

**A STUDY ON FARMERS PERCEPTION TOWARDS AGRICULTURAL CREDIT PROVIDED
BY PUBLIC SECTORS BANKS IN ERODE CITY**

Dr. K. Kaleeswari

*Assistant Professor, PG Department of Commerce (CA), Vellalar college for Women (Autonomous),
Thindal, Erode. Tamil Nadu. India*

ABSTRACT

The research study on a study on farmers perception towards agricultural credit provided by public sectors banks in erode city. Agriculture plays a crucial role in the development of the Indian economy. The share of agriculture in national income has come down since the beginning of planning era in the economy. Agriculture is the primary source of income for people living in India's rural areas. Farmers and peasants have to invest a significant amount of funds each year to guarantee a healthy crop. Long term agricultural credits are provided for land improvement, digging of wells, buying farm animals, purchase of machinery. Most of the expenses are relating to agriculture and other allied land development activities. Such long-term agricultural credit is provided by Land Development Bank. To study the framers Perception Towards Agricultural Credit Provided by Public Sectors Banks in Erode City. The researcher has chosen Erode city as study area and the city has higher number of public sectors banks. In the present study the researcher considered only the five public sectors bank of agricultural credit suc48h as SBI, Indian Overseas Bank, Canara bank, Indian bank and Punjab National Bank. There are two regional rural banks in Tamil Nadu namely Pandiyan Gramma bank and Pallavan Gramma bank the researcher has selected both banks for the study. In co-operative bank the researcher has selected only the Primary Agricultural co-operative bank because PACS play major role in providing agriculture credit and also comparatively to all other co-operative bank PACS have higher number of bank branches. A sampling method of Proportionate stratified random sampling method has been adopted to select the farmers from the defined population. The study related on data collection on both primary and secondary collection. The research study on a study on farmers perception towards agricultural credit provided by public sectors banks in erode city. The credit on agriculture helps the farmer to improve agriculture productivity. To be concluded that the farmers opinion on Agriculture credit improved your overall standard of living (0.874) and the least factor is Agriculture credit helps to cope with recover from stress and shock (0.748). the bankers can give some suggestions to the farmers to overcome the credit facilities and period of loan installment on agriculture.

Keywords: *Farmers perception, agriculture credit, factors, public sectors bank and source*

INTRODUCTION

Agriculture plays a crucial role in the development of the Indian economy. The share of agriculture in national income has come down since the beginning of planning era in the economy. Agriculture is the primary source of income for people living in India's rural areas. Farmers and peasants have to invest a significant amount of funds each year to guarantee a healthy crop. As a result, they frequently borrow money from moneylenders and financial institutions to meet their basic requirements before harvest season so they can make money by selling their crops. Thus, Agricultural rural credit refers to any loan taken for agricultural reasons or small home enterprises in India's rural regions. Agricultural credit refers to one of several credit vehicles used to finance agricultural transactions such as a loan, note, bill of exchange, or a banker's acceptance. Financing is specially adapted to the specific financial needs of farmers. It allows them to secure equipment, plant, harvest, marketing, and do other things required to keep farms running or diversify. Credit needs to be available on competitive terms to allow farmers who operate in a free market economy to compete with farms that receive subsidies.

Classification on Agricultural credit

On the basis of tenure (time period), agricultural credit is classified as follows:

1. Short Term credit
2. Medium Term credit
3. Long Term credit

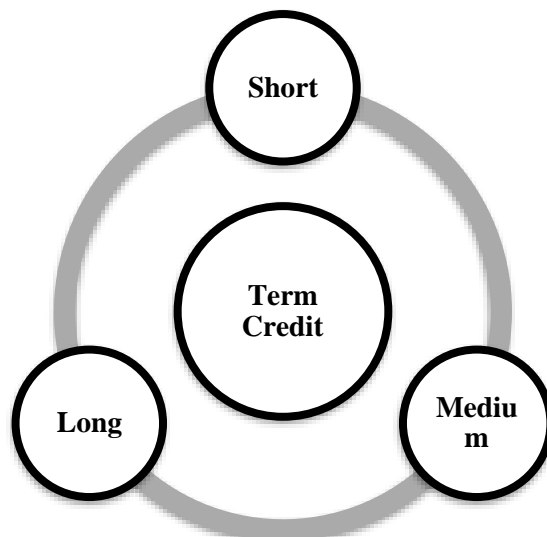


Figure 1:Term credit

Short Term Credit: It is required for consumption and to carry out farming and other activities. It is for a period not exceeding 2 years. It is taken to meet expenses on purchasing fertilizer, fodder, HYV seeds as well as to meet religious expenses or expenses of social ceremonies. These loans are normally repaid after the harvest period.

