



STUDY ON RESPONSIVENESS OF FARMERS ON AGRICULTURAL FINANCE FOR PUBLIC SECTOR BANKS INTO PATAN DISTRICT

Miss. Jasminiben R. Patel

Research Scholar Hemchandracharya North Gujarat University, Patan-Gujarat

Dr. Ashwin G. Modi*

Research Supervisor Associate Professor Hem. North Gujarat University, Patan-Gujarat.
*Corresponding Author

ABSTRACT The financial system is the lifeline of an economy. The intermediaries in a financial system facilitate the flow of funds from the areas of surplus to areas of deficit. The direct and indirect participation of the financial intermediaries play a pivotal role in the growth of various sector of the economy. It is desirable to look at the emerging contours of the financial system in the direction of growth of an economy. The changes in an economy mirror the participation of the financial system, more so of the banking industry. India being an agrarian economy, the participation of the Indian banking industry in the provision of agricultural finance reflects the significance offered to the sector and to its growth. An attempt has been made in this research to ascertain the level of awareness of the farmers about the agricultural finance provided by the public sector banks.

KEYWORDS : Agricultural Finance, Public Sector Banks, farmer Responsiveness

INTRODUCTION

Agriculture is the back-bone of Indian economy, it offers direct employment to 2/3rd of our population and it is a provider of food, clothing, fodder and other basic necessities of life for the entire population. The role of agricultural finance in the agricultural development of a country cannot be overemphasized. One of the reasons for the decline in the contributions of agriculture to the economy is lack of a formal National Credit Policy and paucity of credit institutions, which can assist farmers. Financing to agriculture (capital) is viewed as more than just another resource such as labour, land, equipment and raw materials. The performances of loan contracts determine the profitability and stability of financial institutions, and screening the loan applications is a key process in minimizing credit risk. Institutional credit, which played a vital role in the development of agricultural sector, was instrumental in the development of Indian agriculture. It showed all signs of resilience to natural shocks like droughts and famines. In fact, credit has acted as a means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. It enabled the farmers to go for short-term credit for purchase of inputs and other services and the long-term credit for investment purposes. Thus, credit has played a pivotal role by facilitating technological up-gradation and commercialization of agriculture.

WHAT IS AGRICULTURAL FINANCE?

Realizing the importance of agricultural finance in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural finance is being emphasized since the beginning of planned development era in India. "Agriculture is the backbone of the Indian Economy"- said Mahatma Gandhi six decades ago. As we have entered the new millennium, the situation remains the same, with almost the entire economy being sustained by agriculture, which is the mainstay of the villages. Not only the economy, but also every one of us looks up to agriculture for our sustenance too. The agriculture sector is important for food security, employment generation and economic growth. However, concern now is on the decline in agricultural growth. An excessive emphasis on variety in the early stages of Green revolution did help in augmenting of food grain production, but also became the cause for unsustainable agriculture in the absence of adequate science and knowledge base. Since agriculture is a vital sector in India, there should be an end for isolation of agriculture.

The agricultural field represents the main source of employment in most countries. The larger farms usually find it necessary to hire additional hands to successfully cultivate the lands and to take care of the related farm animals.

Most of these large farms have processing plants located in nearby facilities for finalizing their agricultural products and developing the by-products. Most of the modern farms and agriculture-related industries make good use of today's modern equipment as well as the

principles of science and technology. The use of technologies in farming is determined by finance and competence of farmers towards coping with these advancements relating to agriculture. These are the current issues of the agriculturists and farmers.

SCOPE OF THE STUDY

This study is confined to the cultivators mainly engaged in cultivation of land in Coimbatore district. It provides the details of the status of farmers, perception of the farmers about agricultural finance and problems encountered by farmers for receiving agricultural loan and socio-economic background of the farmers. It covers the farmer's awareness towards agriculture finance provided by various sectors public sector banks in Patan District.

