A Study on The Role of Money Lenders In Guntur District A.P

Usha Saranya. Alapati , **Dr. P.Raja Babu

Associate Professor[**], Department Of Management, K L University, Vaddeswaram, Guntur District, AP, India
MBA Student [*], Department Of Management, K L University, Vaddeswaram, Guntur District, AP, India
Corresponding Author: Usha Saranya. Alapati

Abstract: *Moneylenders have always been known for explorative practices and prices in lending poor.They have strengthened since liberalization; their share in the decade following it has risen substantially.This study has designed to examine the role of informal credit in Guntur district. Specific objectives were to find out strength and weakness of money lenders/indigenous bankers. To evaluate the performance of money lenders andto study the impact of demographic factors on turnover of the business, customer base and its growth. The study conveniently sampled 249 respondents as questionnaires were used to collect the data. By using some statistical tools we found that there is a significant relation between the demographic factors and turnover of their business. The strengths of money lenders and indigenous bankers are capable of increasing their turnover and weakness of them are they unable to recover few loans i.e. they are having few bad debts. The performance of the money lenders and indigenous bankers are in increasing trend.*

Keywords: *Moneylenders/indigenous bankers, banking system, demographic factors, turnover, performance evaluation*

I.   Introduction

Indigenous bankers are private firms or individuals whose functions are similar to banks, who accept deposits and lend loans. They are also financial intermediaries just like banks. They should be distinguished from moneylenders whose primary business is money lending not banking.A moneylender lends only his own funds where as indigenous banker raises a part of his loan able funds from the public in deposits or other forms. The transactions of moneylenders are in cash, while a large pan of die transactions of an indigenous banker are based on dealings in short term credit instruments[1] like hundis and commercial bills.

Importance Of Indigenous Bankers

In the Indian money market the indigenous bankers occupy an important place and they play a vital role in financing the internal trade. They are very much popular in the areas, which lack joint stock banks or banks which are not served properly. The activities of the indigenous bankers have been declined with the growth of joint stock banking in the country but still these bankers have control over a good deal of financial business.

The reasons for the popularity of indigenous bankers:

(a) They provide prompt and flexible credit,
(b) They lend loans to the small productive units not fully catered by the commercial banks,
(c) cordial relationship[2] exist with the customers,
(d) They maintain good contact with their customers and remain fully acquainted with their problems and financial requirements;
(e) They are not just bankers to their customers, but are also their friends and advisers.

The following are the main functions of the indigenous bankers

i)   Accepting Deposits:

They accept deposits from the public. These deposits are of two types:

(a) The deposits which are repayable on demand and
(b) The deposits which are repayable after a fixed period. Indigenous bankers pay higher rate of interest when compared to the commercial banks.

ii)   Advancing Loans:

The indigenous bankers advance loans against all types of securities such as land, crops, gold and silver, etc to their customers. Credit will be given even against personal security. They provide loans to small industrialists who are unable tofulfil the necessary loan conditions of commercial banks.

iii)   Business In Hundis:

The indigenous bankers mainly deal with hundies[3]. They write, buy, and sell hundies. To meet the financial needs of the internal traders they also discount hundies.Through discounting of hundis they also transfer funds from one place to another place

---

[1] A document (as check, letter of credit or bond) other than paper money that evidences a debt.
[2] Relation between two or more people is a friendly relationship with warm feelings, but slightly formal.

iv) Non-Banking Functions:
Most of the indigenous bankers carry on their non- banking business and banking activities simultaneously
(a) Generally they have their retail trading business,
(b) Sometimes, they earn income in the form of commission, by acting as agents to large commercial firms
(c) They also participate in speculative activities[4].