Medium Term Credit: The period for these loans is up to 5 years. It is mainly needed to purchase cattle, equipment, to make improvements on the land, to dig up canals, etc.

Long Term Credit: When farmers borrow a loan for a period of more than 5 years, it is called a long-term loan. It is mainly used to buy additional land, irrigation, making permanent improvements on the land, etc. Agricultural credit is an important prerequisite for agricultural growth.

On the basis of purpose there are two types of agricultural credit which is as follows:

1. Productive loan
2. Unproductive loan.

Productive loans: Productive loans are related to agricultural equipment. Productive loans help to increase farmers' income in the future.

Unproductive loans: Unproductive loans are used for personal consumption. e.g. loans taken for religious and social celebrations, birth and death ceremonies, expenditure on marriages, etc. Unproductive loans increase the debt burden of the farmers.

The evolution of institutional credit to agriculture could be broadly classified into four distinct phases –

1. 1904-1969 (predominance of co-operatives and setting up of RBI),
2. 1969-1975 [nationalisation of commercial banks and setting up of Regional Rural Banks (RRBs)],
3. 1975-1990 (setting up of NABARD) and from
4. 1991 onwards (financial sector reforms).

Three Institutional Sources of Agricultural credits are:

1. Co-operative Credit Societies,
2. Commercial Banks, and
3. Regional Rural Banks.

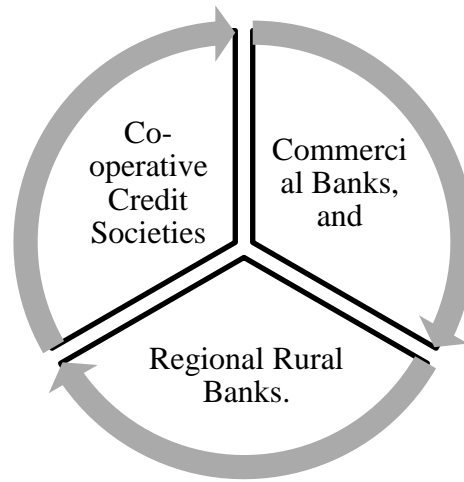


Figure 1: Institutional Sources of Agricultural credits

Long term agricultural credits are provided for land improvement, digging of wells, buying farm animals, purchase of machinery. Most of the expenses are relating to agriculture and other allied land development activities. Such long term agricultural credit is provided by Land Development Bank.

Public sectors banks

In India, nationalised banks are public sector banks which are commonly known as government banks. A public sector bank in India refers to a bank in which the government owns at least 51% of its stakes.

Government Banks in India: List of Public Sector Banks in India 2024

Currently, there are 12 Nationalized banks in the country. Here is the list of government banks in India in 2024:

1. State Bank of India
2. Bank of Baroda
3. Punjab National Bank
4. Bank of India

5. Union Bank of India
6. Canara Bank
7. Bank of Maharashtra
8. Central Bank of India
9. Indian Overseas bank
10. Indian Bank
11. UCO Bank
12. Punjab and Sind Bank

There are 12 public sector banks in India currently. Listed below are all the Indian public sector banks with their headquarters and year of establishment.

S.No	Public Sectors Bank	Headquarter	Establishment Year
1	Bank of Baroda	Vadodara, Gujrat	1908
2	Bank of India	Mumbai, Maharashtra	1906
3	Bank of Maharashtra	Pune, Maharashtra	1935
4	Central Bank of India	Uttar Pradesh	1911
5	Canara Bank	Bengaluru, Karnataka.	1906
6	Indian Bank	Chennai, Tamil Nadu	1907
7	Indian Overseas Bank	Chennai, Tamil Nadu	1937
8	Punjab National Bank	New Delhi, Delhi	1894
9	Punjab and Sind Bank	New Delhi, Delhi	1908
10	State Bank of India	Mumbai, Maharashtra	1955
11	Union Bank of India	Mumbai, Maharashtra	1919
12	UCO Bank	Kolkata, West Bengal	1943

