

AN ANALYSIS OF REPAYMENT OF AGRICULTURAL CREDIT IN THENI DISTRICT WITH SPECIAL REFERENCE TO BANK OF INDIA

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ABSTRACT--The Bank of India is one of the public sector banks in India. It has started with noble objective of developing rural economy by providing credit facilities. The bank of India has more than 3400 achieved cent percent networking status in all over the India. The developing country like India mainly depends with the agricultural industry. The agricultural industry has played a vital role on rural economy. The bank of India mainly concentrating on rural economy, and it provides agricultural term loans for land development, minor irrigation, farm mechanization, plantation of crops and loan for allied. The present study analyzes the recovery performance of agricultural loan and problem faced by the respondents in repayment. The study has been conducted in Theni district of Tamilnadu and the study is based on primary data collected through well-structured interview schedule. The results of the study have been complied by using average and percentage method.

Keywords--Bank of India, repayment and performance.

I. INTRODUCTION

An agriculture, industry and commerce are three major factors of every economy. The expansion of one sector will respect the develop of other sectors. It means these factors are positively interrelated to each other. Banking sector in India has attained an orientation from recent period of time to time and occupies a prominent position as infrastructural factors for development of economy. Indian economy is mainly depends with Agriculture industry. Agriculture in India is the cultivation of land involves production of crops, livestock and forestry, fishery, processing and marketing of those agricultural productions and also provides food for man, animals and industries. The crop productivity is directly related with use of manures and fertilizers. But small and marginal farmers are unable to purchase and use chemical fertilizers. With the technological breakthrough in Indian agriculture, farmers need to borrow more credit for capital requirements to purchase different farm inputs. Our Indian farmers are not able to meet the expenditure, due to low size of the holdings, low productivity of per acre, low income and high level of consumption. So that agricultural finance has to increase for farmers and for rural development. To meet the financial objectives of small and marginal farmers there are a large numbers of banks in the country both in public and private sector, catering to the credit and financial needs of a large numbers of people. These financial

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services sector is undergoing many changes to increase their advances in different sector. In the multi-agency approach, Bank of India has occupied a special place by providing credit to agricultural sector. The establishment of Bank of India have started as a new era in the country's banking system with the objective to develop rural economy by providing credit facilities for agricultural trade, commerce, industry and other productive activities in the rural areas, particularly to small and marginal farmers, agricultural laborers, artisans and small entrepreneurs. The smooth function of any source of finance in general and institutional agencies in particular depends on recovery of loan and credit deposit ratio. Now a day's one of the most important challenges facing the banking system is growing of deferred loans. Thus, it is important to analyze the repayment performance of the borrower at which success of the bank and other institutional depends.

II. OBJECTIVES OF THE STUDY

- To analyze the recovery performance of agricultural loan of Bank of India in the study area.
- To identify the problems faced by the respondents while repayment of loan.
- To offer valid suggestion to overcome the problems faced by the respondent while repayment of Agricultural loan.

III. METHODOLOGY

Theni district was randomly selected for study area among 32 district of Tamilnadu. There are eight blocks in Theni District, Out of eight blocks Theni block and Bodinayakanur block were selected by lottery method. Among the two blocks, four villages were selected. In these four villages 80 sample respondents were selected, all the selected respondents are holding Kissan Credit Cards. The random sampling technique has been used to analyze data for achieve the objectives. The Average, Percentage and Garrett's Ranking method have been used to analyze data taken by the agriculture loan borrowers.

IV. LOAN OFFERED BY THE INSTITUTION

India is an agro based county. The Agriculture industry is mainly depends with monsoon and number of factors. Hence, there may be high possibly to loss. In this situation most of the farmer are depends with others for their finance requirements. Here bank is one of the major resource for financing in agriculture sector.

