	14	2335.70	2928.50 (25.31)	1628.50	1800.00 (10.53)	3964.20	4728.50 (19.28)
Small farmers	39	2751.28	3333.33 (21.15)	1752.56	2964.10 (69.12)	4503.84	6197.43 (42.72)
Medim farmers	21	3338.29	3895.23 (16.68)	1976.19	3700.00 (87.22)	5314.28	7595.23 (42.92)
Large farms	02	3500.00	4150 (18.57)	2750	4100 (49.00)	6250	8250 (32.00)
All beneficiaries	76	2981.50	3576.5 (19.95)	2026.50	3116.00 (53.76)	5008.00	6692.50 (32.63)
<b>Dairy Schemes</b>							
Small farmers	10	1325.00	4470.00 (237.350)	2480.00	4280.00 (72.58)	3805.00	8750.00 (129.96)
Medium farmers	01	1725.00	5500.00 (218.84)	3085.00	4800.00 (55.59)	4810.00	10300.00 (114.13)
All beneficiaries	11	1525.00	4985.00 (226.88)	2782.50	4540.00 (63.16)	4307.50	9525.00 (121.12)
<b>Agri-Business Schemes</b>							
Small farmers	5	2015.00	6500.00 (222.58)	3860.00	3700.00 (-4.14)	5875.00	19200.00 (73.61)
Medium Farmers	8	2415.00	7875.00 (226.08)	4566.00	7875.00 (72.47)	6981.00	15750.00 (125.61)
All Beneficiaries	13	2215.00	7185.50 (224.40)	4213.00	5787.50 (37.37)	6428.00	12973.00 (101.82)
<b>Tractor Schemes</b>							
Medium farmers	2	7150.00	36000.00 (403.49)	11050.00	48000.00 (334.38)	18200.00	84000.00 (361.53)
Larger farmers	16	11541.00	40000.00 (246.59)	18584.00	40095.75 (115.75)	30125.00	80095.00 (165.87)
All beneficiaries	18	9345.50	38000.00 (306.62)	14816.50	44047.50 (197.29)	24162.00	82047.50 (239.57)
Overall beneficiaries	150	3420.90	11040.40 (222.73)	4931.32	11764.80 (138.57)	8354.00	22805.20 (172.88)

was 2006-07 as before loaning period and 2007-08 as after loaning period.

**Table 2.** Category-wise annual income total cost and net income from assets by sample beneficiaries. Figures in parentheses are per cent increase or decrease in after period over before period. (*in Rs / Beneficiary*).

Categories of beneficiaries	No. of samples	Annual income from assets		Total cost on assets		Net income from assets	
		Before loan	After loan	Before loan	After loan	Before loan	After loan
<b>Swarozgar Credit Card (SCC) Scheme</b>							
Landless laborers	29	11551.72	13472.40 (16.62)	1834.47	2778.61 (51.46)	9717.25	10693.79 (10.04)
Marginal farmers	3	18000.00	23838.40 (32.40)	2166.70	2900.00 (33.84)	15833.30	20933.40 (32.21)
All beneficiaries	32	14775.50	18652.75 (26.24)	1865.62	2790.00 (49.54)	12909.88	15862.75 (22.87)
<b>Kissan Credit Card (KCC) Scheme</b>							
Marginal farmers	14	8142.85	12642.85 (55.26)	3964.20	4728.50 (19.28)	4178.65	7914.35 (89.39)
Small farmers	39	7525.64	9656.41 (28.31)	4503.84	6197.43 (37.60)	2921.80	3458.98 (18.38)
Medium farmers	21	8572.33	13329.50 (55.49)	5314.28	7595.23 (42.92)	3258.05	5734.27 (76.00)
Larger farmers	2	9500.00	15000.00 (57.89)	6250.00	8250.00 (32.00)	3250.00	6750.00 (107.69)
All beneficiaries	76	8410.20	12657.19 (50.49)	5008.00	6692.50 (33.63)	3402.20	5964.69 (75.31)
<b>Dairy Schemes</b>							
Small farmers	10	6350.00	11680.00 (83.93)	3805.00	750.00 (129.96)	2545.00	2930.00 (15.12)
Medium farmers	1	7500.00	15000.00 (100.00)	4810.00	10300.00 (107.69)	2600.00	4700.00 (74.72)
All beneficiaries	11	6925.00	13340.00 (92.62)	4307.50	9525.00 (121.14)	2617.00	3815.00 (45.77)
<b>Agri-Business Schemes</b>							
Small Farmers	5	13200.00	18200.00 (37.87)	5875.00	10200.00 (73.61)	7325.00	8000.00 (9.21)
Medium Farmers	8	19250.00	30000.00 (55.84)	6981.00	15750.00 (125.61)	12269.00	14250.00 (16.14)
All beneficiaries	13	16225.00	24100.00 (48.53)	6428.00	12973.00 (101.82)	9797.00	11127.00 (13.57)
<b>Tractor Schemes</b>							
Medium farmers	2	36000.00	105000.00 (191.66)	18200.00	84000.00 (361.53)	17800.00	21000.00 (17.97)
Large farmers	16	63750.00	115750.00 (81.56)	30125.00	80095.75 (165.87)	33625.00	35652.00 (6.02)
All beneficiaries	18	49875.00	110375.00 (121.33)	24162.50	82047.50 (239.56)	25713.00	28328.00 (10.16)
Overall beneficiaries	150	19242.40	35824.00 (86.17)	8354.00	22805.20 (172.98)	10888.40	13019.80 (19.57)

