

A STUDY ON SOCIO ECONOMIC CONDITIONS OF AGRICULTURAL LOAN BORROWERS WITH SPECIAL REFERENCE TO CANARA BANK IN THENI DISTRICT

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ABSTRACT

Agriculture is the main business of India, more than 70 per cent of the people are in this industry. Agriculture continues to be main activity of the rural people of Theni District. It is the main occupation of 75% of the people of the District. The major crops loans in the District are paddy, Cholam, Cumbu, Maize, Pulses, Sugarcane, Groundnut, Gingelly, Coconut and Cotton. Canara Bank is the lead bank of the district. The researcher classifies 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

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

- The food needed for the growing population
- The raw materials requires for industrial production
- The foreign exchange which was earned through Agriculture exports
- The investible surplus as a part of the domestic savings and
- 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.

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'

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)

STUDY OF PROFILE AREA

Theni district was carved out of the composite Madurai district and started functioning with effect from January 1997. The district comprises of 8 blocks viz., Andipatti, Bodinayakanur, Chinnamannur, Cumbum, Myladumparai, Periyakulam, Theni and Uthamapalayam covering a geographical area of 3242.30 sq.km and a population of 10.94 lakh. One third of the geographical area is covered by forest while another one third is the net sown area. Agricultural labourers and cultivators constitute more 50% if the work force in the district.

SCOPE OF THE STUDY

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

OBJECTIVE OF THE STUDY

The Objectives of the study are

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

determining them.

PERIOD OF STUDY

This study covers a period of 10 years from 2008 to 2017. Secondary data were collected from Lead Bank of the District, Canara Bank, Annual Credit Plan of the respective years.

SAMPLE DESIGN

The aim of the study is to analyse the borrower's awareness and attitude towards various types of agricultural credits provided by Canara Bank in Theni district. There are 8 blocks in Theni district. Among them one block were selected by using random sampling technique allotted sample of 300 farmers were selected from block to ensure represents. The responds were chosen very sample random method.

There were 300 samples respondents, who availed either crop loan or allied loan or other agricultural loans from Canara Bank in the district. This study aims at loan wise analysis.

METHODOLOGY FOR COLLECTIONS OF DATA

Both primary data and secondary data were collected for the study. Primary data were collected by conducting survey among 300 farmers who availed themselves of agricultural and allied loans from the branches of Canara Bank of Theni district in Tamilnadu with an interview schedule.

LIMITATION OF STUDY

Researcher made an attempt to study the various types of agricultural credit provided by Canara Bank in Theni district. The study analysis the awareness and attitude of borrowers who availed themselves of agricultural credit from Canara Bank in Theni 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 Canara Bank in Theni district.

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, medium and low

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.

Table 1: Family Size of the Crop Loan Beneficiaries and Level of Awareness on Various Schemes of Loan Provided

Family Size	Level of Satisfaction			Total
	High	Medium	Low	
Up to four member	14	50	24	86
5 – 7 member	14	92	10	116
More than 7 member	14	68	16	98
Total	42	208	50	300

Source: field survey

To find out whether there is any significant relationship between Family size of the crop loan beneficiaries and Level of awareness on various schemes of loan provided, a chi-square test is applied as shown in

Table 2

Sl. No	Cell	O	E	(O-E)	(O-E) ²	$\frac{(O-E)^2}{E}$
1	R ₁ C ₁	14	12.04	1.96	3.84	0.319
2	R ₁ C ₂	50	59.63	9.63	92.74	1.555
3	R ₁ C ₃	24	14.33	9.67	93.51	6.525
4	R ₂ C ₁	14	16.24	2.24	5.02	0.309
5	R ₂ C ₂	92	80.43	11.57	133.86	1.664
6	R ₂ C ₃	10	19.33	9.33	87.05	4.503
7	R ₃ C ₁	14	13.72	0.28	0.08	0.006
8	R ₃ C ₂	68	67.95	0.05	0.00	0.000
9	R ₃ C ₃	16	16.33	0.33	0.11	0.006
						14.889

H₀: There is no significant relationship between Family size of the crop loan beneficiaries and level of awareness on various schemes of loan provided

H₁: There is significant relationship between Family size of the crop loan beneficiaries and level of awareness on various schemes of loan provided

Degree of freedom = (r-1) (c-1), = (3-1), = 2 x 2, =4

Calculated value = 14.889

Table value is significant at 5% level = 9.49

Sine, the calculate value (14.889) is greater than the table value (9.49), the null hypothesis (H₀) is rejected and it is concluded that there is **no significant** relationship between Family size of the crop loan beneficiaries and level of awareness on various schemes of loan provided by the Canara Bank in Theni district.