Table 1: LOAN OFFERED BY THE INSTITUTION

	Small Farmer	Medium Farmer	Large Farmer	Total
Short term Loan	16 (47.05)	14 (41.17)	4 (11.76)	34 (99.98)
Medium term Loan	8 (33.33)	10 (41.66)	6 (25)	24 (99.99)

Long term Loan	4 (18.18)	8 (36.36)	10 (45.45)	22 (99.99)
Total	28 (35)	32 (40)	20 (25)	80 (100)

Source: Primary Data

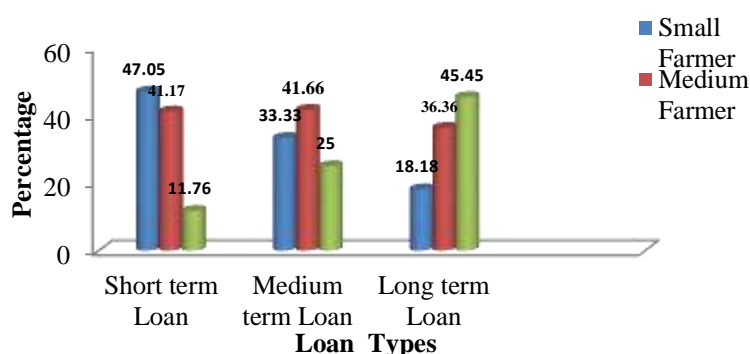


Figure 1: loan type

It could be observed from the above table1 and chart that the loan offered by the institution to the farmer. The farmer respondents are classified as small farmer, medium farmer and large farmer. According to their land owing, Majority of the small farmers are prefer short term loan only. Because their requirements are very low. Among the small farmers only 18.18 percent of the farmer avail the long term loan. It is clearly shows that 41.66 percent of the medium farmers prefer medium term loan. Moreover, 45.45 percent of the large farmer are prefer long term loan only. The above analysis clearly stated that the requirements of the farmer are according to their land owing.

V. LOAN REPAYMENT BY THE FARMERS

India has taken the responsible to offer the agriculture loan to our farmers. Simultaneously, the farmers also have the responsibility to repay their loan amount. Because their repayment amount is act as the source of other farmers' loan. In current situation, the repayment of loan is very importance for developing the agriculture sector in India. So all the farmers have the responsible to repay their loan amount.

Table 2: LOAN REPAYMENT BY THE FARMERS

	Small Farmer	Medium Farmer	Large Farmer	Total
Short term Loan	10 (45.45)	10 (45.45)	2 (9.09)	22 (99.99)
Medium term Loan	4 (28.57)	6 (42.85)	4 (28.57)	14 (99.99)
Long term Loan	2 (16.66)	4 (33.33)	6 (50)	12 (99.99)
Total	16 (33.33)	20 (41.66)	12 (25)	48 (100)

Source: Primary Data

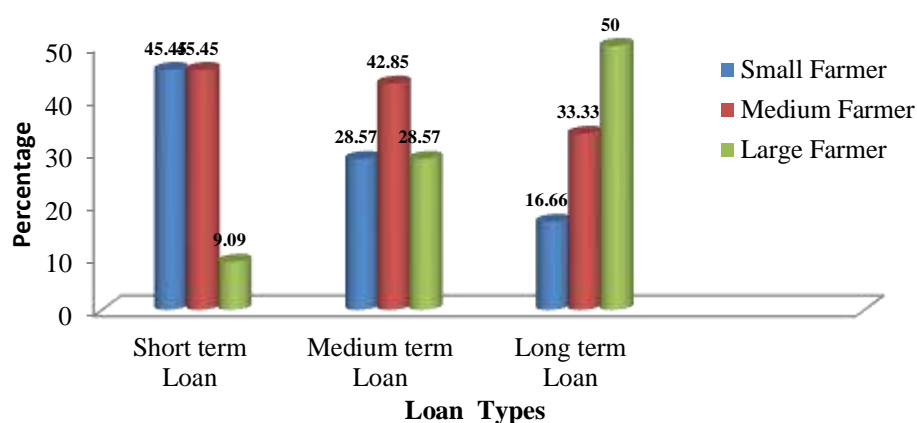


Figure 2: lona type

From the table 2 and chart, we observed that the loan repayment of farmers. Among the small farmers, only 16.66 per cent of the farmers repay their long term loan. According to the medium term loan, 42.85 per cent of the medium farmers repay their loan. Further, the long loan repaid by 50 per cent of the large farmers.

