

A study and analysis on agricultural credits with reference to state bank of India in Thoothukudi District

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Abstract

Agriculture continues to be main activity of the rural people of Thoothukudi District. It is the main occupation of 70% of the people of the District. The major crops loan in the District are paddy, bajra, maize, black gram, green gram, jowar, chilies etc., State Bank of India is the lead bank of the district. The researcher classify the agricultural borrowers into crop loan borrowers, allied agricultural loan borrowers and other agricultural loan borrowers. In this paper, the researcher attempts to study the significance of various parameters with respect to the borrowers.

Keywords: Crop loan, allied loan and other agricultural loan

1. Introduction

Agriculture had played and will continue play a key role in the process of development in our country. Sander Vallabh Bhai Patel the first deputy finance minister of India had aptly said that India's culture was Agriculture. According to the All India Rural credit survey, "India is essentially rural India and rural India is virtually the cultivator"; India was a country of 5.76 lakh village accounting for about 77 percent of the Indian population. Every four out of five person were villagers and they depended on Agriculture and its allied activation for their very livelihood.

Agriculture production essentially, provided

- (a) The food needed for the growing population
- (b) The raw materials requires for industrial production
- (c) The foreign exchange which was earned through Agriculture exports
- (d) The investible surplus as a part of the domestic savings and
- (e) A vast market for the domestically manufactured products.

The linkage between the Agriculture and the non- agricultural sectors of our economy were many and varied.

Agricultural production in India depends upon millions of small farmers. It is the intensity of their effort and the efficiency of their technique that will help in raising yields per acre. Because of inadequate financial resources and absence as well as non-availability of timely credit facilities at reasonable rates, many of the farmers, even though otherwise willing are unable to go in for improved methods of cultivation, use of better seeds and fertilizers and introduce better methods or techniques. Works of minor irrigation sources like wells owned by the cultivators either get into disuse or are not fully utilized for want of capital.

In the agricultural sector which covers production of food and essential raw. The major objects of the agricultural improvement or developmental programmed are to develop local resources of seed manures and irrigation and to provide other accessories of production. To utilize man-power and cattle resources more productively, these aids and assistance

and more intensive farming are essential. It is, therefore, of the utmost importance that the financial requirements of the farmers are adequately met. The achievement of targets material like cotton, jute and oilseeds, ought not to be allowed to suffer for want of adequate credit has, However to be related to specific items of productive work or of essential cost of cultivation.

2. Need for Credit

Need for agricultural credit arises because modern farm technology is costly and the personal resources of the farmers are inadequate. Provision of agricultural credit, as an input, is essential for widespread use of improved agricultural methods. It is needed by farmers for both productive and unproductive purposes. Credit, a powerful instrument for growth, has been described by Schultz' in glowing terms: 'Once there are investment opportunities and sufficient incentives, farmers will turn sand into gold'

3. Sources of Agricultural Credit:

The financial requirements of Indian farmers are fulfilled by two sources namely institutional sources and non-institutional sources. Non-institutional source include moneylenders, traders, commission agents, relatives and friends. Institutional sources consist of government and co-operatives, commercial banks including the Regional Rural Banks (RRBs)

4. Study of Profile Area

Thoothukudi district carved out of the erst while thirunelveli district on 1980. It has certain rare features. The mixed landscape of the sea and their (waste) lands has imbibed some special traits in the character of the sons of the soil. The district is divided into 3 revenue divisions namely Thoothukudi, Tiruchendur and Kovilpatti. It includes Revenue Firkas 41, Revenue villages 480.

For the purpose of election, this district is divided into 6 assembly constituencies and comes under 1 parliamentary constituency.

In the district there are 12 blocks which are Thoothukudi, Alwarthirunagari, Tiruchendur, Udangudi, Sattankulam, Srivaikundam, Karunkulam, Kovilpatti, Ottapidaram, Kayathar, Pudukotai and Vilathikulam.

5. Scope of the study

The study covers the agricultural credit provided by State Bank of India in Thoothukudi district of Tamil Nadu. It does not cover the agricultural credit extended by other financial agencies including other banks except state bank of India and private sector banks in Thoothukudi district.

6. Objective of the study

The Objectives of the study are

1. To analyse the level of awareness among borrowers on various agricultural credit schemes of SBI and factors determining them.
2. To measure the levels of attitude of borrowers towards the lending practices of SBI and factors determining them.

