

# **A STUDY ON RICE CREDIT LINE PROGRAMME IN GUNTUR DISTRICT OF AP**



**APMAS**

**Presentation by**

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# OBJECTIVES OF THE STUDY

- To examine the performance of RCL programme
- To understand the dynamics of RCL at household, SHG and Community level
- To identify the gaps, problems and expectations of the beneficiaries on RCL programme



# SAMPLING DESIGN & DATA COLLECTION

SAMPLING UNITS						DATA TECHNIQUES			
District	Rev. Div.	Mandal	VO	HH	KI	HHI	IKI	FGD	
Guntur	Guntur	Gurajala	1	12	5	12	5	1	
			2	12	5	12	5	1	
		Achampet	1	12	5	12	5	1	
			2	12	5	12	5	1	
		Thulluru	1	12	5	12	5	1	
			2	12	5	12	5	1	
	NSraopet	Bollapalli	1	12	5	12	5	1	
			2	12	5	12	5	1	
		Edlapadu	1	12	5	12	5	1	
			2	12	5	12	5	1	
		Nuzendla	1	12	5	12	5	1	
			2	12	5	12	5	1	
	1	2	6	12	144	60	144	60	12



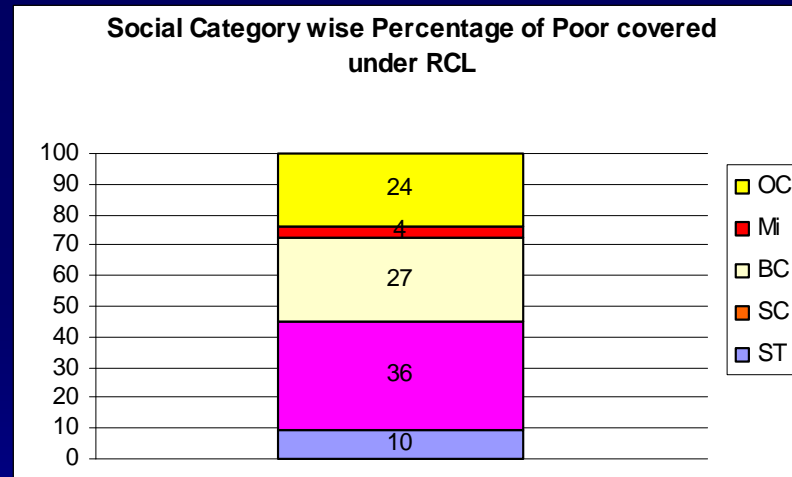
# OBJECTIVES OF RCL PROGRAMME

- To assist the poor households in minimizing the *nutrition gap*
- To ensure continuous stream of food availability to the poorest of the poor
- To minimize the fluctuations in food availability to the poor
- To reduce the transfer of income from the poor to middle men
- To ensure good quality, fair quantity and reasonable price.



# RCL COVERAGE IN THE DISTRICT

- 24 Mandals in 3 Revenue Division in the district
- No. of VOs/villages covered under RCL- 412
- No. of VOs/villages uncovered under RCL-109
- Target poor in the district – 1,27,238
- Target poor covered in the district- 57,437
- Amount Released- Rs.1.41 Crores





## RCL STATUS OF VOs

- 88% of the SHGs joined in VO
- 77% of SHGs in the VO covered under RCL
- 55% of the members covered under RCL
- Majority of the VOs implemented 1(5/12) round
- Only 1/3 of the VOs repaid instalment to the project
- Rs. 48,360 – Avg. amount of loan to VO
- Rs. 3,180 – Avg. amount repaid to project by VO
- 113 Quintals- Avg. Cum. Quantity of rice procured
- Nearly 50% of the VOs have Over Dues ranging from Rs. 1,800 to Rs. 22,000
- Average amount of loan to SHG-Rs. 2,600;
- Avg. amount of loan to the Member Rs. 240 (Group Size-11)



# PROFILE OF THE SAMPLE

- Nearly half of the members are SCs (49%) followed by OCs (22%) and BCs (13%)
- Average size of the family is 4 and working members are 2
- Primary Occupations- Agriculture labour 62%; Agriculture 23% of the households
- 90% of the households possess PDS cards in which 81% - White Card Holders
- 14 Kgs- Average entitlement of rice per month per HH
- About 1/3<sup>rd</sup> and 1/10<sup>th</sup> of the people have dry and wet land respectively ranging from 0.25 to 5 acres.



