

A Study On The Problems Faced By The Farmers While Receiving Agricultural Loan In Thanjavur District

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ABSTRACT- The noteworthiness of agricultural finance varies widely from country to country. In the less developed countries, agricultural credit is closely related to providing necessary resources which farmers cannot generate them. Hence, promotion of agricultural development through the provision of agricultural credit has become one of the most important government activities. The importance of agricultural finance is further reinforced by the unique role of Indian agriculture in the macro economic framework along with its significant role in poverty alleviation and employment generation. Realizing the importance of agricultural finance in fostering growth and development, the emphasis on the institutional framework for agricultural finance is being emphasized since the beginning of planned development era in India. Agricultural finance in India is not just one requirement of the agricultural business but a symptom of the distress prevailing among the majority of the farmers. Thanjavur being an agricultural place, where more than 1/3 of the population is engaged in agricultural production, it is inevitable to cut across the reasons for overdue of agricultural finance. The farmers must be given importance and sufficient facilities should be provided to them.

Keywords- agricultural, finance, credit, economic, employment generation, country

I. INTRODUCTION

Agriculture offers direct employment 2/3rd of our population and it is a provider of food, clothing, fodder and other basic necessities for the entire population. The role of agricultural finance in the agricultural development of a country cannot be over emphasized. Finance is one of the major critical inputs for agricultural development. It capitalizes farmers to undertake new investments and adopt new technologies. The importance of agricultural finance is further reinforced by the unique role of Indian agriculture in the macro economic framework along with its significant role in poverty alleviation. Realizing the importance of agricultural finance in fostering growth and development, the emphasis on the institutional framework for agricultural finance is being emphasized since the beginning of planned development era in India.

STATEMENT OF THE PROBLEM

There is accumulated debt on the bank loans and private loans. Farmers command no respect in the society and are looked down upon; they have no guaranteed income or sufficient income, and have no full-time work. There is unemployment, under-employment, and most of the time

owing to famine, drought, floods and other natural calamities they have to migrate.

The institutional lending and the institutional credit have been reduced abnormally. Farmers are to depend on moneylenders and their indebtedness lead to sell their products below the production cost. So, they are not in a position to repay the loan in time. Farmers approach banks and cannot get a loan from the bank for the mere reason of holding small size of land and hence they approach money lenders and take money at a higher rate of interest and suffer.

SCOPE OF THE STUDY

This study is confined to the farmers mainly engaged in cultivation in Thanjavur district. It provides the details of the status of famers, perception of the farmers about agricultural finance and problems encountered by farmers for receiving agricultural loan and socio economic background of the famers.

OBJECTIVES OF THE STUDY

1. To assess the socio economic status of the farmers in Thanjavur district.

2. To find out the formal and informal sources of finance.
3. To identify the problems faced while receiving agricultural finance.
4. To analyse the opinion of the farmers about loan process.

METHODOLOGY

RESEARCH DESIGN

As the researcher has no control over the variables, descriptive study was used to formulate the objectives of the study, to define the population, to select the methods of data collection, analysis of the data and results. The major purpose of descriptive type is description of the state of affairs as it exists at present.

SOURCES OF DATA

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 questionnaire. The secondary data have been collected from the published, books, magazines and websites.

SAMPLE SIZE

The data have been collected from 1000 farmers

PERIOD OF THE STUDY

The study covers a period of two years from 2016 to 2018.

SAMPLING DESIGN

Stratified random sampling has been adopted for selecting samples of the respondents.

ANALYTICAL TOOLS USED

The data collected were processed further with the help of the Statistical Product and Service Solution (SPSS) to analyse and interpret the data in the study. The following Statistical tools namely, Mean and Standard Deviation, ANOVA Test, Friedman Test, Factor Analysis, Tree Structured Analysis, Neural Methods have been used for analysis to arrive at Meaningful conclusions.

LIMITATIONS OF THE STUDY

The present study is subject to some limitations, which caused the obstacle to researcher in pursuing this study they are:

1. It is restricted to Thanjavur district only
2. Some of the Farmers were not ready to respond believing that the data might be used for some other purposes.
3. Due to lack of time, The study covers a period of two years from 2016 to 2018
4. Only 1000 farmers are taken for the study.

II. REVIEW OF LITRATURE

Siddharth Mishra (2014), the researcher had studied the trend of agricultural finance by commercial banks: A case study of Union Bank of India, Bank of Baroda and State Bank of India. This study is based on secondary data. The researcher had evaluated the performance of

UBI and found that it was not satisfactory as the agricultural advances.

