

IMPACT OF DEMOGRAPHIC FACTORS ON THE SELCTION OF COMMERCIAL BANK FOR AGRICULTURE CREDIT BY ORGANIC FARMERS IN WAYANAD

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ABSTRACT: According to IFOAM, “Organic agriculture is a production system that sustains the health of soils, ecosystems and people .Organic farmers are facing lot of problems in India including financial problems. Farmers are facing financial difficulties during transformation period to Organic farming. Farmers choosing commercial bank as a source of finance in Wayanad district in Kerala. This paper tried to identify the demographic factors influenced for choosing the commercial bank in Organic farmers. Regression Analysis has been used to understand the influence of different socio-economic factors on selection of commercial bank as a source of finance. The paper identifies that “Years of experience” as factor that affect demographic variables on selection of commercial bank as a source of finance.

KEY WORD: Commercial bank, Finance, Organic farming, Kerala, Farmers.

1.1 INTRODUCTION

Agriculture sector in India is providing employment opportunities to 54.6% of the population (census 2011).Majority of the Indians are depend on agriculture are related activities.so that Government of India is giving importance to the sector since the inception of five year plans. Green revolution had positively impacted agriculture sector. During the initial period reported annual growth rate 6-9 percent. By passing of time increased use of high volume of chemicals like NPK fertilizers, endosulphan,etc has resulted in damage in environment.

Organic agriculture can be defined as “holistic production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil biological activity. It emphasizes, the use of management practices in preference to the use of off-farm inputs, taking into account that regional conditions require locally adapted systems. This is accomplished by using, where possible, agronomic, biological, and mechanical methods, as opposed to using synthetic materials, to fulfil any specific function within the system” (FAO, 1999).

The organic farming is the following benefits

- Environmental Benefits: Since the farming is done using the recycled and composted crop wastes and animal manures. Using the different methods in organic farming like crop rotation soil structure and soil fertility is maintained.
- Financial Benefits: India is the country with the most organic producers in the world. High demand in international market is a source for the inflow to the country. Financial subsidy and high price in the market is the one of the reason to attract the farmers to convert to organic farming.
- Health Benefits: one of the reasons for the increase of cancer is the food habits and the poisonous food items in our market. For getting high production with minimum time the farmers are using high amount of chemicals like harmful fertilizers. The continued use of these fertilizers will cause health hazards like cancer. And its side effects remain for many generations. Organic food products are free from these toxic substances and it is having nutrients also.

Farmers are choosing organic farming not only for financial benefits but for their commitment to the environment and society too. So it is not necessary that the farming system is always profitable in economic terms. Many studies are tried to analyze the economic performance of organic farming in India and in foreign countries.

1.2 LITERATURE REVIEW

Financial constrains during the first three years of transition period is the most difficult phase in organic farming. (Das, 2007) The organic farmers are facing certification difficulties during the conversion period. The yield during the initial stage of organic farming is less than conventional farming. Premium price will not getting during the initial conversion period. Because of this farmers are facing financial difficulties at that stage. (Kshirsagar, 2005). Organic farmers in Kannur district in Kerala are mainly depend in owned fund and borrowed fund. In the study major respondents were using own savings for financial difficulties. In borrowed fund farmers respondents were using co-operative banks for financial difficulties. Government support is less in the study area.(Rajasree, 2018)

Main factors considered by the customers for the selection of commercial banks include friendliness with the custmers, foreign exchange service provided by the bank, personal advices, and customer counselling. (Parvin & perveen, 2012)

Satisfaction level of customers of banks are good irrespective of different demographic segments such as gender of the customer, age of the customer, income level and education level of the customers, and religion in Islami Bank Bangladesh Ltd in Bangladesh(Rahman, Islam, & Akter, 2013)The main reasons for Customers to chose bank in Nigeria are Safety of funds and the availability of technology based service(s) (Aregbeyen, 2011)While doing Gender-wise comparison revealed that among males

there were more of willful defaulters and among females there were more of non-willful defaulters. Education and type of industry did not have significant influence over type of default.(Monteiro, 2012)