# DEMAND AND SUPPLY

- Average household requirement- 53 Kgs. per month
- An average of 35 Kgs. of rice requested by each household
- An average of 27 Kgs. of rice supplied per round per member

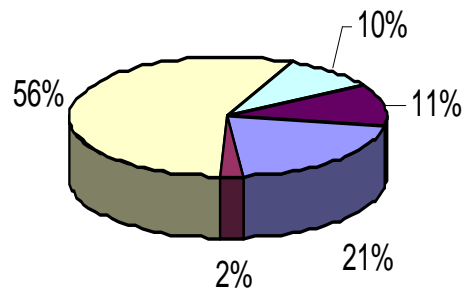
## Reasons for low indent and supply

- low repaying capacity, norms of the VO, high price and quality of rice, large size of the family
- Insufficient funds, more no. of groups, high price and quality of rice



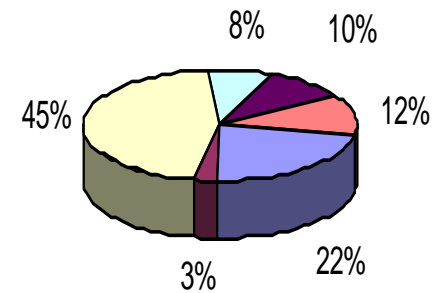
# RICE PROCUREMENT FROM VARIOUS SOURCES

Means of Rice Procurement Before RCL



■ PDS 
 ■ Wage in Grains 
 ■ Traders 
 ■ Additional PDS 
 ■ Other

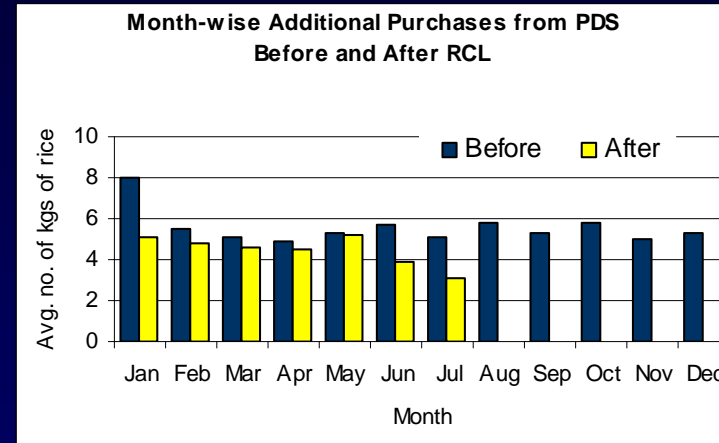
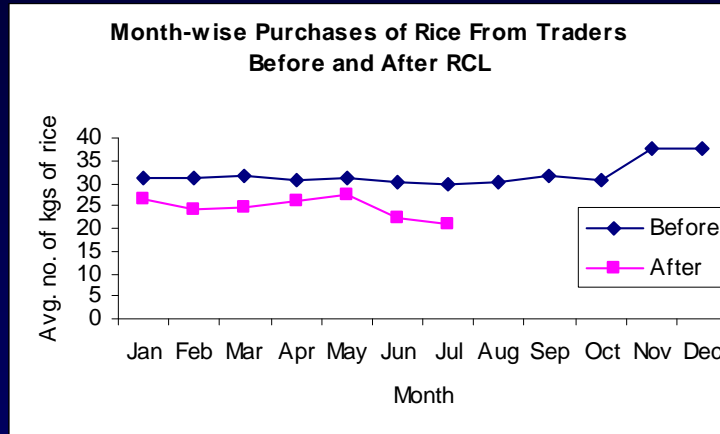
Means of Rice Procurement After RCL



