

FARMERS' PERCEPTION OF INSTITUTIONAL BANKS: A LITERATURE REVIEW

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ABSTRACT

The aim of the study is to know the farmers' perception on problem and procedure of getting loan in institutional banks. This paper reviews that farm size and farmer's credit percentage is increases due to farm investment. Tenants, Landowners land rights is recommended Talwar Committee to issue their passbooks for agriculturist evidence it'll save their ownership. Most of the farmers are depended on financial institutions for getting their agricultural credit from banks like (Co-operative, Regional Rural, Commercial, Small Finance banks). For better benefits farmers can facilitate public intervention for better risk management to improve their information system. It'll develop financial markets, Yield Insurance schemes. In Rural areas government should educate about varies schemes and policies to aware from money lenders which despair both the public and private banks. Banks perception and agricultural finance should change their approach for better than the past.

Keywords: Perception, Talwar, financial institutions, Agriculture, farmer, Banks, Interest.

I. INTRODUCTION

Institutional Banks are now moving its business toward online along with the conventional banking. Internet / online banking is just the extension of conventional branch banking. The whole ideas of rural banking stemmed from a realization of the abundant latent resources available in rural areas. An increase in rural agriculture investment as a provision of loans and advances will gear up output levels, and this will in turn raise the consumption level and possibly improve accessibility to goods and services within the rural environment. (Olawepo, and Ariyo 2011). Financial institutions like banks owned by the Government and other agricultural finance centers are required to open their branches in the rural sector so that agriculture finance is easily passed on to the farmers. Even there are specialized branches that provide agricultural loans only.

Perception is the process which the people are aware of objects and events in the external part of world. Perceptions are differentiating into five moves they are stimulation, organization, interpretation-evaluation, memory and recall. People pointed perception as the need to be solved particular problem, intellectual curiosity between themselves and the world. To know the kind of perceptual demands can reason on human sense without compromise safety and sanity (Russell & Ward, 1982). Perception studied that one can identify and correct their potential hazardous environment conditions that threaten the senses and impair the ability to make decision.

II. METHODOLOGY

The next section presents a theoretical overview of the concepts of mitigation and adaptation in addition to discussing the implication of climate change for any country agriculture and the government response policy. This is followed by the methodology employed in the study and the presentation of empirical literature review. The final section distills the findings of the study to conclude.

III. REVIEW OF LITERATURE

Parihar and Singh (1988) “A Study into Institutional Finance for the Agricultural Sector in Punjab” it is conducted in Punjab and 58% farmers got long-term loans from two or more agencies. Author found that fixed cost per hectare, variable cost per hectare, per capita consumption expenditure and share of non-institutional credit were the important variables affecting the share of institutional credit in their total farm investment and author said that farm size is increases; the percentage of farmers for credit is also increased.

Singh. S. P. and Mruthyunjaya (1990) “A Study of Cost of Short-term Agricultural Credit for Small and Marginal Farmers of Aligarh District in U.P” said about farmer should have strong procedures for loan-granting process and they argue for implementation of the Talwar Committee they recommend to issue the passbooks to respective landowners and tenants which is evidence to the agriculturist for land rights. It'll save the farmer's trouble from ownership to the pillar to post their certificates, eligibility etc and they argued for a stoppage of the levy of penal interest.

Reddy (1991) “Role of Institutional Finance in Indian Agriculture” reviews that agricultural credit structure and institutionalization of farm credit in India. Their need is credit; demand and supply of farm credit and institutional progress credit in India are clearly shown. The distribution varies from farm credit into size groups, beneficiaries and non-beneficiaries and the effect of farm credit on farm business, income of different size-groups were examined. Most important finding is there is no significant in effect of institutional credit on farm business income of the beneficiaries.

J P Misra and S K Maurya (2007) “Role of Institutional Finance in Development of Agriculture with special reference to Uttar Pradesh” mentioned that, Due to poor economic conditions and uneconomic size of holdings, the farmers were not able to meet their farm requirements in terms of inputs hence, most of them depended on financing institutions for getting agricultural credit such as co-operatives, regional rural banks and commercial banks.