Age of the farmer , gender of the farmer, education level of the farmer, income level of the farmer , size of family are influencing on the decision access finance related factors like amount of loan, average time taken for processing and loan payback period, influenced the choice of agricultural finance.(Premalatha, 2018)

1.3 CONCEPTUAL FRAMEWORK

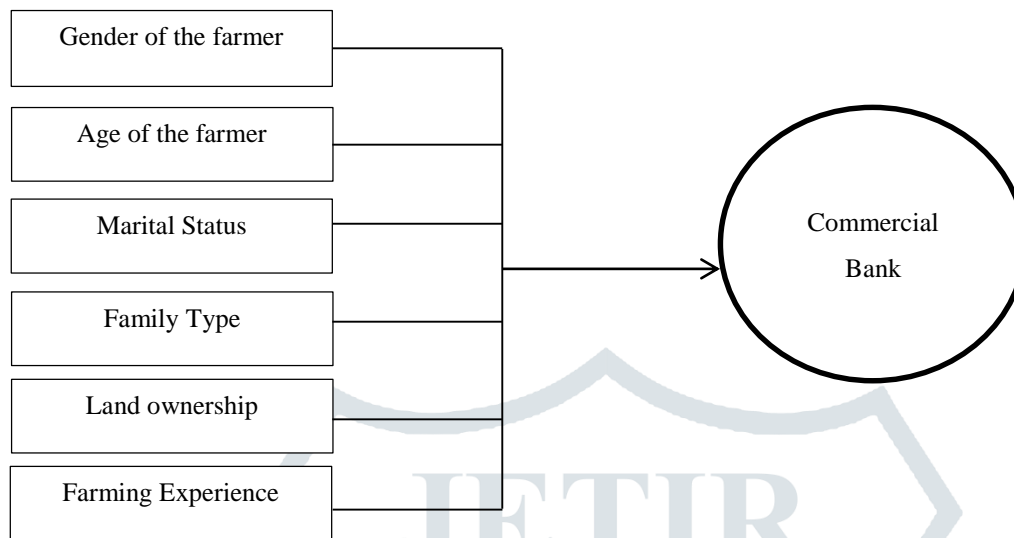


Figure 1: Conceptual Framework of the Study

1.4 STATEMENT OF THE PROBLEM

India is country having higher number of producers in the world. Organic farmers are facing lot of problems in India which include climate problems, certification problems, financial problems, , Labour shortage, Lack of government support, Lack of training and development programme and Marketing and distribution problems. In Kerala main financial sources for organic farmers include Commercial bank, co-operative society,NGO's, private banks ,government support, SHG's etc. Though all these are the sources of finance some questions are yet to be answered which are Do the organic farmers in Wayanad district borrow funds for agriculture?

What are the factors which lead the farmers to go for commercial bank as source of finance?

1.5 OBJECTIVE OF THE STUDY

To identify the different demographic factors influenced for selection of commercial bank as a source of financing by organic farmers during financial difficulties.

1.6 HYPOTHESIS OF THE STUDY

H0-Demographic factors have significant impact in selection of commercial bank for agriculture credit.

1.7 RESEARCH METHODOLOGY

Structured questionnaire and interview method used to collect data from certified organic farmers in Wayanad district of Kerala. A farmer who is having land less than 0.2 hectares are treated as small farmer (as per Eco Stat classification). Simple random sampling method used to take 50 certified organic farmers from a list of certified organic farmers provided by Wayanad Vanamoolika Samrakshana Sangham, a charitable society for promoting organic farming.