■ PDS 
 ■ Wage in Grains 
 ■ Traders 
 ■ Additional PDS 
 ■ Other 
 ■ RCL



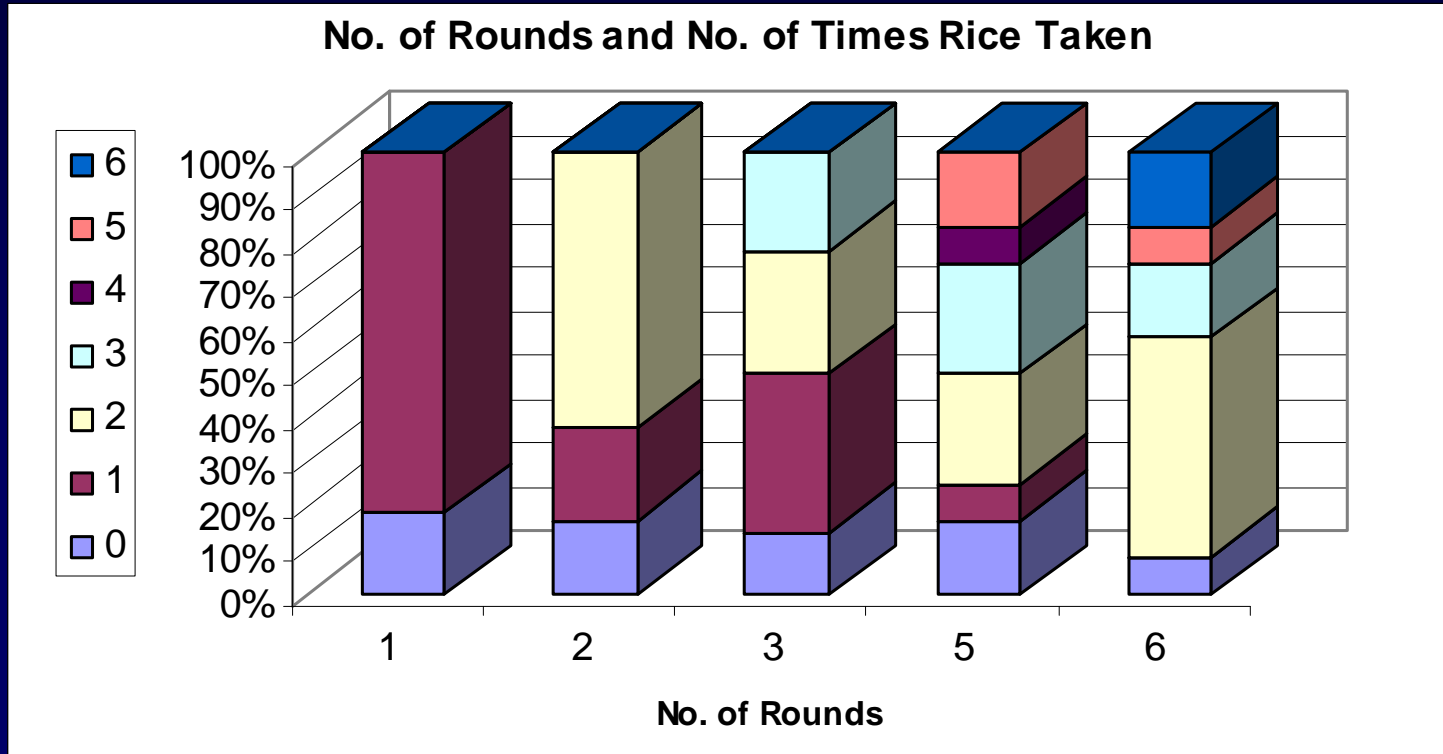
# VARIATIONS IN RICE PURCHASE BY HH



- Monthly purchases from PDS is increased except in Feb.
- Wage in the form of grains in the month of Feb. was high
- Purchase of rice from other sources decreased during RCL
- Decrease in purchase from traders, additional PDS and other sources where as increase in purchases from PDS due to RCL