REVIEW OF LITERATURE

Dr. Sanjeev Kumar, Provinder Kumar (2016), Agricultural Credit in India: A Study of Public and Private Sector Banks, International Journal of Economics and management Studies, Volume:3, Issue:12. The banking system touches the lives of millions and has to be inspired by the larger socioeconomic purpose and has to sub-serve the national priorities and objectives. Within the banking institutions, the role of commercial banks has occupied a new meaning and significance, in the view of the changing structure and requirements of a developing economy like India. The growth of agriculture is an important prerequisite, not only for the reasons of food security, but, also in terms of forward and backward linkages that the agriculture sector has with the rest of the sectors of the economy. The main objective of this paper is to analyze the performance of commercial banks in financing agriculture sector in India. The secondary data has been used and collected from the various relevant issues of RBI. The exponential growth rate has been calculated to assess the performance of banks in lending to agriculture sector. The behavior of inter-year as well as inter-bank disparities is explained with the help of co-efficient of variation. The performance banks in agriculture credit have been compared with the help of t-test The study points out that, agriculture credit grew at a lower rate during the second vis-à-vis first phase in both the bank groups. It was also found that, on an average, the prescribed target of agriculture credit was not achieved by banks during the first and second phase. One important issue of concern is the almost stagnant share of agriculture credit in net bank credit over a period of time, which needs immediate attention of the policy makers. The banks also, on an average, failed to achieve the stipulated target of agricultural lending during the first as well as second phase. The study

recommends that the banking sector, especially public sector banks, should lead efforts to expand inclusion as private sector initiatives to do so are likely to be curtailed by their objective of maximizing shareholder profit rather than optimizing stakeholder. **Rakesh Mohan (2006)**, Agricultural Credit in India: Status, Issues and Future Agenda, Economic and Political Weekly, Vol. 41, No. 11, Money, Banking and Finance. Agricultural credit has played a vital role in supporting farm production in India. Though the outreach and amount of agricultural credit have increased over the years, several weaknesses have crept in which have affected the viability and sustainability of these institutions. Following the shifts in consumption and dietary patterns from cereals to non-cereal products, a silent transformation is taking place in rural areas calling for diversification in agricultural production and value addition processes in order to protect employment and incomes of the rural population. In the changed scenario, strong and viable agricultural financial institutions are needed to cater to the requirements of finance for building the necessary institutional and marketing infrastructure. What is needed in agriculture now is a new mission mode akin to what was done in the 1970s with the green revolution. The difference now is that initiatives are needed in a disaggregated manner in many different segments of agriculture and agro-industry: horticulture, aquaculture, pisciculture, dairying, sericulture, poultry, vegetables, meat, food processing, other agro-processing and the like. **Nikitha Manoharan, Rittu Susan Varkey (2021)**, Agricultural credit and agricultural productivity across Indian states: An analysis, Volume22, Issue3. The study analyses the relationship between formal agricultural credit and agricultural productivity in India. Secondary data have been collected from various sources for the selected states of Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Odisha, Tamil Nadu, Uttar Pradesh and West Bengal for the time period 1990–1991 to 2017–2018. Fixed effect model is used to perform the state-level panel data analysis to establish the relationship between the agricultural credit and agricultural productivity. In addition to this, the study also focuses on analysing the effectiveness of Doubling of agricultural credit policy. The findings from the analysis show that direct agricultural credit and doubling of agricultural credit policy has a positive impact on productivity, whereas the indirect credit has a significant negative impact on productivity. In order to increase agricultural productivity, policies should focus on providing direct credit at a larger scale. **Mrs. M. SOUNDARYA1 Dr. G.J AYABAL (2020)**, Farmers' Opinion Towards Agriculture Credit Sanctioned by Various Financial Institutions In Tirunelveli District, International Journal Of Scientific & Technology Research Volume 9, Issue 04, ISSN 2277-8616 2710. Agriculture plays an important role in the development of the Indian economy. The prosperity of the country depends up on the agriculture sector. It plays a strategic role in the economic life of the Indian society. In India agriculture contributes one-third of the national income. Sixty percent of the export directly or indirectly originates from agriculture sector. Finance is one of the major critical inputs for agricultural development. It capitalizes farmers to undertake new investments and/or to adopt new technologies. To develop the agriculture activities farmers are always need a financial support. Institutional credit, which played a essential role in the development of agricultural sector. The purpose of the study is to know the farmers' opinion regarding agriculture credit towards financial institutions in Tirunelveli district. A Multi stage sampling method was used to select the banks. Convenience sampling method has been used for selecting the farmers. The Tirunelveli districts were chosen for sample, because those Tirunelveli districts were provided highest number of agriculture credit than other districts. The sample size for the study is 230. The study concluded that, the most influencing factors are agriculture credit helps to adapt modern technology, agriculture credit Improved your overall standard of living, agriculture credit help to cope with recover from stress and shock and Lack of Information about schemes and reforms are the farmers opinion regarding agriculture credit towards financial Institutions