RESEARCH METHODOLOGY

RESEARCH OBJECTIVES

- To determine the level of awareness of the farmers on agricultural finance.
- To analysis the attitude of the farmers towards agricultural finance.
- To identify the determinants of awareness and attitude of the farmers towards agricultural finance

Sources of the study: The data required for the study have been collected from both the primary and secondary sources. The primary data have been collected directly from Farmers by using Interview schedule. The secondary data have been collected from the published journal, books, magazines and websites.

Sampling Method: The non-probability convenience sampling used for this research study.

Sample Size: The 110 farmers taken for this research paper into Patan districts.

Sampling Design: The authenticity of any research is endorsed by the methodical approach employed for data collection and analysis of the collected data. The present study focuses on the data collected from the individual agricultural farmers in Patan district. Convenience sampling was applied to choose the agricultural farmers from taluks in Patan District.

ANALYSIS AND INTERPRETATION OF DATA

The data collected were strategically analyzed by preparing suitable tables for the same. The raw data pooled in the form of interview schedule were tabulated and analyzed through the following of statistical measures such as Frequency distribution.

Sr No	Variables	Type of Respondents	No of Respondents	Frequency
1	Gender	Male	103	94%
		Female	7	6%
2	Marital Status	Married	105	95%
		Unmarried	5	5%

3	Type of family	Joint	108	98%
		Separate	2	2%
4	Education	Illiterate	42	38%
		Primary (1-7 std)	34	31%
		Secondary (8 -12 std)	29	26%
		Graduation	5	5%
5	Age	Below 25 years	4	4%
		25 -35 years	47	43%
		36 - 45 years	52	47%
		above 45 years	7	6%
6	Type of Ownership	own	85	77%
		on Lease	25	23%
7	Agricultural land size	Below 3 acres	29	26%
		between 3 to 5 acres	61	55%
		between 5 to 10 acres	12	11%
		above 10 acres	8	8%
8	Agricultural Finance lending bank	SBI	52	47%
		Union Bank	13	12%
		BOB	35	32%
		Canara Bank	10	9%

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Responsiveness Impact: Knowing the responsiveness level of the farmers would reveal the areas of concern to the public sector banks to lure a greater number of borrowers. Awareness being a qualitative factor to understand the level of awareness of the borrowers, an awareness index has been constructed. A number of relevant and related factors have been considered to measure the responsiveness level. Thirteen factors on agricultural finance provided by public sector banks such as loan schemes available security required for raising the loan, margin money required, rate of interest, method of interest calculation, penal interest rate, time required to sanction the loan, document required, repayment period allowed.

FINDINGS

- 94% respondents are male for this research study.
- 95% respondents are married for this research study.
- 98% respondents are living into joint family for this research study.
- 38% respondents are illiterate for this research study.
- 47% respondents are having age group 36 – 45% for this research study.
- 77% respondents are having their own agricultural land for this research study.
- 55% respondents are having between 3 to 5 acres agricultural land for this research study.
- 47% respondents are lending the agricultural finance from State Bank of India.

RECOMMENDATIONS

- The public sector banks may give more attention for creating awareness about the loan schemes through various media designed for the farmers.
- Timely finance is highly an essential feature of agriculture finance.
- Hence public sector banks need to pay greater attention to reduce the time gap in processing
- The bank staff may provide credit counseling to the farmers with a human touch and focus on building a delighted customer environment.

CONCLUSION

An attempt has been made in this chapter to ascertain the level of awareness of the farmers about the agricultural finance provided by the public sector banks. A number of loan schemes are offered by the public sector banks for agriculture. Poor awareness about the schemes would motivate the farmers to utilize them. But the inadequate awareness would drive them to the door step of unorganized sector and despair the role of public sector banks in the area of agricultural finance. A maximum percentage of short-term credit is provided by cooperative to the agriculture sector, commercial banks have the maximum share in the long-term credit to the agriculture sector. Finally conclude the responsiveness of majority of the farmers about agriculture finance is medium, so our country creates high awareness about agriculture finance to agriculture farmers improve farmer's wealth.

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