

Study on Farmer's Insight towards Agricultural Loans in Rural Areas of Jhansi (Uttar Pradesh)

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Abstract: *The most important issues faced by the majority of farmers in India are rural indebtedness and over dependence on private money lenders and banks. Previously, cultivation was done in a customary way and the farmers primarily relied upon cash loan lenders, family members and friends for monetary prerequisite. Agriculture in India is the fundamental essential segment which contributes a higher rate for nutritional security and feasible advancement for poverty elevation. Agriculture practices and progressions contrast all around, however the headway of farming part gives a positive effect which is valuable for everybody. Achievements in agriculture advancement in India include Green revolution, White revolution, golden revolution and Bio - innovation revolution etc. After the appearance of green revolution agribusiness entered the time of modernization and there was a noteworthy increment in the agricultural - loan needs of farmers. It discovers steps to increase institutional agricultural loan by providing stimulus, for example, the opening of new branch of banks everywhere throughout the nation. Kisan credit card and the activity taken to guarantee suitable access to money related items and administrations required by the administrative area have truly been instrumental in the spectacular hike in agriculture loan. This investigation going to comprehend the activities of different commercial banks for advancing agricultural loans rural area region thus as to help the nation's financial improvement. It additionally audit the arrangements presented by the legislature in elevating the agricultural loans in provincial and rural area for an upright improvement.*

Keywords: India, Farmers, Loan, Banks, Agriculture, indebtedness

1. Introduction

The Indian economy is predominantly said to be agrarian economy. The agricultural sector alone act as a catalyst for ending the never - ending cycle of poverty. Over the last few decades (1980/81 - 2019/20), the sector has registered an average annual growth of 3.2 percent – almost double the population growth of 1.7 percent per annum during the same period. As a result, it has turned India from a food deficit country to one with a net trade surplus of 3.7 percent of agri - gross domestic product (GDP) in 2018 - 19 (RBI, 2020)

Agriculture is a key sector of Indian economy in view of its contribution to employment and GDP. Agriculture activities are needed in the economy for producing food for consumption by people and for supplying raw materials to many industries. During the year 1950 to 1955 the contribution of agriculture to the GDP of India was 52 per to 55 % maximum. This percentage share of agriculture in the GDP has been reducing substantially with the growth in the Industry and Services sector income. The GDP share of agriculture reduced to 30 per cent during the 1990s and during 2018 - 19 it was 15.96 per cent. (GOI, 2020)

Insight of Agricultural Credit in India

Agricultural credit plays a vital role in the farm sector development. Government of India along with RBI and NABARD has designed and rolled out many agricultural credit policies to ensure credit flow from banks happen to the ground level to every needy farmer at the villages since independence. These policies include, RBI mandate to every bank to allocate at least 18% of their total lending towards agriculture sector, interest subventions scheme by central government and state governments towards farm loans, various subsidy schemes towards agriculture and other farmer friendly policy interventions. The research report on 'A study on Institutional credit to Agricultural Sector in

India - by Dr Ponnarasu (2017) states that the agriculture lending between 2001 to 2011 has shown an annual compounded annual growth rate (CAGR) of 24.9 % (from Rs.323.5 billion to Rs.2171.3 billion) which laid the foundation to take the growth in agriculture in India to a very high scale then onwards. The agriculture outstanding as on 28 Jan 2022 has increased to Rs.14327 billion as per the RBI report released on Feb 28 2022. (RBI, 2022)

Agriculture credit is the base for driving all farming improvement programs. The squeezing need for rural agricultural - credit rise in view of need of simultaneousness between the acknowledgment of income and exhibit of utilization and furthermore considering the irregular likelihood of dissemination plan in capital necessities and reserve funds that go with mechanical advancements.

The Government has taken many policy initiatives for strengthening of farm credit delivery system for providing credit at lower rates of interest to support the resource requirements of the agricultural sector. The emphasis of these policies has been on providing timely and adequate credit support to farmers with particular focus on small and marginal farmers and weaker sections of society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity. Agricultural credit flow has increased consistently over the years and it reached The agriculture credit flow for the year 2020 - 21 stood at Rs 15, 75, 398 crore against the target of Rs 15, 00, 000 crore for the year. As per the government economic Survey 2022 - 23, the agricultural credit flow target for 2021 - 22 has been fixed at Rs 16, 50, 000 crore, it added. Till September 30, 2021 a sum of Rs 7, 36, 589.05 crore has been disbursed as per the survey. The government has also extended the facility of KCC to fisheries and animal husbandry farmers to help them meet their working capital needs in 2018 - 19. A total of 67,

