



ORIGINAL RESEARCH PAPER

Economics

INSTITUTIONAL FINANCE FOR AGRIBUSINESS ENTERPRISES: A STUDY IN MANDYA DISTRICT

KEY WORDS: Agriculture, Agribusiness development, Financial Institutions, Farm Mechanization

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ABSTRACT

Agribusiness activities are important sources of double farming income in India. It is profited immensely from technical advance as well. So, that the financial intuitions are important role in agribusiness activities. These are very much needful for lending operations for agricultural sector, having more enormous potential growth and subsequently enhance the more significant for the banks finance. The present study deals with the performance commercial banks, co-operative banks and Regional Rural Banks in agribusiness activities viz., water resources or minor irrigation, farm mechanization, plantation of horticulture crops and sericulture, dairy development and poultry development in Mandya district during the period of 2017-18 to 2021-22. This paper found the RRBs loan providing to dairy development has tremendous increased from Rs. 1192.80 lakhs in the beginning 2017-18 to Rs. 21872.35 lakhs at the end of 2021-22 with CAGR of 146.40 per cent. However, the same period the co-operative banks performance of water resources or minor irrigation has been negatively declined -79.10 per cent. Therefore, the financial institutions are commercial banks, co-operative banks and regional rural banks and also including RBI and NABARD need to take action on the basis of priority to agribusiness activities in rural backwardness areas.

INTRODUCTION:

Agribusiness development has an important role in Indian agriculture sector. It is serves as using instruments for benefits of interrelationships between agriculture and industry. According to Ahluwalia pointed out that the interrelationship between agriculture and industry in the form of; supply of food grains from agriculture to industry to facilities absorption of labour in the industrial sector, interdependence of agriculture and industry for productive inputs viz., raw materials, fertilisers, electricity and agricultural machines etc., generation of demand for industrial consumer goods as agriculture income increase and also possible generation of savings in agriculture which can be mobilized for investment in industry. Therefore, all these macro level opportunities are creating for agribusiness development and also financial institutions very needful in this sector, it is lending operations for agricultural sector having more enormous potential growth and subsequently enhances the more significant for the banks finance.

Mandya district is basically an agrarian economy, still now 69.50 per cent population as depending upon agriculture for their livelihood. The average size of land holding is declined (0.68 ha.) compared to economic holding of 2.56 ha. There are 3.96 lakhs operational landholdings in the district of which 76 per cent are marginal holdings, 17 per cent small holdings and rest of 7 per cent are more than 2 ha., marginal and small farmers who together hold 93 per cent of the holdings for only 74 per cent of the total area under cultivation. The financial institutions are functioning agricultural and rural development would require performing certain better access to extension, inputs and marketing services as result of technologies changes in agricultural sector in Mandya district. Hence, the Mandya district financial institutions viz., Commercial banks, Co-operatives Banks and Regional Rural Banks are most widely recognized to rural agribusiness activities.

Table-1: The Activity Wise Agribusiness Finance Contribution by Commercial Banks in Study Area during the period 2017-18 to 2021-22 (Rs. Lakhs)

Agri. Activities	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Water Resources	378.88	621.14	272.50	429.14	2810.53	43.88
Farm Mechanization	3039.61	5104.43	7955.96	10820.24	17734.73	53.40

P.H. & Sericulture	10686.52	6813.78	9192.54	13573.02	24173.39	26.13
Dairy Development	7754.95	11504.47	21585.41	28128.22	27163.92	40.51
Poultry Development	7091.82	5295.03	4722.21	1441.92	22979.00	39.83
Total	28951.78	29338.85	43728.62	67362.54	94861.57	37.78

Source: Mandya District at a Glance

The table-1 clearly reveals that the various agribusiness activities from loan provided by commercial banks in Mandya District during the period of 2017-18 to 2021-22. The water resources or minor irrigation as increased Rs.378.88 to 2810.53 lakhs with CAGR as grown at the rate of 43.88 per cent, farm mechanization as increased from Rs.3039.61 to 17734.73 lakhs with CAGR has been tremendous grown of 53.40 per cent, plant horticulture and sericulture as increased from Rs. 10686.52 to 24173.39 lakhs with CAGR Constituting of 26.13 per cent, Dairy development also increased from Rs.7754.95 to 27163.92 lakhs with CAGR of 40.51 per cent during the same period. And also poultry development increased from Rs.7091.82 to 22979 lakhs with CAGR of 39.83 per cent during the same period. Despite, that the total commercial banks have been provided loan to agribusiness activities in Mandya district as increased from Rs.28951.78 to 94861.57 lakhs with CAGR of 37.78 per cent during the period of 2017-18 to 2021-22.