# No. OF TIMES RICE BORROWED



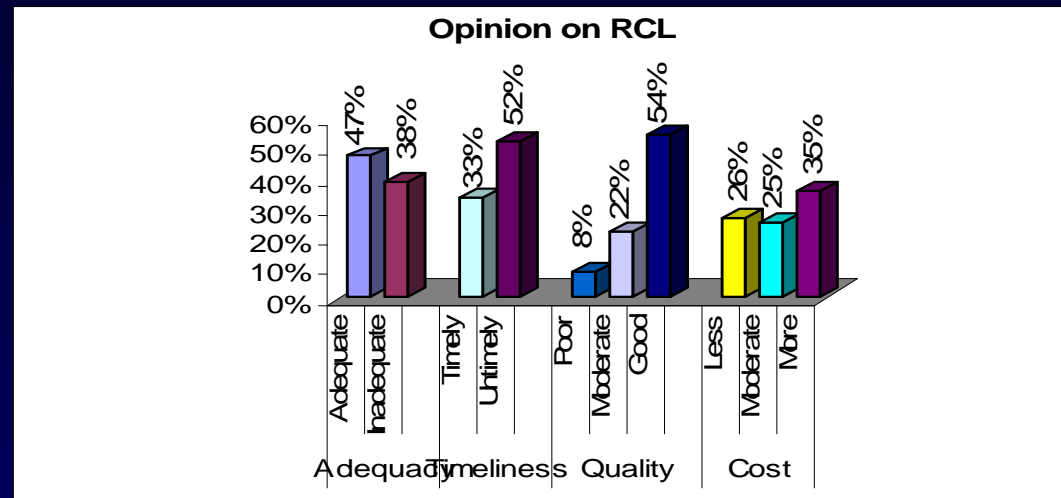


## CREDIT, REPAYMENT AND OVERDUE

- Avg. cum. quantity of rice borrowed- 90 Kgs.
- Avg. amount of member share - Rs. 34 (9%)
- Avg. amount of loan on rice - Rs. 387
- Avg. amount repaid - Rs. 281(73%)\*
- Avg. amount of outstanding - Rs. 106 (27%)
- Avg. amount of overdue -Rs.19 (5%)
- 7% of the members have overdue
  - \*Majority are paying fortnightly (30%) followed by monthly (26%)



# PERCEPTION ON RCL



- Adequate- small family, availability of PDS rice, repaying capacity
- Inadequate- Large family, equal distribution, irregular supply
- Timely -Purchases from local millers
- Untimely – Irregular supply because of delayed repayment
- Poor-mixed varieties, more broken rice, double polished PDS rice
- Moderate-Market price and RCL price is almost equal
- Good- Effective monitoring
- Moderate- Similar quality for same price
- More cost-Market price is less, VO profit



# PREFERENCE

- All members preferred rice only
- Reasons:
  - Habituated to rice and locally available
- Majority (62%) of the members', 1<sup>st</sup> preference to BPT variety
- 2<sup>nd</sup> preference to 5293 variety by 29% of members
- Nearly 10% of the members preferred broken rice
- Other preferred varieties - PDS Rice (3%), Sona Masoori (8%), local and cheaper varieties
- Reasons:
  - Less price, common variety, good quality, strength & tasty, low cost, large family, expensive etc.