The system of indigenous banking in India dates back to ancient times. The bulk of the Indian financial system was constituted by the indigenous financial agencies until the middle of the nineteenth century. The credit was provided by them not only to traders and producers but also to the governments of the day.The advent of the British had an adverse impact on their business. The European bankers began to enjoy state patronage and pride. The foreign (exchange) banks took over the financing of external trade. The setting up of modern commercial banks took away most the business of indigenous financial agencies who, were gradually pushed to the financing of internal tradein metropolitan areas and important commercial centres.
Especially since the mid 1950s, the area of operations of these agencies has contracted further with the growth of commercial and co-operative banking geographically as well as functionally. There are thousands of family firms still who continue to operate as traditional-style bankers especially in the western and southern parts of India. From several hundred years many of these firms have continued in this business. Indigenous bankers are usually urban-based. Their business, besides being hereditary,and it is confined to a few castes and communities.The size of the indigenous banking class and the volume of their credit operations are not known with certainty. The estimation of Banking Commission (1972) was, their number to be in the neighbourhood of 2,000 to 2,500. Timberg and Aiyar (1980)[5] have placed this number at a minimum of20, 000 leaving out Central India and Eastern India outside Calcutta. They have further estimated that in late 1970s the total credit extended by these bankers was in the neighbourhood of Rs. 1,500 crores, which was equal to 10 per cent of the total commercial bank credit in the year 1977-8.
Indigenous bankers constitute heterogeneous categories. The Banking Commission (1972) had grouped into four main sub-groups they are
1.   Gujarati shroffs,
2.   Shikarpuri or Multani shroffs,
3.   Chettiars of the South, and
4.   Marwari Kayas of Assam.
Timberg and Aiyar (1980) do not cover Assam and so leave out Marwari Kayas. But they have found that Rastogi bankers numbering about 500 are also an important sub-group serving craftsmen and traders in the Oudh area of U.P. and providing about Rs. 100 crores of credit

Chettiars:
The Chettiars6 were a nineteenth century banking caste from the South Indian state of Tamil Nadu. They formed an entire banking system that spread along side the expanding British Empire from South India to several countries in South-East Asia.Chettiars and their banking system, This section lays out the historical details of the Chettiar banking system. It begins by providing a general historical setting and description of the system, before going over the particular regulatory mechanisms. Specifically, the Madras Provincial Banking Enquiry Committee Report, 1930 (MPBEC 1930 henceforth) and the Burma Banking Enquiry Committee Report, 1930 (BBEC 1930 henceforth) are used. The main secondary sources used are Rudner (1994), Weerasooria (1973), Krishnan (1959), Tun Wai (1953), faith (1929), Menon (1985) and Mahadevan (1978a & 1978b) for historical and social science details.1 The Chettiars were a banking caste from the South Indian state of Madras in nineteenth century.
They have fashioned associate banking industry that unfold along with the increasing geographic area from South Bharat to many countries in South-East Asia.

II.   Review Of Literature
Malavika Nair entitled her article Workings of a Nineteenth Century Indigenous Banking System: A Case in support of Free Banking. The main objective of this paper is to review concerning the operating of banking industry in nineteenth century   functioned with   none government   regulation and   also   the banking   industry of Chettiar endemic bankers, self restrictive mechanisms like charge per unit setting clearing housing loans and informal deposit insurance. The findings of this text is what extent the Chettiars unbroken aliquot reserves is a stimulating question that comes up since interest was paid on all deposits together with checkable ones. it's complete that this paper presents the case of a self-regulated banking industry in operation in nineteenth century india. These crucial services allowed for the graceful functioning of the banking industry and accessorial to its stability however it couldn't offer proof of competitive note issue and this was the first reason their 'notes' never gained the standing of cash substitutes Sean Turnell entitled his article THE CHETTIARS IN burma. the target of this paper is to judge the role of the Chettiars within the development of

---

[3] A 'hundi' is a bill of exchange.

[4] Activities which involve buying goods or shares, or buildings and properties, in the hope of being able to sell them again at higher price and make a profit

[5] Authors of Informal credit markets in India. This paper deals with the non-bank urban Informal credit market in India and , in specific, with how it contributes to finance in the Indian economy

[6]Alternative names for the Chettiars are Nattukottai Chettiars, Nagarathars and Nakarattars. Rudner (1994) uses Nakarattar. While these other names are somewhat technically more accurate, here 'Chettiar' is used for brevity

Burma's colonial economy. kind a important bridge between 'Western' finance and also the Burmese cultivator. to indicate a image of Chettiar operations that escapes the lender stereotype to gift them instead as proto-financial establishments that created financial, and ultimately real, resources in Union of Burma. The paper finds that the success of the Chettiars in Union of Burma lay less within the high interest rates they charged, than it did to patterns of internal organisation that provided solutions to the inherent issues two-faced by money intermediaries. it concludes that Chettiars were crucial players within the advancement of Burma's 'rice frontier' The paper has conjointly tried to rebut, using standard theory, the notion that the Chettiars charged 'usurious' rates of interest with the target of deed land.