Statistical analysis:

Data were summarized using descriptive statistics like percentages, and means etc, using SPSS software. Regression Analysis used to analyse the influence of demographic variables on selection of commercial bank as a source of finance

Demographic Variables:

- 1) Gender: Gender of organic farmers was assigned 1 for "Men" and 2 for "FEMALE" in organic farmers in wayanad. From the study it is noted that about 78% of the farmers were male and 22% of the farmers who responded to the study are females.
- 2) Marital Status: Marital status were classified into Married, Unmarried, Widow/Widower and Divorcee.Married is assigned as 1, Unmarried is assigned 2,Widow/Widower assigned 3 and Divorcee assigned as 4.In the study respondents who were married were about 80% and 20% were widow/widower.
- 3) Family Type: Family is classified into nuclear Family and joint family based on the size of members in the family. "Nuclear family" is assigned into 1 and "Joint family" is assigned into 2.Nuclear family is family with number of members is 4 or less than 4 and joint family is family's number of members is more than 4.
- 4) Age of Farmers :Age of the farmers are classified into mainly five categories from 0-20,21-40,41-60,61-80 and above 80.The percentage of participation are 2%,6%,44%,34% and 14% respectively.
- 5) Land ownership: Land ownership was classified into self-owned, lease and both. The percentage of participation are 98% in self -owned,2% in both type of land ownership.

- 6) Farming Experience: Farming experience were classified into four category which are 0-5, 5-10,10-15, and above15years. The percentage of participation were 10%,28%,50% and 12% repectively.

Table 1: Socio-economic factors affecting livelihoods in the study area

Particulars	Farmers	Frequency	Percentage
Gender	Men	39	78.0
	Female	11	22.0
	Total	50	100.0
Marital Status	Married	40	80.0
	Widow/Widower	10	20.0
	Total	50	100.0
Family Type	Nuclear Family	26	52.0
	Joint Family	24	48.0
	Total	50	100.0
Age of Farmers	0-20	1	2.0
	21-40	3	6.0
	41-60	22	44.0
	61-80	17	34.0
	above 80	7	14.0
	Total	50	100.0
Land ownership	Self owned	49	98.0
	Both	1	2.0
	Total	50	100.0
Farming Experience	5-10	5	10.0
	10-15	21	28.0
	above 15	24	50.0
	Total	50	12.0

Source: Primary data Survey 2019

RESULTS:

H0-Demographic factors have significant impact in selection of commercial bank for agriculture credit

Multiple regression analysis was performed using Selection of commercial bank as the dependent variable, and the demographic variables relating to gender, marital status, types of family. Age of farmers, land ownership and farming experience as independent variables.

Table-2: Regression Statistics

Multiple R	.791
R Square	.626
Adjusted R Square	.574
Standard Error	.515

R value is .791 and R square value is .626. Here the selection of Commercial bank is determined to an extent of 62.6% by gender, age, education qualification, marital status, nature of family and year of experience. Almost 63% of Selection of Commercial bank depends on the variables considered for the study. As the P-value is 0, for the variable Years of experience model is statistically significant. This shows that Years of experience of a farmer is influencing the section of commercial bank as a source of finance.

Table-3: Results of Regression Analysis

Variable	Coefficients	Standard Error	t Stat	P-value
Gender	.187	.191	1.903	.064
age	.084	.164	.879	.385
Education Qualification	-.069	.061	-.697	.490
Martial status	.001	.105	.015	.988
Nature of family	.137	.158	1.412	.165
Year of Experience	.793	.093	8.135	.000

1.8 FINDINGS AND INTERPRETATION

The paper has identified the factors that lead to the selection of commercial bank by organic farmers in Wayanad district in Kerala. The factors considered for the study are gender, age, education qualification, martial status, nature of family, and year of experience in farming. From the results it is identified that Year of experience is the only factor which is having an impact on the selection of commercial bank as a source of fund. It also noted that farmers who are having experience more than 15 years are more likely to select commercial bank as a source of fund.

1.9 LIMITATIONS OF THE STUDY

The main limitations of the study are as follows:

- Study is considered commercial bank as source of finance
- Study only considered demographic factors of the organic farmers.
- Location of the study limited to Wayanad district only.

2.0 CONCLUSION

The study concludes that experience of person in farming determine the source of finance during the financial difficulties. Organic farmers are also facing lot of problems during these days which include finance problems, certification problems, production and marketing difficulties in India. Since India is having the most producers in the world. There is immense chance to flourish the organic food industry. By giving proper guidance and training from the government the farmers can increase the productivity and profit India.

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