# RECOVERY PRACTICES

- AT THE TIME OF DISTRIBUTION OF RICE
  - Regular meeting
  - Recovery & Monitoring Committees
  - Reminders to members
  - Collection of loan instalments assigned to Activists
  - Equal distribution and equal responsibility
  - Sharing of responsibilities
- AFTER DISTRIBUTION OF RICE
  - Purchases postponed until total recovery
  - Visits to default SHGs
  - No rice allocation to default members
  - Exclusion of members with non-repaying capacity
  - Adjustment of amount by VO



# MEMBERSHIP AND DROP-OUTS

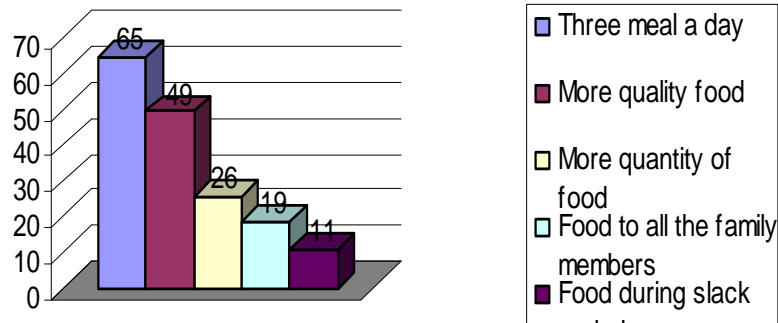
- 85% (1198) of SHG members covered under RCL
- 13%(153) of the members dropped from RCL
- Less than 1% newly joined in the programme
- Withdrawal pattern- temporary, permanent, voluntary and forced
- Reasons for not joining in RCL
  - No repaying capacity (24%), High price and quality of rice (7%), Own produce (6%), More expensive (5%), Other sources for lesser price (8%), Long relationships with the traders (4%), Market price is less (4%), Migration (3%) Residing in other habitation, over dues to bank, High amount of deposits, ineligible for RCL etc.
- Reasons for drop-out
  - Lesser price in the market (6%), Purchases from PDS (10%), Wage in grains (12%), Help from relatives and friends, usage of PDS of others (2%), leaders misused the rice (4%), migration (4%), untimely, default (2%), High quality of rice etc.