GC sen entitled his article useful notes on indigenous bankers. the objective of this paper is to check regarding the history of indigenous bankers. Origins of the them. What area unit their functions? What reasonably instruments they deal with? wherever have they located? What was their turnover? What were their interest rates? WHO have contributed additional to the society? What lead them to say no their business? the findings of this paper area unit till the center of the nineteenth century the autochthonous monetary agencies entrenched the majority of the Indian national economy. In metropolitan areas and necessary business centres the putting in of recent business banks took away additional and additional the business of autochthonous monetary agencies. It concludes that also there area unit thousands of family corporations, particularly within the western and southern elements of Asian country, WHOstill operate as traditional-style bankers. The Gujarati shroffs have developed their own call-money market, analogous to the inter-bank call-money market, within which short surplus funds area unit Lententide and borrowed. they need contributed the most important hand in informal credit.

Md. Bakhtiar Uddin entitled his article money lenders in trishal upazil. the target of this paper is to grasp regardingcash disposal. Show the real image of money lenders. Compare the interest rate between money lenders and NGOs. to review the economic result of cash lenders. Why folks take loan at high interest rate? to achieve datamuch through analysis ofprimary information. The findings of this paper Government ought to take effective policy to get rid of illegal cash lenders and take a look at to incorporate the money lenders in tax schedule. If all of the money lenders of our country provide tax frequently then the govt. of our country will fulfil the deficit of budget by own value. The analysis of home borrowing from informal sources, we have a tendency to profit of panel information and implement a hard and fast result difference-indifference approach and mix it with different matching and propensity score reweighting estimators. He finished that The informal credit market of our country is extremelyadvanced. . Government ought to take effective steps to get rid of cash lenders and straightforward to require loan from formal establishment for little businessperson and farmer.

Claudia Berg1 George Washington University, M. Shahe Emran IPD, Columbia University Forhad Shilpi World Bank entitled his article **Microfinance and Moneylenders: Long-run Effects of MFIs on Informal Credit Market in Bangladesh.** The objective of this paper is to search out the unfold of small finance and cash loaner charge per unit. MFI membership and home borrowing from informal sources. identification problems and empirical strategy. loan size and market share of informal credit. The findings area unit MFI competition reduces informal interest rates, the proofadditionally rejects the claim by the critics that MFIs cause raised reliance on informal loans among its borrowers due, for instance, to rigid compensation schedules and indivisibility of investment comes. It concludes that a household's propensity to borrow from informal sources declines considerably once it becomes member of associate degree MFI, which the overall volume of credit from informal sources (and formal banks) additionally decrease well in each absolute and relative terms. The proof is in step with a model wherever MFIs draw away higher borrowers from the loaner, and stuck prices area unit vital in informal disposal.

Research Problem

Money lenders/indigenous bankers also have the prominent role in the society but they are unable to reach up to the extent because of few reasons.They charge huge interest rates due to that most of the customers are obtaining loans and advances from banks.There is lack of proper structure of functioning in money lenders business. Money lenders are unable to recover few loans; bad debts are rising every year. Their business is reducing due to various schemes introduced by commercial banks.

Research Gap

Very few articles were published about money lenders/indigenous bankers. Till now there is no proper study on moneylenders/indigenous bankers in GUNTUR city. Performance evaluation of money lenders/indigenous bankers was not studied till now. Money lenders/indigenous bankers were lack in knowing their strengths and weakness there is a need of SWOT analysis, it was not studied till now.

III. Methodology

This research study adopted quantitative research design. Under the quantitative design, survey research method was employed. The population of the money lenders/indigenous bankers is 700. The study sampled 249 respondents who were both individual and indigenous bankers in a convenient sampling technique. Convenient sampling is one of the main types of non-probability sampling methods.Convenience sample is made up of people who are easy to reach. Technique of Data Collection adopted questionnaire in the collection of data. In the process of administering questionnaires the forms were distributed for maximum on three 3 days. Respondents were required to complete their form at the instance while those who were busy were given grace period of one (1) day for completion. Those questionnaires were collected on the next day, for computation and analysis.

Objectives

1. To examine the interest rates imposed by various money lendersand evaluate the performance of money lenders.

2. To find out strength and weakness of money lenders / indigenous bankers.
3. To study the impact of demographic factors on turnover of the business and its growth.
4. To give appropriate suggestions for improving and providing better services towards weaker section of the society

Hypothesis
1. H1: There is a significant relation between demographic factors and growth of the business
2. H2: There is a significant relation between demographic factors andcustomer base.