Jabir Ali and Sanjeev Kapoor (2008) “Farmers” Perception on Risks in Fruits and Vegetables Production: An Empirical Study of Uttar Pradesh” noted the perceptions of farmers about risks in production of goods have been analysed using structured survey method. The researcher had taken on the survey of a total of 634 farmers, comprising 188 fruit farmers and 446 vegetable farmers, covering six districts of Uttar Pradesh, namely, Lucknow, Allahabad, Gorakhpur, Moradabad, Jhansi and Agra. The perceived priorities of farmers regarding the major sources of risks in production of fruits and vegetables have been reported under „investment risks“, „socio-economic risks“, „environmental risks“, „production risks“ and „market risks“. In general, the prices of the goods and production risks have been perceived as the most important sources of risk in production of fruits and vegetables in the area.

S. Gandhimathi and S. Vanitha (2010) “Determinants of Borrowing Behaviour of Farmers – A Comparative Study of Commercial and Cooperative Banks”, analysed that the preference of farmers between commercial and cooperative banks for borrowing has been studied with the objectives of finding distribution of institutional credit across various categories of farmers and to assess the coverage and quantum of credit and socio-economic factors which tell on the borrowing behaviour of farmers towards commercial and cooperative banks. In the study, based on 100 farmer borrowers, the discriminant analysis has been carried out. The study has offered some suggestions also for a better access of farmers to institutional credit.

Babita Kumar (2012) examines Perception and Attitude of Farmers and Agri Firms towards Commodity Finance. In this study an exploratory type of research design is followed to carry out the research. The population of the study consists of all the farmers and agri firms of Punjab who are availing the facility of commodity finance from financial institutions. A list of farmers and agricultural firms availing commodity finance in Amritsar located in northern Punjab and Bathinda located in Southern Punjab was obtained from financial institutions providing commodity finance to them. Out of this, 50 farmers and 30 agri firms are availing commodity finance were chosen a sample on the basis of random sampling technique from Bathinda and Amritsar. Data was collected through two non disguised structured questionnaires, one for farmers and the other for industries. Data was collected from the farmers related to behaviour, knowledge and amount of finance on commodity taken, etc and from owners/ senior managers of agri firms on duration, knowledge and amount of finance taken to understand the attitude and perception of agri firms towards commodity finance. Responses were obtained on a 5 point Likert Scale ranging from very important to not important and from strongly agree to strongly disagree. After collection of data, master tables were constructed and analysis of the collected data was done by constructing various tables and applying suitable statistical tools like percentage, mean scores and Z

test. Frequencies are multiplied with their respective weights and aggregate values were found. Farmers and agri firms are significantly different in their views about difficulty in providing collaterals, difficulty in providing required documents, insufficient amount of finance, high rate of interest, delay in sanctioning loan, and too many formalities and paperwork involved. The findings of the study reveals that the facility of commodity finance is better than the traditional financing facilities and farmers and agri firms who are availing this facility are overall satisfied on it as they get 75% value of the commodity as finance.

Vandana Tandon Khanna & Neha Gupta (2015) The research shows that the factors such as Technology acceptability, availability, user friendliness, safety and accessibility highly depends on the demographic profile of the population size. Most of marketing decision in terms of enhancing the effectiveness of delivery channels can be taken for the considering the factors.

A.Samsunisa (2015) In this study the researcher found that in e-banking services the customer have different perception depending on the various age group and the usage level of these banks" people are different". So, the bank should concentrate on all age group of customers for betterment of e- banking services on their banks. It findings found that different occupation group of customers have different perception toward the e-banking services. There are good numbers of customer in every group like service class, business class, professionals and student, the result shows that all the customers are keen interested for using the e-banking services.

Abula Matthew (2013) An Evaluation of the farmer's perception of the major Constraining Factors Affecting the performance of Microfinance Banks in Rural Agricultural FINancing in kogi state, Nigeria. Primary data were generated by using a set structured questionnaire which was administered on beneficiaries of Microfinance bank's loan. The Major constraining factors affecting the performance of Microfinance Institutions in Kogi State was analysed using Descriptive statistics through the use of four likert type of scale There is the need for timely disbursement of approved loans to farmers to avoid poor yield and possible diversion of the loan to other uses. Accessing the potential ability to MBFs to provide credit in the absence of collateral could help improve access to loan by rural farmers.

Elizabeth Thomas, T.P. Keerthana and S. Girish (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 consider 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.

IV. CONCLUSION

This paper revisited the issues of farmers' perception it's relevant in the uses of agricultural bank. We have reviewed the evolution of major theoretical position and ideological interpretation for the farmers' perception towards agricultural problems. The reviews illustrate that farmers were unable to overcome the high interest rate, delayed farm output and weak recovery efforts of the officials of Institution banks. We conclude that due to delay of farm output the farmers lack to concentrate to repay the loan and also interest rate have effects the farmers' perceptions.

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