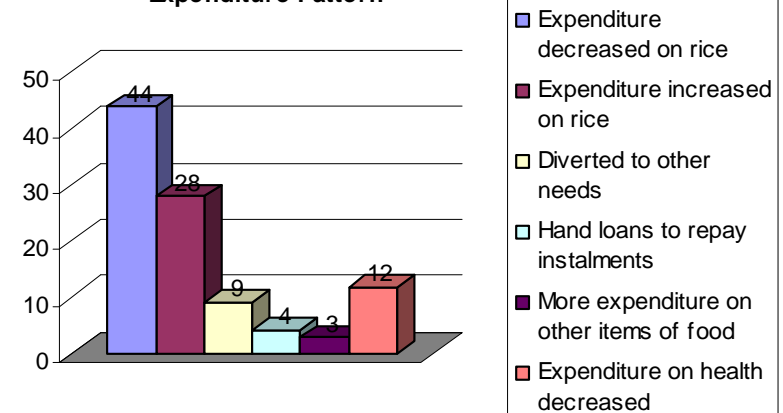


# DYNAMICS AT HOUSEHOLD LEVEL

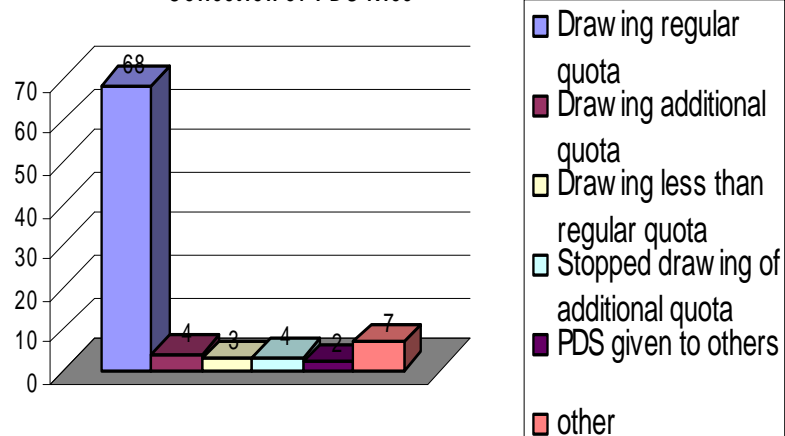
### Food Consumption Pattern



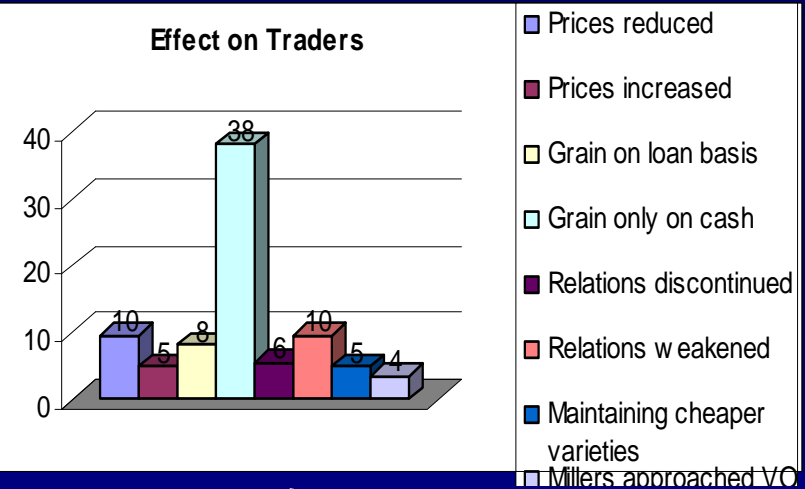
### Expenditure Pattern



### Collection of PDS Rice



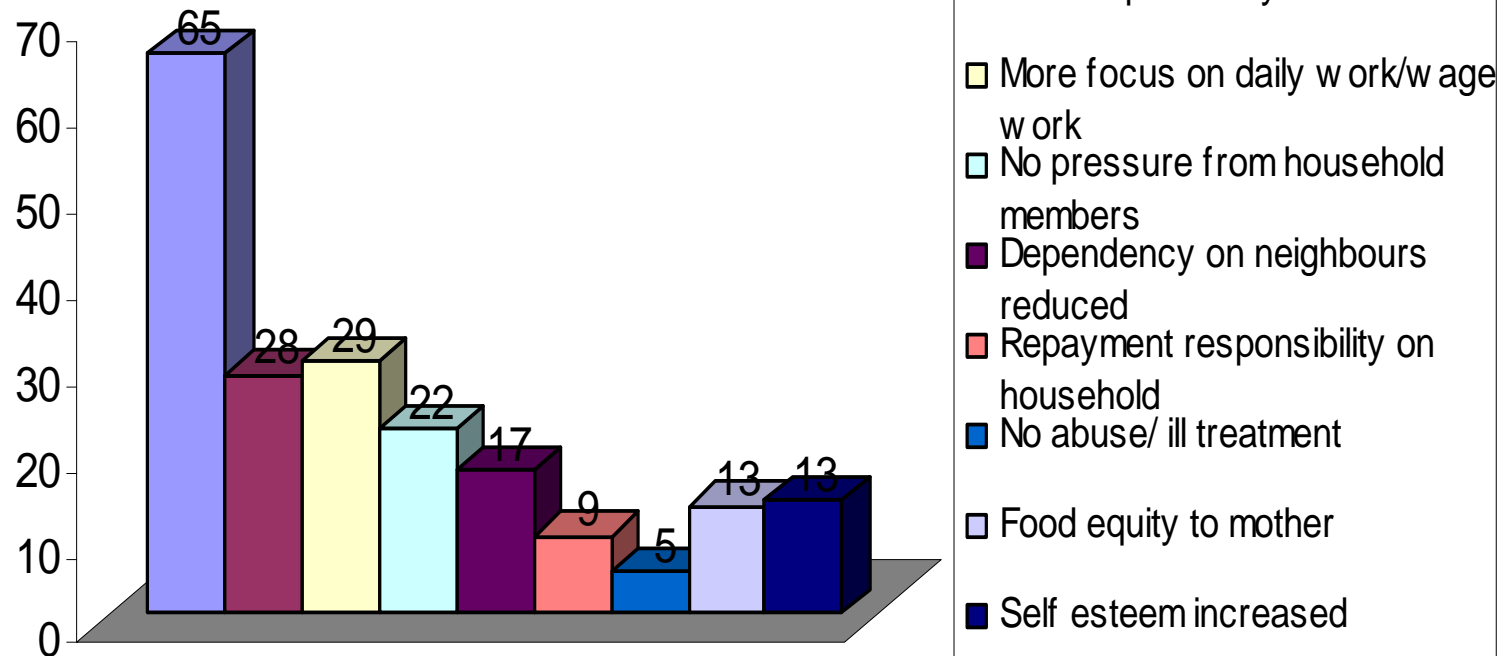
### Effect on Traders





# INFLUENCE ON WOMEN

Influence on Women





# INFLUENCE ON SHGs

- POSITIVE
  - Membership in VO (78%)
  - Frequency of meetings increased(50.7%)
  - Improvement of attendance in meetings(53.5%)
  - Sharing of responsibilities increased(42.4%)
  - Access to information incerased(57.6%)
  - Books of accounts improved (46.5%)
  - Recovery of old arrears (25%)
  - Conflict resolution and revival of groups (34%)
- NEGATIVE
  - Decrease in monthly thrift (5%) and diversion of monthly savings (2%) to RCL
  - Defaulting and absence to meetings in few groups
  - Confined to RCL activities (26%)
  - Bank instalments stopped to repay RCL (4%)
  - VO solidarity decreased



# OPINION OF OTHER ACTORS...

## PDS-DEALERS

- Supply of poor quality rice
- No taste, no strength
- All are drawing -higher social categories uses for different purposes
- People are afraid of cancellation of PDS Card if not drawn
- Sales beyond time limit
- Demand for additional quota during slack seasons
- Large families mainly come for additional quota
- Less demand for additional quota due to RCL

## TRADERS

- Sales down by nearly 30% to 40% due to RCL
- More demand for broken rice
- Purchase of other items increased- on loan basis
- Only 2/3 varieties of rice
- No credit for rice. Earlier 50% on loan basis
- Sale on instalment basis and more payback period
- Trader-buyer relationships weakened
- Business slowly improving because of default and variety of rice



# OPINION OF OTHER ACTORS

## MILLERS

- Can provide good quality than traders