IV. Data Analysis

Frequency
The rate at which something occurs over a particular period of time or in a given sample.
Frequency Table

Sl. No.	Characteristics	No. Respondents	%
Q.1.	**Gender**		
	a) Male	226	90.8
	b) Female	23	9.2
	Total	249	100.0
Q.2.	**Age of respondent**		
	a) 20-30years	39	15.7
	b) 30-40years	80	32.1
	c) 40-50years	95	38.2
	d) 50-60years	35	14.1
	Total	249	100
Q.3.	**What is your qualification?**		
	a) Primary education	25	10.0
	b) Secondary education	99	39.8
	c) Graduate	89	35.7
	d) Post graduate	36	14.5
	Total	249	100.0
Q.4.	**Which type of business is yours?**		
	a) Individual	198	79.5
	b) Indigenous bankers	51	20.5
	Total	249	100.0
Q.5.	**Is your business registered?**		
	a) Yes	16	6.4
	b) No	233	93.6
	Total	249	100.0
Q.6.	**Is it your hereditary business?**		
	a) Yes	75	30.1
	b) No	174	69.9
	Total	249	100.0
Q.7.	**How long are you in this business?**		
	a) Below 5 years	24	9.6
	b) 5-10 years	33	13.3
	c) 10-15 years	66	26.5
	d) above 15 years	126	50.6
	Total	249	100.0
Q.8.	**What is your annual turnover?**		
	a) Below10lakhs	15	6.0
	b) 10-20 lakhs	39	15.7
	c) 20-30 lakhs	75	30.1
	d) Above 30 lakhs	120	48.2
	Total	249	100.0
Q.9.	**What are the interest rates charged by you?**		
	a)12%(1 Rs)	5	2.0
	b)24%(2 Rs)	42	16.9
	c)36%(3 Rs)	93	37.3
	d)48% and above	109	43.8
	Total	249	100.0
Q.10	**Do you take any collateral security to provide loan?**		
	a) Yes	213	85.5

	b) No	36	14.5
	Total	249	100
Q.11	**At what situation security is required?**		
	a) If borrower is unknown	74	29.7
	b) very huge amount	175	70.3
	Total	249	100.0
Q.12	**What kind of things are taken as collateral security?**		
	a) Gold	40	16.1
	b) vehicles	39	15.7
	c) documents	59	23.7
	d) others	111	44.6
	Total	249	100.0
Q.13	**Did your annual turnover increase compared to past?**		
	a)yes	152	61.0
	b) No	97	39.0
	Total	249	100.0
Q.14	**Are you able to recover all your loans?**		
	a)yes	74	29.7
	b) No	175	70.3
	Total	249	100.0
Q.15	**What amount of bad debts rise every year?**		
	a)Below 1 lakh	84	33.7
	b) 1-2lakhs	100	40.2
Q16	c) 2-3lakhs	40	16.1
	d) 3lakhs and above	25	10.0
	Total	249	100.0
	Do you think bank schemes reduce your business?		
	a)strongly agree	55	22.1
	b) Agree	175	70.3
	c) Neutral	5	2.0
	d) Disagree	14	5.6
	Total	249	100
Q.17a	**To create opportunities for increasing their business**		
	a)strongly agree	92	36.9
	b) Agree	142	57.0
	c) Neutral	15	6.0
	d) Disagree	0	0
	Total	249	100.0
Q.17b	**To uplift the economic empowerment through expansion of business**		
	a)strongly agree	107	43.0
	b) Agree	121	48.6
	c) Neutral	21	8.4
	d) Disagree	0	0
	Total	249	100.0
Q.17c	**To bridge the gap between the demand and supply of money in time at affordable cost**		
	a)strongly agree	51	20.5
	b) Agree	129	51.8
	c) Neutral	69	27.7
Q17d	d) Disagree	0	0
	Total	249	100.0
	Provide loans to rural people to meet their financial needs		

	a)strongly agree	95	38.2
	b) Agree	115	46.2
	c) Neutral	39	15.7
	d) Disagree	0	0
	Total	249	100.0
Q.17e	**Overall economic development through services**		
	a)strongly agree	59	23.7
	b) Agree	77	30.9
	c) Neutral	113	45.4
	d) Disagree	0	0
	Total	249	100.0
	How many customers do you have?		
	a)100-200	15	6.0
	b)200-300	67	26.9
	c)300-400	104	41.8
Q.18	d)400 and above	63	25.3
	Total	249	100.0

Response Rate: Table gives the details of gender and age-wise classification of respondents during the study. Based on the survey of 249 respondents in Guntur District, 226 respondents are male and 23 are female, 39 respondents are between 20-30 years (15.7%), 80 (32.1%) respondents are between 30-40 years, 95 (38.2%) respondents are between 40-50 years and 35 (14.1%) respondents are between 50-60 years. Qualification of the respondents are primary education 25 (10%) respondents and secondary education 99 (39.8%) respondents, graduates are 89 (35.7%) and post graduates are 36 (14.5%) respondents. Business type of respondents are individual 198 (79.5%) and indigenous bankers 51 (20.5%). The registered business are 16 (6.4%) respondents and 233 (93.6) respondents are unregistered.