R. Govindasamy (2013), the researcher found that financial Institutions had played a significant role in providing agricultural Credit for farm sector, non-farm sector and other priority sector credit institutions in the development of rural and urban areas in Tamil Nadu. The credit agencies for Tamil Nadu are the aggregation of the exploitable credit potential for all the districts in the State for the years 2007-08 to 2010-11. The amount of credit non-farm sector was increased in over the period in all financial Institutions.

G.C. Pande and S. Priyakumar (2013) in their study found that agricultural sector in India is facing several critical challenges like increasing pressures on land, diminishing soil fertility, water scarcity and adverse environmental conditions etc. They suggest these critical issues can largely be countered by use of emerging technologies having high growth potential. The study also suggest that financing to contract farming by banks is a boon to farmers who can access institutional credit easily for crop production arranged by the companies.

Najmi (2013) observed during the period 2000 to 2010, the share of agriculture credit in net bank credit has increased which shows that banks are now more willing to lend credit to agriculture. Further, as compared to scheduled commercial banks as a whole, the share of public sector banks in credit to small scale industries has been higher. The growth rate of lending to small scale industries continuously increased during the period 2004 to 2007. This is due to several favorable policy initiatives undertaken by the central government and the Reserve Bank of India.

Gowhar Bashir Ahangar and Ashaq Hussain Gaine (2013) in their study had assessed the quantum of loans disbursed and outstanding by institutional agencies. They also examined the progress of scheduled commercial banks in supplying agricultural credit in India. The study observed that the credit provided by various institutional sources has increased its advances. But an effort has to be taken by the banks to reduce its loans outstanding, so that the recovered institutional credit should be pumped into agricultural sector further for its growth.

Jyothi Gupta, Suman Jain (2012) found that the cooperative banks face the problems of restricted ability in lending loans due to, limited ability to mobilize resources, low level of recovery, high transaction cost,

government interference in the day – to - day administration etc. They are not able to formulate their respective policies for investment of their funds that include their surplus resources because of restrictions.

Dr.Kewal Kumar and Atul Gambhir (2012) in their study had found that all types of farmers have forced to

avail credit with higher interest rate and cumber some process of getting loan. They suggest that policy makers should simplify the procedure of agriculture credit; interest rate for marginal and small farmers should be reduced. Staff training college of bank should provide compulsory rural oriented training to staff.

III. ANALYSIS AND INTERPRETATION

Table No.1 Frequency analysis of The problems faced while receiving agricultural finance

Problems faced for receiving Agricultural finance	Strongly agree	Agree	No opinion	Disagree	Strongly disagree	Total
	Percent	Percent	Percent	Percent	Percent	Percent
Lack of awareness about the facilities available	15.6	24.5	24.3	16.6	19	100
Complexity of documentation	19	29.1	18.8	10.3	22.8	100
Not satisfied with area approach	21.4	27	21.3	13.4	16.9	100
Lack of co-operation from the bank	22.5	43.2	10.9	10.9	12.5	100
No faith in schemes / institutions	24.8	22.7	19.9	12.9	19.7	100
Lack of educational	11.1	27.5	28.6	17.7	15.1	100
Not satisfied with indemnity level	14.4	32.1	17.4	17.6	18.5	100
Difficulties in opening bank account	12.2	22.8	21.7	26.2	17.1	100
Inaccessibility to credit	27.1	20.5	13.4	23.2	15.8	100
Inaccessibility to credit information	24.2	20.3	27.1	8.7	19.7	100
Untimely credit disbursement	20.1	29.1	17.5	9.7	23.6	100
Administrative bureaucracy	19.1	21.8	19.2	16.3	23.6	100
High interest rate	16.0	26.9	17.3	19.2	20.6	100
Insufficient Amount	17.8	26.0	16.7	15.9	23.6	100

Table No.1 illustrates the opinion of the farmers regarding the problems faced for receiving agricultural finance. Among the fourteen variables inaccessibility to credit (27.1%),No faith in schemes (24.8%) , in accessibility to credit information (24.2), Lack of service / Co-operation from bank (22.5%) , not satisfied with area approach (21.4%), untimely credit disbursement (20.1%) were emphasized as the major problems for receiving agricultural finance. Among the above mentioned problems inaccessibility to credit leads with 27.1%.

