



Agricultural Lending by State Bank of India - A Study

KEYWORDS

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ABSTRACT *Agriculture in India is based on the lending policies of the commercial banks in India. Most of the farmers are involved in the agricultural activities and meet their expenses only from the loan amount of the bank where they availed. SBI is the largest bank in India which lends more credit to the farmers under priority sector category. This article presents the farmers opinion about the agricultural lending of SBI and found that the farmers selected for the study are varied in their opinion about agricultural loan of State Bank of India in Madurai district.*

Introduction s

Indian Agriculture has made rapid strides in Agricultural Sector since Independence, with the Green Revolution of the 1960s ushering in manifold increase in farm production and productivity. The Indian Agriculture has rallied to become self-reliant in providing overall food security to its population of more than 1 billion. However, inadequacies of serious long-term concern are now affecting Indian Agriculture. The rising input costs and poor pricing mechanism, to be candid, have only increased the plight of majority of the farmers. Agriculture in India is extending from Jammu and Kashmir in the west to Arunachal Pradesh in the North East. They have hill ranges in the form of Eastern Ghats and Western Ghats. India has one of the largest plain areas of the world in the form of Indo Ganga plain. Central part of India is dominated by plateau area. Apart from variation in landform, the country has varieties of climatic conditions, and soil types. These physical variations along with other factors like availability of irrigation, use of machinery, modern agricultural inputs like High Yielding Varieties (HYV) of seeds, insecticides and pesticides have played their respective roles in the evolution of different farming practices in India.

Statement of the problem

The agricultural credit system of India consists of informal and formal sources of credit supply. The informal sources include friends, relatives, commission agents, traders, private moneylenders, etc. Three major channels for disbursement of formal credit include commercial banks, cooperatives and Micro-Finance Institutions (MFI) covering the whole length and breadth of the country. The overall thrust of the current policy regime assumes that credit is a critical input that affects agricultural/ rural productivity and is important enough to establish causality with productivity. Therefore, impulses in the agricultural operations are sought through intervention in credit. Over the years there has been a significant increase in the access of rural cultivators to institutional credit and, simultaneously, the role of informal agencies, including moneylenders, as a source of credit has declined. Available data suggest that agricultural credit has been rising in recent years as a share of both the value of inputs and the value of output. Among the striking features of the agricultural credit scene in India are the wide regional disparities in the disbursement of agricultural credit by scheduled commercial banks. The present study is undertaken to analyse the role of State Bank of India in direct and indirect agriculture credit in the agriculture production in Madurai District from the farmers' point of view.

Objectives of the study

The present study is made with the following objectives

1. To examine the socio economic profile of the respondents and their opinion about agricultural loan of State Bank of India.
2. To analyse the association between the socio economic profiles of the respondents selected for the study and opinion about agricultural lending by State Bank of India under various dimensions.

Hypothesis

To fulfill the above objectives the following hypothesis is framed.

There is no significant association between the socio economic profile of the respondents selected for the study and their opinion about agricultural loan of State Bank of India.

Methodology

The present study is based on primary data only. The primary data required for the study has been collected from the farmers selected for the study from the Madurai district. For the purpose of studying the objectives and testing the hypotheses, a questionnaire is used as an instrument to collect the primary data. The questionnaire has been divided into several parts to fulfill the objectives of the study.

Area of Study

The geographical area of Madurai district is chosen for the study. The main reason for choosing Madurai district is that the investigator is located here and is familiar with the all places of the Madurai District. The sample size of the study is decided by the researcher after considering the time and finance factor.

Sampling Technique

Madurai district comprises thirteen taluks. Three taluks are created in the year 2014 and these taluks are not considered for the study. The researcher has selected 520 farmers from the 10 taluks of Madurai district. Snowball sampling technique is used to choose the respondents. The researcher has prepared 600 questionnaires and distributed them to few of the respondents directly. The researcher also distributed the questionnaires to the bank employees of SBI to collect data from their customers. A thorough follow-up is done in person and over telephone to expedite the process of filling up the question-

naire. Yet, some questionnaires were not returned. Finally, the researcher could collect 520 completely filled questionnaires and they are used for further analysis.

Analysis of data

Since the collected data are normally distributed the researcher has used parametric tools for analysis of the data collected for the study.

Socio economic profile of the respondents

Socio economic profile of the selected respondents is presented in the following table.