75 (30.1%) respondents are doing this business hereditary and 174 (69.9%) respondents have started by their own. Business experience of below 5 years 24 (9.6%) respondents, between 5-10 years 33 (13.3%) respondents, between 10-15years 66 (26.5%)respondents and above15 years 126 (50.6%)respondents.Annual turnover of the respondents are below 10 lakhs are 15 (6%) and between 10-20 lakhs are 39 (15.7%), between 20-30 lakhs are 75 (30.1%) and above 30 lakhs are 120 (48.2%) respondents. Interest rates charged 12% are 5 (2%) respondents and 24% are 42 (16.9%) and 336% are 93 (37.3%) and above 48% are 109 (43.8%) respondents.

Collateral security taken by 213 (85.5%) respondents and not taken by 25 (10%) respondents. Gold as security by 40 (16.1%) respondents, vehicles 39 (15.7%), documents 59 (23.7%) and others 111 (44.6%) respondents.152 (61%) respondents annual turnover increased and 97 (39%) respondents annual turnover didn't increase. 74 (29.7%) of respondents are able to recover all their loans and 175 (70.3%) of respondents are unable to recover the loans. Bad debts below 1lakh are 84 (33.7%),between 1-2 lakhs are 100 (40.2%) and between 2-3 lakhs are 40 (16.1%) and 3 lakhs and above are 25 (10%) respondents.55 (22.1%) respondents strongly agree that bank schemes reduce their business and 175 (70.3%) agree, 5 (2%) feel neutral and 14 (5.6%)respondents disagree.

92 (36.9%) respondents strongly agree that they provide financial services to create opportunities for increasing their business, 142 (57%)respondents agree, 15 (6%) respondents neutral. 107 (43%) respondents strongly agree that they provide financial services to uplift the economic empowerment through expansion of business,121 (48.6%) respondents agree, 21 (8.4%) respondents neutral. 51 (20.5%) respondents strongly agree that they provide financial services to bridge the demand and supply of money in time at affordable cost,129 (51.8%) respondents agree, 69 (27.7%) respondents neutral.95 (38.2%) respondents strongly agree that they provide financial services to provide loans to rural people to meet their financial needs,115 (46.2%) respondents agree, 39 (15.7%) respondents neutral. 59 (23.7%) respondents strongly agree that they provide financial services to overall economic development through services,77 (30.9%) respondents agree, 113 (45.4%) respondents neutral.Respondents of frequency 15(6%) are having 100-200 customers, and 200-300 customers for 67(26.9%) respondents, 300-400 customers for 104(41.8%) respondents and 400 and above customers for 63(25.3%) respondents.

Hypothesis:1 There is a significant relation between demographic factors and growth of thebusiness
Cross Tabs

Respondents with secondary education are 55 having the highest turnover above 30 lakhs and graduates 50 members with above 30 lakhs.

Respondents with secondary education 68 members annual turnover increased compared to past this represents their growth in their business.

Respondents of age group 40-50 years, 60 members are doing a turnover of above 30 lakhs

Respondents of age group 40-50 years, 55 members agree that their turnover increased compared to past i.e. growth in their business.

Hypothesis: 2 There is a significant relation between experience of the respondent and customer base

Correlation		How long are you in the business	How many customers do you have
How long are you in the business	Pearson Correlation	1	.449[**]
	Sig. (2-tailed)		.000
	N	249	249
How many customers do you have	Pearson Correlation	.449[**]	1
	Sig. (2-tailed)	.000	
	N	249	249
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation: The correlation between experience of the respondent and customer base is positive (0.449)

Regression Test:

Table: 28

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.449[a]	.202	.199	.77385
a. Predictors: (Constant), How long are you in the business				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.444	1	37.444	62.528	.000[b]
	Residual	147.913	247	.599		
	Total	185.357	248			
a. Dependent Variable: How many customers do you have						
b. Predictors: (Constant), How long are you in the business						

Coefficients[a]		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	1.625	.164		9.897	.000
	How long are you in the business	.389	.049	.449	7.907	.000
a. Dependent Variable: How many customers do you have						

Regression between demographic factor experience of the respondent and customer base.