Table-2: The Activity Wise Agribusiness Finance Contribution by Co-operative Banks in Study Area during the period 2017-18 to 2021-22 (Rs. Lakhs)

Agri. Activities	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Water Resources	20.83	6.19	0.91	0.00	0.00	-79.10
Farm Mechanization	65.96	8.60	21.60	5.00	10.06	-34.97
P.H. & Sericulture	1258.20	1116.61	1036.99	1020.35	1989.68	8.61
Dairy Development	110.10	12.83	66.22	6.12	20.66	-33.55
Poultry Development	302.81	75.01	16.83	109.51	3.71	-56.94
Total	1757.90	1219.24	1142.55	1140.98	2024.11	2.18

Source: Mandya District at a Glance

The performance co-operative banks loan contribution for agribusiness activities in Mandya district during the period 2017-18 to 2021-22 presented table-2. The table clearly indicate that the plantation of horticulture and sericulture and total all agribusiness activities are positively increased from Rs.1258.20 lakhs to 1989.68 lakhs, Rs.1757.90 lakhs to 2024.11 lakhs with CAGR of 8.61 per cent and 2.18 per cent respectively during the same period. However, the remaining activities viz., water resources or minor irrigation, farm mechanization, dairy development and poultry development has declined from Rs.20.83 lakhs to Rs.0.00, Rs.65.96 to Rs.10.06 lakhs, Rs.110.10 lakhs to 20.66 lakhs and Rs.302.81 lakhs to Rs.3.71 lakhs with CAGR has been negatively declined at the rate of -79.10 per cent, -34.97 per cent, -33.55 per cent, -56.94 per cent restively during the period of 2017-18 to 2021-22.

Table-3: The Activity Wise Agribusiness Finance Contribution by RRBs in Study Area during the period 2017-18 to 2021-22 (Rs.Lakhs)

Agri. Activities	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Water Resources	0.00	31.50	0.00	5.44	2.80	0.00
Farm Mechanization	126.41	340.52	128.88	81.24	15.90	-42.76
P.H. & Sericulture	233.70	551.94	593.59	520.57	1191.08	37.69
Dairy Development	1192.80	690.97	2109.65	16954.40	21872.35	146.40
Poultry Development	25852	638.90	1329.36	57.20	121.45	-73.11
Total	27404.91	2253.83	4161.48	17618.85	23203.58	18.81

Source: Mandya District at a Glance

Table-3 the performance of agribusiness finance contribution by Regional Rural Banks in Mandya District during the period of 2017-18 to 2021-22. The plantation of horticulture crops and sericulture has been increased from Rs. 233.70 lakhs in the beginning 2017-118 to Rs.1191.08 lakhs at the end of 2021-22 with CAGR of 37.69 per cent, dairy development has tremendous increased from Rs.1192.80 lakhs in the beginning 2017-18 to Rs.21872.35 lakhs at the end of 2021-22 with CAGR of 146.40 per cent. However, the farm mechanization and poultry development has been declined from Rs.126.41 lakhs to Rs.15.90 lakhs, Rs.25852 lakhs to 121.45 lakhs with CAGR negatively declined -42.76 per cent and -73.11 per cent respectively during the same period.

Table-4: The Institutional Wise Loan provided to Agribusiness Enterprises in Mandya District During the Period of 2017-18 to 2021-22. (Rs.Lakhs)

Name of the Agencies	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
Commercial Banks	28951.78	29338.85	43728.62	67362.54	94861.57	37.78
Co-operative Banks	1757.9	1219.24	1142.55	1140.98	2024.11	2.18
Regional Rural Banks	27404.91	2253.83	4161.48	17618.85	23203.58	18.81
Total	58114.59	32811.92	49032.65	86122.37	120089.30	27.34

Source: Mandya District at a Glance

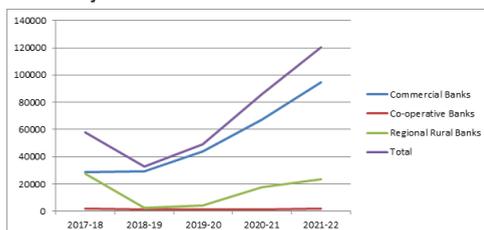


Figure-1: The Details Institutional Wise Loan provided to Agribusiness Enterprises in Mandya District During the Period of 2017-18 to 2021-22. (Rs.Lakhs)

Table-4 clearly indicate that the performance of all financial institutional provide for agribusiness activities in Mandya district during the period of 2017-18 to 2021-22. The commercial Banks as increased from Rs.28951.78 lakhs to Rs.94861.57 lakhs with CAGR of 37.78 per cent, Regional Rural Banks has been positively grown at the rate of 18.81 per cent. And also total all institutional performance as increased Rs.58114.59 lakhs to 120089.30 lakhs with CAGR of 27.34 per cent during the same period. However, the Co-operative banks performance has been low; it is quite increased from Rs.1757.90 lakhs to 2024.11 lakhs with CAGR of 2.18 per cent during period of 2017-18 to 2021-22.

CONCLUSION:

The financial institutions are vital role in agricultural sector in Mandya district. In the last decade, the agribusiness activities are tremendous changes to crating more income from farmers. Despite, still now in this district, due to lack of proper government policies implementation, high level bureaucratic in the getting of institutional credit, a large number of farmers still now depending upon informal finance sector. Therefore, the financial institutions are commercial banks, co-operative banks and regional rural banks and also including RBI and NABARD need to take action on the basis of priority to agribusiness activities in rural backwardness areas, to change the direct rural credit, promoting more flexible refinance, change the working capital credit system and developing credit -linked deposits and similar other schemes.

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