Table 1
Socio Economic Profile of the Respondents

Variables	Category	No. of respondents	Percentage
Age	Below 25 years	11	2.10
	25 - 35 years	103	19.80
	35 - 45 years	291	56.00
	45 - 55 years	115	22.10
	Total	520	100.00
Educational qualification	No formal education	142	27.30
	High School	241	46.30
	Hr. Sec. level	31	6.00
	Graduate	31	6.00
	Post Graduate	22	4.20
	Professional	53	10.20
Total	520	100.00	
Nature of residence	Rural area	225	43.30
	Urban area	95	18.30
	Semi urban area	200	38.50
	Total	520	100.00

Source: Primary data

Age

From the table it is found that out of 520 respondents 2.10 per cent of the respondents in the age group of below 25 years, 19.80 per cent of the respondents are in the age of 25-35 years, 56.00 per cent of the respondents are in the age of 35-45 years and the remaining 22.10 per cent of the respondents are in the age of 45-55 years. It is found that most of the respondents (56.00 %) are in the age group of 35-45 years. It is understood that the age group of 35-35 are involved in agricultural activities at more level in the study area.

Educational qualification

Regarding the educational qualification of the respondents it is found that out of 520 respondents per cent of the respondents 27.30 per cent of the respondents have not studied any formal education, 46.30 per cent of the respondents are studied up to high school level, 6.00 per cent of the respondents are studied up to higher secondary level of education, another 6.00 per cent of the respondents are studied up to graduate level of education, 4.20 per cent of the respondents are studied up to post graduate level of education and the remaining 10.20 per cent of the respondents are studied up to professional level of education. It is found that most of the respondents (46.30%) are inferred up to high school level of education in the study area.

Nature of residence

The researcher has classified the respondents based on their nature of residence. From the table it is found that out of 520 respondents 43.30 per cent of the respondents reside in rural area, 18.30 per cent of the respondents reside in urban area and the remaining 38.50 per cent of the respondents reside in semi urban area. It is found that most of the respondents (43.30 %) are living in the rural area.

Opinion about agricultural loan of State Bank of India

More over the researcher has gathered details from the selected farmers regarding the Problems in availing agriculture loan in State Bank of India, Reasons for overdue of agriculture loan in State Bank of India, Agriculture loan process of State Bank of India ,

Opinion about Kisan credit card, Opinion about crop insurance, Government role in agriculture finance using five points scaling technique. These variables considered as dependent variables and analysis has been made based on these variables.

Association between age of the respondents and their opinion about Agriculture loan of State Bank of India

To know the association between the age of the respondents and their opinion about agricultural loan of State Bank of India analysis has been made with the following hypothesis.

Hypothesis

“There is no significant association between age of the respondents and their opinion about agricultural loan of State Bank of India”. To test this hypothesis one way ANOVA test is applied and the results are presented in the following table.

Table 2
Association between age of the respondents and their opinion about Agriculture loan of State Bank of India – Result of ANOVA test

Dependent variables		Sum of Squares	df	Mean Square	F	Sig.
Problems in availing agriculture loan in SBI	Between Groups	6.932	3	2.311	8.465	.000
	Within Groups	140.845	516	.273		
	Total	147.777	519			
Reasons for overdue of agriculture loan in SBI	Between Groups	15.287	3	5.096	16.709	.000
	Within Groups	157.357	516	.305		
	Total	172.644	519			
Agriculture loan process of SBI	Between Groups	1.394	3	.465	6.054	.000
	Within Groups	39.604	516	.077		
	Total	40.998	519			
Opinion about Kisan credit card	Between Groups	25.563	3	8.521	42.102	.000
	Within Groups	104.435	516	.202		
	Total	129.998	519			
Opinion about crop insurance	Between Groups	9.289	3	3.096	8.478	.000
	Within Groups	188.463	516	.365		
	Total	197.752	519			
Government role in agriculture finance	Between Groups	18.919	3	6.306	16.205	.000
	Within Groups	200.804	516	.389		
	Total	219.723	519			

Source: Computed Data

The above result indicates that the farmers opinion about agricultural loan of State Bank of India is varied for all factors when they are classified based on their age. That is the p value is less than the acceptance level of 0.05 for all these six factors. Hence the null hypothesis is rejected and it is concluded that there is a significant association between age of the selected farmers and their opinion about Agriculture loan of State Bank of India.

Association between educational qualification of the respondents and their opinion about Agriculture loan of State Bank of India

To know the association between the educational qualification of the respondents and their opinion about agricultural loan of State Bank of India analysis has been made with the following hypothesis.

“There is no significant association between the educational qualification and opinion about agricultural loan of State Bank of India”. To test this hypothesis one way ANOVA test is applied and the results are presented in the following table.