## Results and Discussion

### *Cost Incurred in Receiving Loans and Maintenance of Assets*

The category wise costs incurred in receiving loans and maintenance of assets by the sample beneficiaries under selected schemes of RRB in Allahabad district of UP, indicates that the total cost on assets has become accounted as Rs 8,354 per beneficiary before loaning which increased to Rs 22,805 (172.98%) after loaning on an overall average (Table 1). Out of the total cost Rs 3,421 were incurred in receiving loans and Rs 4,931 on maintenance of assets before loaning which increased to Rs 11,040 (222.73%) and Rs 11,704 (138.57%) respectively after loaning on an average. Thus, the cost has been obviously increased after loaning up to the extent of almost double amount of before loaning.

The scheme wise analysis shows that the lowest cost of Rs 1,866 has been reported under SCC scheme before loaning which increased to Rs 2,790 after loaning against the highest cost of Rs 24,160 under tractor scheme before loaning which also increased to Rs 82,048 after loaning. In other schemes it varied from Rs 4,308 in dairy scheme to Rs 6,428 in agricultural business scheme before loaning which increased from Rs 9,525 in dairy scheme to Rs 12,973 in agricultural business scheme. Thus, dairy tractor and agri-business scheme have been comparatively much expensive schemes than SCC and KCC schemes in the area. The related data are given in Table 1.

### *Annual Income, Total Cost and Net Income from Assets*

The category wise annual income, total cost and net income from the assets under selected scheme of RRB in Allahabad district of UP, indicates that the average net income from the assets has been accounted as Rs 10,888 before loaning which increased to Rs 13,020 (19.57%) more after loaning (Table 2). Thus, the income of beneficiaries has indeed enhanced considerably after receiving the loan under RRB schemes. Although the cost has increased comparatively more than the annual income even then the net income has been accounted higher after loaning on an average. The average annual income of Rs 19,242 before loaning has increased to Rs 35,825

(86.17%) more after loaning. While the cost of Rs 8,354 before loaning has increased to Rs 22,805 (172.98%) more after loaning. Thus, it is obvious that the cost has also been proportionately higher after loaning under RRB schemes still the net income has been accounted higher after loaning under RRB schemes.

The scheme wise analysis shows the lowest net income of Rs 2,617 in dairy before loaning has increased to Rs 3,815 after loaning against highest net income of Rs 25,713 before loaning which increased to Rs 28,328 after loaning in tractor scheme. In other schemes, it varied from Rs 3,402 before loaning in KCC scheme, Rs 9,797 in agri-business and Rs 12,910 in SCC scheme which increased from Rs 3,815 in dairy Rs 11,127 in agri-business and Rs 15,863 in SCC schemes after the loaning. Thus, the tractor and SCC schemes followed by agri-business scheme of RRB have been found to be more income generating schemes and more profit making schemes in the area.

### *Conclusion*

The cost incurred on assets has been obviously increased after loaning up to the extent of almost double amount of that of before loaning. The scheme wise analysis shows that the dairy project, tractor scheme and agri-business scheme have been comparatively much expensive schemes than SCC scheme and KCC scheme in the area. Regarding income the income of beneficiaries has indeed enhanced considerably after the loaning under RRB schemes. Although the cost has increased comparatively more than the annual income is some schemes even then the net income has been accounted higher after loaning on an average. This study also reveals that cost has also been proportionately higher after loaning still the net income has been higher after loaning. The scheme wise analysis shows that tractor and SCC scheme followed by agri-business scheme of RRB have been found to be more income generating schemes and more income enhancing schemes in the areas.

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