7. Period of study

This study covers a period of 7 years from 2004 to 2012. Secondary data were collected from Lead Bank of the District SBI, Annual Credit Plan of the respective years.

8. Sample design

The aim of the study is to analyse the borrower’s awareness and attitude towards various types of agricultural credits provided by SBI in Thoothukudi district. There are 12 blocks in Thoothukudi district. Among them 7 blocks were selected by using random sampling technique allotted sample of 485 farmers were selected from each of 7 blocks to ensure represents. The responds were chosen very sample random method.

There were 485 samples respondents, who availed either crop loan or allied loan or other agricultural loans from SBI in the district. This study aims at loan wise analysis.

9. Methodology for collections of Data

Both primary data and secondary data were collected for the study. Primary data were collected by conducting survey among 485 farmers who availed themselves of agricultural and allied loans from the branches of SBI of Thoothukudi district in Tamilnadu with an interview schedule.

10. Limitation of Study

Researcher made an attempt to study the various types of agricultural credit provided by SBI in Thoothukudi district. The study analysis the awareness and attitude of borrowers who availed themselves of agricultural credit from SBI in Thoothukudi District. It took all possible efforts to eliminate personal bias in providing primary data by the respondents. Limitations of the study were that it covers only the agricultural credit provided by the SBI in Thoothukudi district.

11. Analytical Tool

To study the level of satisfaction borrowers are asked to give their opinion on number of statements. Based on the score their awareness are classified into high and low level.

12. Factors Influencing Level of Satisfaction

There are 10 factors considered which influences the satisfaction of borrowers which includes age, education, family size, family type, diversion of funds, family income, size of land holding, political affiliation, collateral securities and approach through intermediaries.

It has been tested whether each factor has significant influence on the level of satisfaction or not. To find out significant relationship between the factor and the level of satisfaction Chi-square test has been applied. The Chi-square test represents useful method of comparing experimentally obtained data with those of expected theoretically.

$$\text{Chi-square test} = \sum \frac{(O-E)^2}{E}$$

Where O is the observed frequency and E is the expected frequency. DF is degrees of freedom which is (r -1) (c - 1), r is number of rows and c is number of columns.

Null Hypothesis

H₀: There is no significant difference between family size and level of satisfaction of crop loan borrowers.

Table 1: Family size of the crop loan beneficiaries and Level of awareness on various schemes of loan provided

Family size	Level of awareness		Total
	high	low	
Up to four members	84 (71.70)	38 (50.30)	122
5-7 members	15 (24.10)	26 (16.90)	41
More than seven members	8 (11.20)	11 (7.80)	19
Total	107	75	182

Source: field survey

The calculated Chi-square value is 15.68. Since the calculated value is more than the critical value, it is concluded that there is an association between the family size of crop loan beneficiaries and their level of awareness on various schemes of loan provided by the State Bank of India in Thoothukudi district.

Null Hypothesis – H₀: There is no significant difference between family size and level of satisfaction of allied loan borrowers

Table 2: Family size of Allied loan beneficiaries and Level of Awareness on Various Schemes of Loan provided

Family Size	Level of Awareness		Total
	High	Low	
Up to four members	37 (39.60)	37 (34.40)	74
5-7 members	24 (23.00)	19 (20.00)	43
More than seven members	7 (5.40)	3(4.60)	10
Total	68	59	127

Source: Field Survey

The Chi-square value is 1.49. The inference from Chi-square value is that there no association between family size of allied loan beneficiaries and level of awareness on schemes provided. Null Hypothesis – H₀: There is no significant difference between family size and level of satisfaction of other agricultural loan borrowers

Table 3: Family Size of other agricultural loan beneficiaries and level of awareness on various schemes of loan provided

Family Size	Level of Awareness		Total
	High	Low	
Up to four members	83 (67.10)	40 (55.90)	123
5-7 members	9 (21.30)	30 (17.70)	39
More than seven members	4 (7.60)	10 (6.40)	14
Total	96	80	176

Source: Field Survey

The Chi-square value is 27.67. Since the calculated value is more than the critical value at five per cent level of significance it is concluded that there is an association between the family size for borrowers and their level of awareness on various schemes of loan.

13. Conclusion

Most farmers depend on agricultural credits for their farm activities. Hence the government should come forward to introduce new exclusive schemes for agricultural purposes.

14. References

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