VI. LOAN REPAYMENT PERFORMANCE OF FARMER

Most of the farmers couldn't repay their bank loan because there are more problems faced by the farmers such as monsoon, disaster, family problems and so on. According to the institution, the following table shows the loan repayment performance of farmer.

Table 3: LOAN REPAYMENT PERFORMANCE OF FARMER

	Small Farmer	Medium Farmer	Large Farmer	Total
Short term Loan	6 (50)	4 (33.33)	2 (16.66)	12 (99.99)
Medium term Loan	4 (40)	4 (40)	2 (20)	10 (100)
Long term Loan	2 (20)	4 (40)	4 (40)	10 (100)
Total	12 (37.5)	12 (37.5)	8 (25)	32 (100)

Source: Primary Data

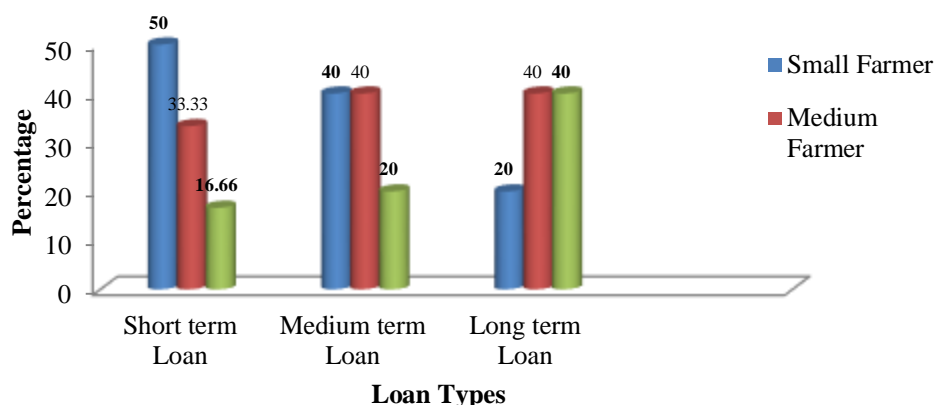


Figure 3: loan type

From the table 3 and chart, we observed that the loan repayment performance of former, according to the long term loan, only 20 per cent of the small former couldn't repay their loan amount. If the presence of medium formers has not been paid 40 per cent to all the type of loan amount, among the large formers only 40 per cent of the former couldn't repay their loan amount.

VII. PROBLEM FACE BY THE FARMERS TO REPAYMENT OF AGRICULTURE CREDIT

The farmers have many problems while repay their loan amount. Now, use takes 5 main problems of that. These problems have been ranked by using Garrett's ranking technique. The respondents were asked to rank the give problems in the agriculture work. The orders of problems gives by the respondents were converted into ranks by using the following formula

$$PercentPosition = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,

R_{ij} = Rank given for the i^{th} factor by j^{th} employees

N_j = Number of factors ranked by j^{th} employees.

The per cent position of each rank thus obtained is converted into score by referring to the Garrett's Table 4. For each factor, the scores of individual respondents are added together and divided by the number of respondents for whom the scores are added. Finally, the mean scores are given. The mean score for all the factors are arranged in descending order and the most important reasons are identified.

The problems faced by the respondents in the Agriculture work are presented in Table 4.

Table 4: PROBLEM FACE BY THE FARMERS TO REPAYMENT OF AGRICULTURE CREDIT

Sl. No.	Problems	Mean Score	Rank
1	Labour Problems	49.43	II

2	Marketing Problems	52.31	I
3	Monsoon Problems	46.79	III
4	Financial Problems	38.36	IV
5	Production Problems	35.73	V

Source: Computed Data

VIII. SUGGESTION

- One of the most suggestions to scale back the farmer's issues is that the bank ought to tend the loan to the farmers with none interest and
- The grace days are given counting on the monsoon. If use follows those, we will reduce the farmer's issues and that we will reach the best economy level in our country.

IX. CONCLUSION

A good recovery of loan makes credit flow easier, in order to encourage economic activities and pushes up the rate of the economic growth. The study revealed that the marketing problems is one of the major problem faced by the maximum number of farmers and other problems are also be ranked.

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