Table 3: Family Size of Allied Loan Beneficiaries and Level of Awareness on Various Schemes of Loan Provided

Family Size	Level of Satisfaction			Total
	High	Medium	Low	
Upto four member	14	36	14	64
5 – 7 member	14	84	26	124
More than 7 member	14	88	10	112
Total	42	208	50	300

Source: field survey

To find out whether there is any significant relationship between Family size of Allied loan beneficiaries and Level of Awareness on Various Schemes of Loan provided, a chi-square test is applied as shown in.

Table 4

Sl. No	Cell	O	E	(O-E)	(O-E) ²	$\sum \frac{(O-E)^2}{E}$
1	R ₁ C ₁	14	8.96	5.04	25.4	2.835
2	R ₁ C ₂	36	44.37	8.37	7.06	1.578
3	R ₁ C ₃	14	10.67	3.33	11.09	1.039
4	R ₂ C ₁	14	17.36	3.36	11.29	0.65
5	R ₂ C ₂	84	85.97	1.97	3.88	0.045
6	R ₂ C ₃	26	20.67	5.33	28.41	1.374
7	R ₃ C ₁	14	15.68	1.68	2.82	0.18
8	R ₃ C ₂	88	77.65	10.35	107.12	1.379
9	R ₃ C ₃	10	18.67	8.67	75	4.026
						13.108

H₀: There is no significant relationship between Family size of Allied loan beneficiaries and Level of Awareness on Various Schemes of Loan provided

H₁: There is significant relationship between Family size of Allied loan beneficiaries and Level of Awareness on Various Schemes of Loan provided

Degree of freedom = (r-1) (c-1), = (3-1) (3-1), = 2 x 2, = 4

Calculated value = 13.108

Table value is significant at 5% level = 9.49

Sine, the calculate value (13.108) is greater than the table value (9.49), the null hypothesis (H₀) is rejected and it is concluded that there is **no significant** relationship between Family size of Allied loan beneficiaries and Level of Awareness on Various Schemes of Loan provided by the Canara Bank in Theni district.

Table 5: Family Size of Other Agricultural Loan Beneficiaries and Level of Awareness on Various Schemes of Loan provided

Family Size	Level of Satisfaction			Total
	High	Medium	Low	
Upto four member	13	45	22	80
5 – 7 member	15	90	12	117
More than 7 member	14	73	16	103
Total	42	208	50	300

Source: field survey

To find out whether there is any significant relationship between Family Size of other agricultural loan beneficiaries and level of awareness on various schemes of loan provided, a chi-square test is applied as shown in.

Table 6

Sl. No	Cell	O	E	(O-E)	(O-E) ²	$\frac{(O-E)^2}{E}$
1	R ₁ C ₁	13	11.2	1.8	3.24	0.28
2	R ₁ C ₂	45	55.5	10.5	110.25	1.98
3	R ₁ C ₃	22	13.33	8.67	45.16	5.63
4	R ₂ C ₁	15	16.38	1.38	1.90	0.11
5	R ₂ C ₂	90	81.12	8.88	78.85	0.97
6	R ₂ C ₃	12	19.5	7.5	56.25	2.88
7	R ₃ C ₁	14	14.42	0.42	0.17	0.02
8	R ₃ C ₂	73	71.41	1.59	2.52	0.03
9	R ₃ C ₃	16	17.16	1.16	1.34	0.07
						11.97

H₀: There is no significant relationship between Family Size of other agricultural loan beneficiaries and level of awareness on various schemes of loan provided

H₁: There is significant relationship between Family Size of other agricultural loan beneficiaries and level of awareness on various schemes of loan provided

$$\text{Degree of freedom} = (r-1)(c-1), = (3-1)(3-1), = 2 \times 2, = 4$$

$$\text{Calculated value} = 11.97$$

Table value is significant at 5% level = 9.49

Sine, the calculate value (11.97) is greater than the table value (9.49), the null hypothesis (H₀) is rejected and it is concluded that there is **no significant** relationship between Family Size of other agricultural loan beneficiaries and level of awareness on various schemes of loan provided by the Canara Bank in Theni district.

CONCLUSIONS

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

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