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581 KCCs have been issued to fishers and fish farmers till December 17, 2021 and over 14 lakh fresh KCCs were sanctioned for animal husbandry and dairying farmers till December 10, 2021. (GOI Economic Survey 2021 - 22)

Description of the Problem

The agriculture sector is important for food security, employment generation and economic growth. However, concern now is on the decline in agricultural growth. Since agriculture is a vital sector in India, there should be an end for segregation of agriculture. In Uttar Pradesh agriculture is the most dominant sector in the economy. They sell their whole gold, mortgage every one of their properties and farmers deserve no respect in the general public and are looked down on; they have no ensured salary or adequate pay, and have no fulltime work. There is joblessness, underemployment, and more often the time owing to famine, dry spell, floods and other common calamities they need to move. The main problem is there is less marketing facilities in the district. The middle men are getting a lot of income at the cost of both farmer and the consumer. On the other hand the farmers' face a big challenge in the process of farming is the scarcity of water the institutional loaning and the institutional credit have been diminished unusually. Farmers are to rely upon moneylenders and their indebtedness lead to sell their goods below the production cost. In this way, they are not in a situation to reimburse the loan in time. Farmers approach banks and can't get a credit from the bank for the simple reason of holding little size of land and consequently they approach moneylenders and take cash at a higher rate of premium and endure.

2. Methodology Adopted

Descriptive research is appropriate in this study to recognize the farmers' perception in rural areas. The technique utilized for gathering information through an organized structured questionnaire and meeting of the farmers' in Jhansi District. Primary data and secondary data were gathered for the purpose of the study. Primary data have been gathered from legitimately farmers by utilizing the questionnaire and individual meeting. The secondary data have been gathered from the published journal, books, magazines and site. The population included farmers in rural areas of Jhansi District. The sample size selected is 300 respondents. Percentage analysis, Mean Score, T - test and One - way ANOVA was utilized for examining the information gathered. Objectives of the Study

Objectives of Study

- 1) To understand the general farmers characteristics in the study area with confine to socio - economic analysis.
- 2) To make sure the level of attitude of the farmers toward settlement of agricultural loan.

3. Review of Literature

Vivek Thoopa (2013) opined that before the advent of professional collateral management entities, the flow of agri - loan remained skewed in favor of the development of urban pockets. But over the past 8 years, collateral management services have brought about a transformation by allowing banks to almost ignore the borrower's financial

strength and rely solely upon the warehouse receipt issued by the agency. This form of lending by the banks is in contrast to the traditional lending in the form of working capital and is more secure due to the collateral manager's services.

Bhargavi and Reddy (2014) stated that retrospect's and prospects of agricultural finance by commercial banks in Kurnool district of Andhra Pradesh – Promotion of agri - loan conservatives was the first effort in India while institutionalizing agri - loan for rural areas. The sources consisted of government, commercial banks, co - operatives etc. The RRB does also play a very important role in satisfying the agricultural loan requirements of agriculturists. The cooperatives are the cheap and the best source of agricultural agricultural - loan to farmers. There were enhancement and the agricultural - loan received propulsion with the passing of Reserve bank of India Act 1934, district central cooperative banks Act and development banks Act. RBI played a predominant part in the mission of establishing the co - operative agricultural - loan structure, which gently evolves two separate arms; one is for short term agricultural - loan and the other for long term agricultural - loan.

Poojagiri (July 2015) in her study revealed that Agricultural loan in India – Comparing to a share of more than 50% in total GDP it is a key fact to be noticed that the agriculture sector occupies only 14% in GDP today, a matter of concern for the Indian economy. Commercial banks have played a very important role in providing financial help to meet the agricultural loan needs. Kisan card has been introduced as a newer agricultural - loan delivery system to ensure effortless approach to agricultural - loan banks like NABARD which has grown and developed over the last three decades from a unit - dimensional pinnacle financing agency in to a small dimensional institution for moulding and enacting the countries overall rural agricultural - loan policy. The agricultural - loan intensity of agriculture had a noticeable hike when measured with the ratio of agricultural GDP.

Thomas E., et. al (2018) Perception and Attitude of Banks towards Agricultural Credit: A Study on Select Commercial Banks in Kerala. Descriptive research is used in this study to identify the attitude and perception in lending practices of bank. The method used for collecting data through a structured questionnaire and interview of the experienced bank officers in various public and private sector banks in Kerala. The sample size consist of 50 respondents. Percentage analysis was used for analyzing the data collected. The raw data pooled in the form of scheduled questionnaire were tabulated and analyzed through the statistical measure such as Percentage Analysis. In rural areas due to the in adequate awareness of the various schemes and policies introduced by Government would drive them to borrow money from money lenders which despair the role of public sector and private sector banks in the area of agricultural finance and also the money lenders exploit the agriculturists by charging higher rate of interest. Even though there are some problems faced by the agricultural credit, the attitude and perception of banks towards agricultural finance has changed a lot.