OBJECTIVES OF THE STUDY

To study the framers Perception Towards Agricultural Credit Provided by Public Sectors Banks in Erode City

RESEARCH METHODOLOGY

The researcher has chosen Erode city as study area and the city has higher number of public sectors banks. In the present study the researcher considered only the five public sectors bank of agricultural credit such as SBI, Indian Overseas Bank, Canara bank, Indian bank and Punjab National Bank. There are two regional rural banks in Tamil Nadu namely Pandiyan Gramma bank and Pallavan Gramma bank the researcher has selected both banks for the study. In co-operative bank the researcher has selected only the Primary Agricultural co-operative bank because PACS play major role in providing agriculture credit and also comparatively to all other co-operative bank PACS have higher number of bank branches. A sampling method of Proportionate stratified random sampling method has been adopted to select the farmers from the defined population. The study related on data collection on both primary and secondary collection.

Table 1
Total Number of bank branches in Erode City

S.No	Public sectors bank	Branch Name
1	SBI	48
2	Indian Overseas Bank	41
3	Canara bank	21
4	Indian bank	22
5	Punjab National Bank	18
6	Pandiyan Gramma bank	65
7	Primary Agricultural co-operative bank	160
Total		375

Source: Bank branches in Erode City

Table 2
Reliability test on Farmers opinion towards Agricultural credit

Farmers opinion	Cronbach's Alpha if Item Deleted	Comment
Agriculture credit Improved your overall standard of living	0.874	Good
Agriculture credit helps to cope with recover from stress and shock	0.748	Accepted
Agriculture credit helps to adapt modern technology	0.872	Good
Agriculture credit increased food security	0.796	Accepted
Agriculture credit improved access to modern health facilities	0.802	Good
Agriculture credit increased Net Income	0.822	Good

Agriculture credit increased production	0.852	Good
---	-------	------

CONCLUSION

The research study on a study on farmers perception towards agricultural credit provided by public sectors banks in erode city. The credit on agriculture helps the farmer to improve agriculture productivity. To be concluded that the farmers opinion on Agriculture credit improved your overall standard of living (0.874) and the least factor is Agriculture credit helps to cope with recover from stress and shock (0.748). the bankers can give some suggestions to the farmers to overcome the credit facilities and period of loan installment on agriculture.

REFERENCE

1. Satish, P. (2005); "Agricultural Credit: Are There Two Classes of Borrowers", Indian Journal of agricultural Economics, Vol. XXXXXX, No.3, PP-310-318.
2. Sidhu, R. S. and Gill, S.S. (2006); "Agricultural Credit and Indebtness in India: Some Issues", Indian Journal of Agricultural Economics, Vol. XXXXXXI, No.1, PP-11- 35.
3. Dr. Sanjeev Kumar, Provinder Kumar (2016), Agricultural Credit in India: A Study of Public and Private Sector Banks, International Journal of Economics and management Studies, Volume:3, Issue:12.
4. Ambiga, D. A. and Gandhimathit, S. (2010); "Determinants of Agricultural Credit Constraint-A Micro Level Analysis," Indian Journal of Economics, Vol. XIC, No. 360.
5. Rakesh Mohan (2006), Agricultural Credit in India: Status, Issues and Future Agenda, Economic and Political Weekly, Vol. 41, No. 11, Money, Banking and Finance.
6. Nikitha Manoharan, Rittu Susan Varkey (2021), Agricultural credit and agricultural productivity across Indian states: An analysis, Volume22, Issue3.
7. Mrs. M. SOUNDARYA1 Dr. G. JAYABAL (2020), Farmers' Opinion Towards Agriculture Credit Sanctioned by Various Financial Institutions In Tirunelveli District, International Journal Of Scientific & Technology Research Volume 9, Issue 04, ISSN 2277-8616 2710.