- Comparatively prices are more than the traders
- Competition among the Millers
- Can provide at lower price
- Can't ensure quality at all times
- VOs prefer traders than millers
- Traders cheat the VO
- Can't supply broken rice
- Milling of paddy by the VO not advisable
- MoU between VO-Miller not possible

## FARMERS

- Providing on loan basis
- APL categories can get quality rice at cheaper price
- Variety not as per the need of the poor
- Members giving RCL rice to non-members
- Bulk purchases
  - Food security, hand loans
- Not supplying the local variety
- Patron-client relations weakened
- Real poor not covered under RCL



# BEST PRACTICES

- Planning at SHG level
- Effective functioning of purchase and recovery committees
- Sample collections from different sources
- Comparison between samples and price and obtain consent from all the members
- Distribution only to non-defaulters
- Monitoring and recovery by committees



# PROBLEMS AND EXPECTATIONS

ISSUES	PROBLEM	EXPECTATION
<b><i>PRICE</i></b>	<ul style="list-style-type: none"><li>• High price</li><li>• No difference between Open Market and RCL</li><li>• More than market price</li></ul>	<ul style="list-style-type: none"><li>• Rice at low price</li><li>• Less than market price by 50 paise at least</li></ul>
<b><i>QUALITY</i></b>	<ul style="list-style-type: none"><li>• Poor quality of rice</li><li>• High priced variety</li><li>• Single variety</li><li>• Cheaper variety-high price</li></ul>	<ul style="list-style-type: none"><li>• Good quality at reasonable price</li><li>• Low priced variety</li></ul>
<b><i>DEPOSIT</i></b>	<ul style="list-style-type: none"><li>• Non-affordability</li><li>• Non-borrowers not paying</li></ul>	<ul style="list-style-type: none"><li>• No deposits</li><li>• More deposit amount</li></ul>