Reserve bank of India (2019) has published a report on A Study on Institutional Credit to Agriculture Sector in India This article analyses the progress of institutional credit to farm sectors since 2001 by various banks, provides data and touches upon competition.

Siva Reddy (2020) conducted study on “A study on farmers awareness on agriculture loans in rural areas with reference to Rayalaseema region, Andhra Pradesh” This paper looks at the worries and issues in Agriculture loans in rural areas Rayalaseema region in Andhra Pradesh. So as toot adequate administration of Andhra Pradesh is proposed to give Rs.69548.83 Cores towards Agriculture Credit for the year 2015 - 16. The Government of Andhra Pradesh has structured a system to change the Agriculture and Allied divisions in Partnership with International Crops Research Institute for Semi - Arid Tropics (ICRISAT). This methodology will be operational zed in a staged way setting the gauges for another improvement worldview in order with the change situations to empower. The objectives to study the extent of awareness among the farmers pertain to settlement of agricultural loans and to analyze the influence of education of farmers on awareness of agricultural loans

4. Result & Discussion

Table 1: Socio - economic characteristics of sample respondents

S. No	Particulars	No. of Respondents	Percentage
AGE GROUP			
1	Below 21 - 30 Years	58	19.34
2	31 - 40 Years	97	32.33
3	41 - 50 Years	105	35
4	Above 50 Years	40	13.33
Education Qualification			
1	No Formal Education	100	33.33
2	Below High School	75	25
3	Graduate	10	3.33
4	Post Graduate	5	1.67
Area of living			
1	Rural	202	67.33
2	Urban	98	32.66
Marital Status			
1	Un Married	75	25
2	Married	225	75
Family Status			
1	Nuclear	205	68.33
2	Joint	95	31.37

The data about the demographic factors of the respondents are presented in Table 1. Out of 300 farmers 35 per cent belong to the age group 41 to 50 years of age, 32.33 per cent of the respondent belong to the age group of 11 - 40 years, 19.34 percent of respondents belongs to age group of 21 - 30 years and the remaining 13.3 per cent of the respondents belong to the age group of above 50 years. The education wise classification of the farmers the percentage of normal education is highest with 33.3 and at the same time the percentage of graduate and post graduate farmers are below 5percent i. e.3.3 and 1.7 percent respectively. According to the area of living maximum percentage 67.33 of the farmers are living in the rural areas and 32.66 percent of farmers are living in urban areas. While conducting the survey it is found that maximum number of respondents are married as

compared to the unmarried respondents i. e.75% vs 25%. The distribution of respondents according to family status clearly reveled that the maximum farmers family status is nuclear family 68.33 percent in comparison to joint family status 31.37 percent.

Table 2: Types of Agricultural loans:

Type of agri - loan	No. of Respondents	Percentage
Crop Loan	178	59.34
Agriculture Term Loan	25	8.34
Agriculture Machine Loan	32	10.67
Agriculture Gold Loan	35	11.67
Land Purchase Loan	15	5
Others	15	5
Total	300	100

Form the analysis of data collected on the types of agricultural loans facility availed by the farmers of Jhansi district it is concluded that 59.34 percent of the farmers are in the category of crop loan followed by agriculture gold loan scheme 11.67 percent and agriculture machinery loan of 10.67 percent. The data also focus on light that very few farmers are interested in availing agriculture term loan (8.34%) and land purchase loan (5%) respectively. This clearly shows that the farmers of the district are very much reserve in availing agriculture credit from different sources.

Table 3: Response of respondent on economic improvement from agricultural loan

S. No.	Economic Improvement	No. of Respondent	Percentage
1	Low	185	61.67
2	Medium	110	36.67
3	High	5	1.66

Table no.3 clearly give a picture that there is no much improvement in economic condition of the respondent from the agricultural loan system. The main reason behind this is that the availability of agricultural loan does not improve the economic condition of the farmers as this amount of loan is mainly used for agriculture purpose like purchase of inputs, payment of wages of labours' etc.