The above table shows regression analysis between experience (independent variable) and customer base (dependent variable). R square value varies between 0.202 times which suggests that 20.2% of variability of customer base could be explained by linear regression. With one unit change in experience the value of customer base changes 0.389 times. The p value obtained is less than 0.05 and hence we can conclude that age and customer base has significant relation.

Hence the regression equation between experience and customer base is depicted as

Customer base = 0.389(experience) + 1.625

P value is less than 0.05 and hence we reject null hypothesis and accept alternative hypothesis i.e. there is a significant relation between experience and customer base.

V. Findings

1) 226 respondents are male and 23 are female this shows that there are very few female moneylenders.
2) All age groups are present in the survey in between 30-40 years there is a higher rate of respondents 95 (38.2%).
3) Respondents with secondary education 99 (39.8%) are more in this business.
4) Business type of respondents are both individual 198 (79.5%) and indigenous bankers 51 (20.5%). Most of them are not registered, registered businesses are 16 (6.4%) respondents and 233 (93.6) respondents are unregistered.
5) Very few are doing their hereditary business 75 (30.1%) respondents are doing this business hereditary and 174 (69.9%) respondents have started by their own.
6) Business experience of below 5 years 24 (9.6%) respondents, between 5-10 years 33 (13.3%) respondents, between 10-15years 66 (26.5%)respondents and above15 years 126 (50.6%)respondents.
7) Annual turnover is above 30 lakhs are 120 (48.2%) respondents for most of them.
8) The highest interest rates charged by them are above 48% and 109 (43.8%) respondents charge this rate of interest.
9) Collateral security taken most of the respondents.
10) Gold, vehicles, documents and others are taken as security but others111 (44.6%) are taken by most of the respondents.
11) 152 (61%) respondents annual turnover increased and 97 (39%) respondents annual turnover didn't increase.

12) 74 (29.7%) of respondents are able to recover all their loans and 175 (70.3%) of respondents are unable to recover the loans.
13) Most of them are having bad debts of between 1-2 lakhs are 100 (40.2%) of the respondents.
14) 55 (22.1%) respondents strongly agree that bank schemes reduce their business.
15) 92 (36.9%) respondents strongly agree that they provide financial services to create opportunities for increasing their business.
16) 107 (43%) respondents strongly agree that they provide financial services to uplift the economic empowerment through expansion of business
17) 51 (20.5%) respondents strongly agree that they provide financial services to bridge the demand and supply of money in time at affordable cost.
18) 95 (38.2%) respondents strongly agree that they provide financial services to provide loans to rural people to meet their financial needs.
19) 59 (23.7%) respondents strongly agree that they provide financial services to overall economic development through services
20) The interest rates charged by the money lenders are very high
21) By using crosstabs we found that respondents with secondary education are 55 having the highest turnover above 30 lakhs and graduates 50 members with above 30 lakhs.
22) Respondents with 10-15 years of experience in the business 31 members are having the highest turnover
23) Respondents with secondary education 68 members' annual turnover increased compared to past, this represents their growth in their business.
24) Respondents with experience of above 15 years 80 members have the increased turnover i.e. growth in their business.
25) Respondents of age group 40-50 years, 60 members are doing a turnover of above 30 lakhs
26) Respondents of age group 40-50 years, 55 members agree that their turnover increased compared to past i.e. growth in their business.
27) The correlation between demographic factor age and number of customers is positive (0.396)
28) The p value obtained is less than 0.05 and hence we can conclude that age and number of customers has significant relation.
29) Hence the regression equation between age and number of customers is depicted as
30) Number of customers = 0.372(age) + 1.931
31) P value is less than 0.05 and hence we reject null hypothesis and accept alternative hypothesis i.e. there is a significant relation between age and number of customers.

V. Recommendations

1) To impose less interest rates for weaker sections and interest rates must be revised based on type of the loan.
2) To overcome their weakness like raising bad debts, lender should verify the credit worthiness of the customer.
3) Threat of money lenders is various bank schemes to overcome those threats they also should provide various schemes for customers and restructure their functioning.
4) Provide loans to rural people to meet their financial needs.
5) Through expansion of the business overall economic development is possible.
6) Indigenous bankers who were leaders in informal lending should adapt their techniques from their fore fathers with changes in current scenario so that they would reach their previous leading stage.
7) Money lenders also should provide variety of schemes so that they can meet the competition.
8) Should take some measures to prevent overflow or underflow of money supply.
9) Money lenders who are graduates and post graduates can improve their business through studying the market fluctuations.