# PROBLEMS AND EXPECTATIONS....

ISSUES	PROBLEM	EXPECTATION
<b><i>PROCUREMENT</i></b>	<ul style="list-style-type: none"><li>• Millers unable to supply large quantity in short notice</li><li>• Traders showing quality rice - supplying poor or mixed variety</li><li>• Faulty weighing</li><li>• Double polished rice</li><li>• Some millers –not giving bills</li><li>• Non availability of rice locally</li></ul>	
<b><i>DISTRIBUTION</i></b>	<ul style="list-style-type: none"><li>• No indent collection</li><li>• Equal distribution</li><li>• Irregular supply</li><li>• Less supply than request</li><li>• Untimely/ matched with PDS</li><li>• Faulty weighing</li><li>• Supply to non-SHG members</li></ul>	<ul style="list-style-type: none"><li>• Compulsory monthly indent</li><li>• Equal distribution</li><li>• Regularity</li><li>• Demand based supply</li></ul>





# PROBLEMS AND EXPECTATIONS...

ISSUE	PROBLEM	EXPECTATION
<b><i>BOOK-KEEPING</i></b>	<ul style="list-style-type: none"><li>•Records not maintained</li><li>•No awareness on RCL</li><li>•Not up to date</li></ul>	<ul style="list-style-type: none"><li>•Supply of proper books</li><li>•Training in book-keeping</li><li>•Appointment of book-keepers</li></ul>
<b><i>FUNDS</i></b>	<ul style="list-style-type: none"><li>•Misuse of funds</li><li>•Lack of transparency</li><li>•Less funds</li></ul>	<ul style="list-style-type: none"><li>•Transparency</li><li>•Increased funds to VO/SHG</li></ul>
<b><i>MS</i></b>	<ul style="list-style-type: none"><li>•Less supply of rice and amount</li></ul>	<ul style="list-style-type: none"><li>•Regular and timely payment from MS/Velugu</li></ul>
<b><i>MONITORING</i></b>	<ul style="list-style-type: none"><li>•Absence at all levels</li></ul>	<ul style="list-style-type: none"><li>•Quality check at the time of supply</li></ul>



# PROBLEMS AND EXPECTATIONS...

ISSUE	PROBLEM	EXPECTATION
<b><i>REPAYMENT</i></b>	<ul style="list-style-type: none"><li>• No time limit/dead line</li><li>• Instant repayment</li><li>• Low repaying capacity</li><li>• Delayed repayment</li><li>• No repayment</li></ul>	<ul style="list-style-type: none"><li>• More payback period and no. of instalments</li><li>• Fixation of date for repayment</li></ul>
<b><i>PARTICIPATION</i></b>	<ul style="list-style-type: none"><li>• Less no. of meetings and discussions</li><li>• No information</li><li>• CC non-cooperative</li><li>• Decisions made by individuals</li></ul>	<ul style="list-style-type: none"><li>• Regular meetings</li><li>• In-depth discussions</li><li>• Group decision</li><li>• More assistance from CC</li></ul>



# SUGGESTIONS

- Less price grains
- Indent collection for every purchase
- Broken rice
- Two varieties of rice
- More responsibilities to VO than RCL Committees
- Regular meetings
- Training in book-keeping to VO on RCL accounting
- Monthly purchases
- Supply based on demand
- Maintenance of buffer stock
- More no. of instalments
- Zero tolerance of default
- Pressure on Millers for quality rice
- Avoid purchases from traders
- Bulk purchases

# THANK YOU