MEAN AND STANDARD DEVIATIONFOR THE PROBLEMS FACED WHILE RECEIVING AGRICULTURAL FINANCE

Table No.2 The problems faced while receiving agricultural finance

Problems faced while receiving agricultural finance	Mean	Std. Deviation
Lack of awareness about the facilities available	2.9890	1.34040
Complexity of documentation	2.8880	1.43371
Not satisfied with area approach	2.7740	1.37361
Lack of co-operation from the bank	2.4770	1.29195
No faith in schemes / institutions	2.8000	1.44848
Lack of educational	2.9820	1.22523
Not satisfied with indemnity level	2.9370	1.34568
Difficulties in opening bank account	3.1320	1.28305
Inaccessibility to credit	2.8010	1.45448

Inaccessibility to credit information	2.7940	1.41618
Untimely credit disbursement	2.8760	1.45696
Administrative bureaucracy	3.0350	1.44564
High interest rate	3.0150	1.38806
Insufficient Amount	3.0150	1.44113

Source: Output generated from SPSS 20

The above table describes the mean and standard deviation of the problems faced while receiving agricultural finance Mean score of difficulties in opening bank account (3.1320)tops the list followed by administrative bureaucracy (3.0350), high interest rate & in sufficient amount (3.0150), respectively, followed by not aware of the facilities available (2.9890), lack of education (2.9820), complex documentation (2.8880) etc. among the 14 problems difficulties in opening bank account was considered as the basic problem for receiving agricultural finance.

FRIEDMAN TEST FOR SIGNIFICANT DIFFERENCE BETWEEN MEAN RANKS OF PROBLEMS FACED WHILE RECEIVING AGRICULTURAL FINANCE

Null Hypothesis: There is no significant difference between mean ranks towards the problems faced while receiving agricultural finance.

Alternative Hypothesis: There is a significant difference between mean ranks towards the problems faced while receiving agricultural finance.

Table No. 3 Friedman test for significant difference between mean ranks towards the problems faced while receiving agricultural finance

Problems faced while receiving agricultural finance	Mean Rank	Chi-Square value	Degrees of freedom	Asymp. Significant
Lack of awareness about the facilities available	7.72	186.105	13	0.000
Complexity of documentation	7.54			
Not satisfied with area approach	7.10			
Lack of co-operation from the bank	6.30			
No faith in schemes / institutions	7.21			
Lack of educational	7.84			
Not satisfied with indemnity level	7.66			
Difficulties in opening bank account	8.21			
Inaccessibility to credit	7.17			
Inaccessibility to credit information	7.25			
Untimely credit disbursement	7.39			
Administrative bureaucracy	7.87			
High interest rate	7.90			
Insufficient Amount	7.84			

Source: Output generated from SPSS 20

Table No. 1 illustrates the result of Friedman test for significant difference between mean ranks towards the problems faced while receiving agricultural finance among the 14 variables mean bank of difficulties in opening bank account (8.21) was high followed by high interest rate (7.90) administrative bureaucracy (7.89) lack of educational knowledge and insufficient amount (7.84) not aware of the facilities available (7.72) chi square value of the problems were 186.105 & highly significant at 5 % level.

From the above table, it is found out that all the variables related to the problems faced while receiving agricultural finance had significance value less than 0.05 at 1 Per cent significance, thus the null hypothesis is rejected. Thus, it is concluded that there is significant difference between mean ranks towards the problems faced while receiving agricultural finance. Out of the fourteen problems faced while receiving agricultural finance variables, the “Difficulties in opening bank account” has the highest rank (8.21). So, the problems faced while receiving agricultural finance is highly influenced by Difficulties in opening bank account.

IV. FINDINGS

1. Inaccessibility to credit was the major problem faced by the farmers in Thanjavur District
2. Difficulties in opening bank account was considered as the basic problem for receiving agricultural finance
3. High interest rate (7.90) administrative bureaucracy (7.89) lack of educational knowledge

were the other problems faced by the farmers

4. The farmers were not provided with adequate finance to produce
5. Timely credit was not available to the farmers in Thanjavur District
6. Complexity of the documents was another threat to the farmers in obtaining agricultural finance

V. SUGGESTIONS

1. Timely credit must be provided to the farmers
2. Farmers must be educated to understand the procedures to obtain agricultural finance
3. Agricultural finance should be available to the farmers at reasonable rate of interest
4. Adequate finance must be provided to the farmers for their farming activities
5. Proper information should be provided to the farmers in Thanjavur District regarding agricultural finance.

VI. CONCLUSION

Finance is the lifeblood for farmers not only, for the production and marketing of crops but also to keep a stagnant agricultural economy alive. Institutional credit, which played a vital role in the development of agricultural sector, was instrumental in the development of Indian agriculture. 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. Thus, credit has played a pivotal role by facilitating technological up-gradation and commercialization of agriculture. The success of Green Revolution in Indian agriculture to a large extent laid on institutional credit support to agricultural sector in terms expansion in inputs like fertilizers, Irrigation and private capital formation. Agricultural finance in India is not just one requirement of the agricultural business but a symptom of the distress prevailing among the majority of the farmers. Thanjavur being an agricultural place, where more than 1/3 of the population is engaged in agricultural production, it is inevitable to cut across the reasons for overdue of agricultural finance. The farmers must be given importance and sufficient facilities should be provided to them.

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