VI. Conclusion

Based on the findings of the study, it can be concluded that the role of informal credit in Guntur district plays a vital role, it have both individuals and indigenous bankers. They provide loans at very high interest rates. The reason for charging such high interest rate is they are taking risk i.e. they provide loans with less/no security. Money lenders have their own strengths and weakness, they can charge high rate of interest for huge amounts or at emergency period, theyare unable to recover few loans back i.e. they are having few bad debts.Their performance can be evaluated through their annual turnover, and growth of the business and number of customers,i.e. respondents with qualification of secondary education and experience of 10-15 years are performing better than others, this proves that demographic factors plays key role in their performance, graduates can improve their business by combining theoretical knowledge and practical knowledge. They need to restructure their functioning to meet their competitors (commercial banks).Performance of the money lenders and indigenous bankers are in increasing trend. By expanding their business,overall economic development can be possible.

References

[1]. Jain, L.C. 1929, Indigenous Banking in India, London, Macmillan.
Sean Turnell , The Chettiars In Burma sturnell@efs.mq.edu.au
[2]. Malavika Nair Workings of a Nineteenth Century Indigenous Banking System: A Case in support of Free Banking
[3]. Baker, C. J. (1984). An Indian Rural Economy, 1880-1955: The Tamilnadu Countryside. Oxford: Clarendon Press.
[4]. Tun Wai, U. (1953). 'Burma's Currency and Credit'. Orient Longmans, London
[5]. Weerasooria, W. S. (1973). The Nattukkottai Chettiars: Merchant Bankers in Ceylon. Sri Lanka: Tisara Prakasakayo.
[6]. Claudia Berg ,M. Shahe Emran IPD, Forhad Shilpi Microfinance and Moneylenders: Long-run Effects of MFIs on Informal Credit Market in Bangladesh

[7].   Burma Banking Enquiry Committee Report (1930), 3 Vols.
[8].   Chandavarkar, A.G (2008). 'Money and Credit, 1858-1947', in The Cambridge Economic History of India, Vol 2, c. 1757-2003. Orient Longman, New Delhi.
[9].   Dowd, Kevin (1989). 'The State and the Monetary System.' Hemel Hempstead: Philip Allan, and New York: St. Martin's Press
[10]. Dowd, Kevin (1991): 'The Evolution of Central Banking in England, 1821-90' In Unregulated Banking: Chaos or Order?, Ed. Forrest Capie and Geoffrey E. Wood, London: Macmillan
[11]. Dowd, Kevin (1994): 'Competitive Banking, Bankers' Clubs, and Bank Regulation', Journal of Money, Credit and Banking, Vol 26, No2
[12]. Hayek, F. A. (1976) 'Denationalization of money- The Argument Refined', London
[13]. Krishnan, V (1959): 'Indigenous banking in South India', Bombay State Co-operative Union
[14]. Mahadevan, R (1978a): 'Pattern of Enterprise of Immigrant Entrepreneurs: A Study of Chettiars in Malaya, 1880-1930', Economic and Political Weekly, Vol 13 , 4/5
[15]. Mahadevan R (1978b): 'Immigrant Entrepreneurs in Colonial Burma--An Exploratory Study of the Role of Nattukottai Chettiars of Tamil Nadu, 1880-1930', Indian Economic and Social History Review, 15:329   Madras Provincial Banking Enquiry Committee Report, (1930), Volume 1
[16]. Menon, R (1985): 'Banking and Trading Castes in the Colonial Period:The Case of the Nattukotai Chettiars of Tamil Nadu', South Asia Bulletin, Vol 5 (2)
[17]. Roy, Tirthankar (2010): 'Company of Kinsmen: Community and Enterprise in South Asian History 1700-1940'. Oxford University Press.
[18]. Rudner, David West (1994): 'Caste and Capitalism in Colonial India: The Nattukottai Chettiars'. Berkeley: University of California Press
[19]. Selgin, George A., and Lawrence H. White, (1987): 'The Evolution of a Free Banking System.' Economic Inquiry 25
[20]. Government of Burma 1900, The Upper Burma Land Revenue Manual, Rangoon, Superintendent of Government Printing.
[21]. Journal Articles and Monographs
[22]. Adas, M. 1974a, The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852-1941, Madison, University of Wisconsin Press.
[23]. Adas, M. 1974b, 'Immigrant Asians and the economic impact of European imperialism: The role of the South Indian Chettiars in British Burma', The Journal of Asian Studies, vol.33, no.3:385-401.
[24]. Andrus, J.R. 1936, 'Three economic systems clash in Burma', The Review of Economic Studies, vol.3, no.2, February: 140-146.
[25]. Andrus, J.R. 1947, Burmese Economic Life, Stanford, California, Stanford University Press.
[26]. Furnivall, J.S. 1909, 'Land as a free gift of nature', The Economic Journal, vol.19, no.76, December: 552-562.
[27]. Furnivall, J.S. 1956, Colonial Policy and Practice, New York, New York University Press.
[28]. Ghate, P. 1992, Informal Finance: Some Findings from Asia, Oxford, Oxford University Press for the Asian Development Bank.
[29]. Goldsmith, R.W. 1983, The Financial Development of India, 1860-1977, New Haven, Yale University Press.
[30]. Helms, B. and Reilla, X. 2004, 'Interest rate ceilings and microfinance: The story so far', Consultative Group to Assist the Poorest, Occasional Paper, no.9, September.
[31]. Aleem, I (1993) "Imperfect Information, Screening, and the Costs of Informal Lending: A Study of a Rural Credit Market in Pakistan" in The Economics of Rural Organizations: Theory, Practice, and Policy, edited by Karla Hoff, Avishay Braverman, and Joseph E. Stiglitz , Oxford University Press.