Table 5.22
Association between educational qualification of the respondents and their opinion about Agriculture loan of State Bank of India – Result of ANOVA test

Dependent variables		Sum of Squares	df	Mean Square	F	Sig.
Problems in availing agriculture loan in State Bank of India	Between Groups	14.417	5	2.883	11.114	.000
	Within Groups	133.360	514	.259		
	Total	147.777	519			
Reasons for overdue of agriculture loan in State Bank of India	Between Groups	21.572	5	4.314	14.679	.000
	Within Groups	151.072	514	.294		
	Total	172.644	519			
Agriculture loan process of State Bank of India	Between Groups	6.744	5	1.349	20.241	.000
	Within Groups	34.254	514	.067		
	Total	40.998	519			
Opinion about Kisan credit card	Between Groups	6.300	5	1.260	5.236	.000
	Within Groups	123.698	514	.241		
	Total	129.998	519			
Opinion about crop insurance	Between Groups	16.944	5	3.389	9.634	.000
	Within Groups	180.808	514	.352		
	Total	197.752	519			
Government role in agriculture finance	Between Groups	9.840	5	1.968	4.820	.000
	Within Groups	209.883	514	.408		
	Total	219.723	519			

Source: Computed Data

The above result of Levene’s test for homogeneity of variance indicates that the farmers opinion about agricultural loan of State Bank of India is varied for all factors when they are classified based on their educational qualification. That is the p value is less than the acceptance level of 0.05 for all these six factors. Hence the null hypothesis is rejected and it is concluded that there is a significant association between educational qualification of the selected farmers and their opinion about Agriculture loan of State

Bank of India. Association between nature of residence of the respondents and their opinion about Agriculture loan of State Bank of India.

To know the association between the nature of residence of the respondents and their opinion about agricultural loan of State Bank of India analysis has been made with the following hypothesis.

“There is no significant association between nature of residence and opinion about agricultural loan of State Bank of India”. To test this hypothesis one way ANOVA test is applied and the results are presented in the following table.

Table 3
Association between nature of residence of the respondents and their opinion about Agriculture loan of State Bank of India – Result of ANOVA test

Dependent variables		Sum of Squares	df	Mean Square	F	Sig.
Problems in availing agriculture loan in State Bank of India	Between Groups	16.445	2	8.223	32.369	.000
	Within Groups	131.332	517	.254		
	Total	147.777	519			
Reasons for overdue of agriculture loan in State Bank of India	Between Groups	7.730	2	3.865	12.117	.000
	Within Groups	164.914	517	.319		
	Total	172.644	519			
Agriculture loan process of State Bank of India	Between Groups	1.036	2	.518	6.701	.001
	Within Groups	39.962	517	.077		
	Total	40.998	519			
Opinion about Kisan credit card	Between Groups	18.457	2	9.229	42.775	.000
	Within Groups	111.541	517	.216		
	Total	129.998	519			
Opinion about crop insurance	Between Groups	17.988	2	8.994	25.866	.000
	Within Groups	179.764	517	.348		
	Total	197.752	519			
Government role in agriculture finance	Between Groups	13.414	2	6.707	16.807	.000
	Within Groups	206.309	517	.399		
	Total	219.723	519			

Source: Computed Data

The above result of Levene’s test for homogeneity of variance indicates that the farmers opinion about agricultural loan of State Bank of India is varied for all factors when they are classified based on their nature of residence. That is the p value is less than the acceptance level of 0.05 for all these six factors. Hence the null hypothesis is rejected and it is concluded that there is a significant association between nature of residence of the selected farmers and their opinion about Agriculture loan of State Bank of India.

Findings of the study

- It is understood that the age group of 35-35 are involved in agricultural activities at more level in the study area.
- It is found that most of the respondents (46.30%) are inferred up to high school level of education in the study area.
- It is found that most of the respondents (43.30 %) are living in the rural area.

- The respondents differ significantly in their opinion about Agriculture loan of State Bank of India when they are classified based on their age.
- The respondents differ significantly in their opinion about Agriculture loan of State Bank of India when they are classified based on their educational qualification.
- That is the respondents differ significantly in their opinion about Agriculture loan of State Bank of India when they are classified based on their nature of residence.

Suggestions

The following are the suggestions made by the researcher based on the above findings.

- It is suggested that the State Bank of India in Madurai District may consider the farmers equally without discriminating them based on their age regarding the agricultural loan.
- It is suggested that the State Bank of India in Madurai District may consider the farmers equally without discriminating them based on their educational qualification regarding the agricultural loan.
- It is suggested that the State Bank of India in Madurai District may consider the farmers equally without discriminating them based on their nature of residence regarding the agricultural loan.

Conclusion

From the study it is understood that the farmers selected for the study are varied in their opinion about agricultural loan of State Bank of India in Madurai district. If the suggestions offered by the researcher will be followed by the concerned authorities there is no doubt the agricultural landing may be increased than the existing level which will develop the agricultural business in the study area.

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