Table 4: Source of availing agricultural credit:

S. No.	Resources	No. of Respondent's	Percentage
1	Public Sector Bank	95	31.67
2	Private Sector Bank	30	10
3	Regional Rural Bank	35	11.67
4	Cooperative Societies	43	14.33
5	Friend & relatives	42	14
6	Prime Money lenders	55	21.67
	Total	300	100

The table 4 contained the exact status and attitude of farmers in availing agricultural credit. The maximum respondent's have availed the loan facility from public sector bank 31.67 percent followed by prime money lenders 21.67 percent.14 percent of the farmers had borrowed the money from cooperative societies, friends & relatives.11.67 percent of the farmers had borrowed funds from regional rural bank and remaining 10 percent of the farmers from private sector banks. This data aging points out that the farmers of Jhansi district relies more on non institutional source of loans than the institutional source.

Table 5: Rank ordering of the statement of level of attitude of farmers toward agriculture loan

Particulars	Mean	Rank
Agricultural Loans are easily accessible	4.158	2
Various Agricultural Loans are satisfactory	4.284	1
Rate of Interest under Agricultural loan System	4.142	3
Farmers prefer formal source of agricultural finance	4.102	5
Farmers are fully aware of the scheme of loan	3.825	9
Timely disbursement of loan	4.083	6
Agricultural loan is more beneficial to the farmers	3.982	7
Behavior of bank employee towards the farmers	3.845	8
Documentation Process	4.113	4

Table 5 clearly indicates that majority of farmers believes that various agricultural loans schemes are satisfactory and are helpful to them (Rank1) followed by the easily accessible nature of the agricultural loans (Rank 2), the farmers have clear perception about the rate of interest under agricultural loans scheme are very low (Rank 3), the farmers have given (Rank 4) to the documentation process of the agricultural loans scheme, Rank 5 has been allotted to farmers preference to the source of availing agricultural loan from the formal source. Timely disbursement of loan to farmer’s ahs got rank 6, agricultural loan system are beneficial to the farming community has got rank 7 in the survey. Rank 8 and Rank 9 was obtained by behavior of bank employee towards farmer’s community and awareness of farmers toward agricultural loan schemes respectively.

Table 6: Repayments of Agricultural - loan by the Farmers on Time

Option	No. of Respondent	Percentage
Yes	198	66
No	102	34

From table 6 it is observed that 66percent of the farmers are repaying the agricultural loan on time while 34 percent of the farmers are facing difficulties in repayment of the loan amount on timely basis.

5. Findings and Conclusions

On the basis of result and discussion it is concluded that:

- Most of the farmers who have participated in the survey are in the age group of 41 - 50 years 35 percent and 32.33 per cent respondents belongs to the age group of 31 - 40 years.
- Majority of farmers 33.33 percent have no formal education while 25 percent farmers have education level of below high school.
- Majority of farmers 67.88 percent are leaving in the rural areas while the remaining 33 percent leave in urban areas.
- Majority of the farming community are married 75 percent and have family status of nuclear family 68.34 percent.
- The farmers have no significant change in their economic conditions from the agricultural loan schemes.
- Majority of farmers have availed agriculture crop loan 59 percent and the majority of the farmers in the survey district has availed this facility from Public sector bank 31 percent.

- The maximum numbers of the farmers in survey are repaying the loan timely but few percent of farmers are not doing it correctly.
- The farmers have a very clear perception that the majority of agricultural loan schemes are satisfactory are doing well. On the point of availability the farmers are easily getting the loans.
- Behavior of the bank employees towards the farmers are not up to the mark and its area of concern. Also the awareness among the farmers needs to be improved regarding agricultural loan schemes.

5.1 Conclusion

Agriculture assumes a predominant job in the economic advancement of India. Agriculture is the significant origin of vocation of more than 65 percent of the population in India. The farming segment contributes fewer than 20 percent to Gross domestic product, with a sizable portion of fares.

The farming community in India consists of about 121 million farmers of which only about 20 per cent avail crop loans from financial institutions and only three fourth of those are insured. The remaining 80 per cent (96 millions) are either self - financing or depend upon informal sources for their financial requirements. Most of the farmers are illiterate and do not understand the bureaucratic and other requirements of formal financial institutions. Agricultural finance enables the farmer to procure the necessary wherewithal of production and creates conducive climate for enhanced output. Since Agricultural finance uses a “push effect and has a catalytic role in development process, provision of sufficient, timely and liberal finance to the farmer becoming a vital part of the agricultural developments in India. As a result, agricultural finance in the country is provided through three main channels, viz., commercial banks including private sector banks in the recent years, regional rural banks and cooperative societies. From this study farmers view not aware of the facilities available in banks, do not provide finance in time and there is no sanction of sufficient amount. A special care should be given to provide finance in time which will assist better progress in agriculture production and also farmer’s social conditions in this study area.

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