APPENDIX
MANAGEMENT RESEARCH PROJECT QUESTIONNAIRE ON
A STUDY ON THE ROLE OF MONEY LENDERS IN GUNTUR DISTRICT: ANDHRA PRADESH

RESEARCH SCHOLAR	RESEARCH GUIDE
Ms.A.Usha saranya	Dr.P.Raja Babu
M.Com, MBA, M.Phil., Ph.D.	
Associate Professor	
K L University	
	K L U Business School

Guntur District-522 502
Andhra Pradesh
[For Research purpose only]
Personal details:
Name of the respondent:
Address:
1) Gender   a) Male   b) Female
2) Age of respondent
          a)20-30years   b)30-40years   c)40-50years   d)50-60years   e) Above 60years
3) What is your qualification?
          a) Primary education   b) Secondary education   c) Graduate   d) Post graduate
4) Which type of business is yours?
          a) Individual   b) Indigenous bankers
5) Is your business registered?   a) Yes   b) No
6) Is it your hereditary business?   a) Yes   b) No
7) How long are you in this business?
          a) Below 5 years   b) 5-10 years   c) 10-15 years   d) above 15 years
8) What is your annual turnover?
          a) Below10lakhs   b) 10-20 lakhs   c) 20-30 lakhs   d) Above 30 lakhs
9) What are the interest rates charged by you?
          a)12%(1 Rs)   b)24%(2 Rs)   c)36%(3 Rs)   d)48% and above

10) Do you take any collateral security to provide loan?   a) Yes   b) No
11) At what situation security is required?
      a) If borrower is unknown   b) very huge amount
12) What kind of things are taken as collateral security?
      a) Gold   b) vehicles   c) documents   d) others
13) Did your annual turnover increase compared to past?
      a) Yes   b) No
14) Are you able to recover all your loans?
      a) Yes   b) No
15) What amount of bad debts rise every year?
      a) Below 1 lakh   b) 1-2lakhs   c) 2-3lakhs   d) 3lakhs and above
16) Do you think bank schemes reduce your business?
      a) Strongly agree   b) Agree   c) Neutral   d) Disagree   e) Strongly disagree

17) Use the following Key to indicate your level of Agreement with the following statement
1=Strongly Agree: 2=Agree: 3=Neutral: 4=Disagree: 5=Strongly Disagree
What factors motivated you to provide financial services?

S.No	statement	1	2	3	4	5
1	To create opportunities for increasing their business					
2	To uplift the economic empowerment through expansion of business					
3	To bridge the gap between the demand and supply of money in time at affordable cost					
4	Provide loans to rural people to meet their financial needs					
5	Overall economic development through services					

18) How many customers do you have?
      a)100-200   b)200-300   c)300-400   d)400 and above

Usha Saranya. Alapati " A Study on The Role of Money Lenders In Guntur District A.P." IOSR Journal of Business and Management (IOSR-JBM) 20.2 (2018): 53-62.