

FACTORS INFLUENCING THE FARMERS TO PREFER THE CANARA BANK ABOUT AGRICULTURAL CREDIT

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Abstract: Agricultural credit possesses its usefulness to the farmers, lenders and extension workers. It is an important prerequisite for agricultural growth. It is considered as one of the most basic inputs for conducting all agricultural development programmes. Agricultural policies have been reviewed from time to time to provide adequate and timely availability of finance to this sector. The economic principles of farm financial management facilitate in obtaining control over capital and its efficient use. The investment analysis pertaining to income, repayment capacity and risk bearing ability determine the amount of capital a farm business can profitably and safely use. Hence, the farmer can determine his credit worthiness and can put forth his loan application with confidence to lender. The study is that agriculture credit by Canara Bank has increased to reach the target which given by RBI.

Keywords: Agriculture Credit, Canara Bank, Banking Sector.

INTRODUCTION

In the service sectors, bank is one of the most important sectors which has been growing relatively fast in India. The present day economy is very much dependent upon the various functions of banking practices, it is undeniable for the country's economy for its growth and development without the role of banks. The investment on agricultural resource development can have enormous benefits to the society in terms of economic, social and political stability. It is also really helpful for the enrichment of agricultural related sectors. The supply of farm credit generally has positive relation with the farm business income. Supply leading finance can stimulate agricultural and rural development and contribute to target group productivity. Such assumptions motivated most of the low income countries to establish specialised farm credit to the targeted groups.

REVIEW OF LITERATURE

Anjani Kumar, K.M Singh, Shradhajali Sinha, (2010) examined the performance of agricultural credit flow and has identified the determinants of increased use of institutional credit at the farm household level in India. The structure of credit outlets has witnessed a significant change and commercial banks have emerged as the major source of institutional credit in recent years. But, the declining share of investment credit in the total credit may constrain the sustainable agricultural growth.

Kannan, E (2011) examined the disbursement of credit through institutional sources had a large impact on improving agricultural productivity. However, it points at its inadequacy and thereby urges for widening its coverage both in terms of the amount of credit and the coverage of more number of marginal and small farmers.

Govindasamy, R (2013) the financial institutions is effective channels of credit for farm sector, non-farm sector and other priority sector credit institutions have played a significant role in the development of rural and urban areas.

Seena P.C. (2015) this paper describes the management of agricultural credit in India and the impact of various banking sector reforms on agriculture. Banking sector reforms like fixing prudential norms, reduced SLR, CRR, banking diversification all affect the Indian agricultural sector.

OBJECTIVES OF THE STUDY

To identify the factors influencing the farmers to prefer the Canara bank for avail the agricultural credit.

IMPORTANCE OF THE STUDY

The topic of agricultural financing has always been an area of wider interest due to various facts. Credit plays a crucial role in the development of agriculture and the rural economy. The availability of adequate and timely credit, as an essential input to agriculture, has much relevance to the borrowers. The availability, costs, utilization and return from the investment carry great significance from an economic viewpoint. In India the credit disbursements to agriculture are made by the formal and informal agencies. The informal agencies include moneylenders, commission agents and traders and they still have a prominent role in rural economy. The formal institutions comprise the Cooperatives, Commercial Banks and Regional Rural Banks. Even though the formal agencies expand their lending to agriculture manifold, the requirements of the farmers are not fully met.

COLLECTION OF DATA

Non-Probability Convenience Sampling Technique is employed to collect the data from the agricultural farmers. This study is based on both primary and secondary data. Well designed questionnaire is framed to collect the required primary data from the selected farmers with the help of a comprehensive, pre-tested enquiry schedule through personal interview method. The data were collected over a period of 10 months (January 2018-October 2018). The sample farmers for the field survey comprises a total of 750 farmers from Erode district.

LIMITATIONS OF THE STUDY

In the present study, all possible efforts have been made to analyse in a more comprehensive manner. Anyhow, it is not free from limitations. Some of them are as follows:

1. People were not ready to answer for the Interview Schedule.
2. Many of the surveyed people did not reply all the questions.
3. The findings of the study depend on the responses given by sample farmers.
4. The farmers are not in the habit of maintaining the detailed accounts regarding income and expenses. Hence, the information from the memory of the sample farmers might be subjected to recall bias.

ANALYSIS AND INTERPRETATION OF DATA

To measure the factors influencing the sample farmers, it is decided to use Kendall's Co-efficient of Concordance Test ('W'). Mean ranks have been calculated for the factors influencing the sample farmers to prefer the agricultural credit. Lower mean score shows higher performance of the respective factor.

The factors influencing the sample farmers to prefer the agricultural credit are ranked with the mean rank scores and are disclosed in Table 1

TABLE 1
DETERMINANTS OF AGRICULTURAL CREDIT:
KENDALL'S CO-EFFICIENT OF CONCORDANCE TEST ('W')

Factors	TS	MS	Rank	Kendals's ('W')
Nearness to place of residence	6972	11.96	IX	0.028
Minimum service charges	5864	10.06	V	
Lower interest rate	4356	7.47	I	
Hi- Tech banking service	6781	11.63	VIII	
Agricultural loan eligibility	6253	10.73	VII	
Quick loan approval	4464	7.66	II	
Reputation of the bank	5702	9.78	IV	
Simpler documentation	5578	9.57	III	
Easy terms and conditions	5972	10.24	VI	
Advice of friends and relatives	7963	13.66	X	

TS= Total Score, MS= Mean Score

It is clear from the Table 1 that the mean score for the factors influencing the sample farmers to prefer the agricultural credit varies between the score of 7.47 and 13.66. It is found that the most significant factor influencing the sample farmers to prefer the agricultural credit is Lower interest rate (7.47) followed by Quick loan approval (7.66), Simpler documentation (9.57), Reputation of the bank (9.78), Minimum service charges (10.06), Easy terms and conditions (10.24), Agricultural loan eligibility (10.73), Hi-Tech banking service (11.63), Nearness to place of residence (11.96) and Advice of friends and relatives (13.66).

CONCLUSION

In this chapter, the factors influencing the farmers to prefer the agricultural credit have been analyzed. For which, required primary data have been collected by using Interview Schedule. Such collected data have been analysed with the help of tool like Kendall's Co-efficient of Concordance Test ('W'). It is identified that the calculated value of 'W' is 0.028 which is closer to '0'. Thus, it can be concluded that there is a low similarity among the sample farmers in assigning the ranks to the various factors influencing them to prefer the agricultural credit.

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