

PRIORITY SECTOR LENDING BY COMMERCIAL BANKS-TO SOLVE FOOD PROBLEMS

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Abstracts

To supply the adequate finance to neglected sector like Agriculture, the institutional credit has come into force. As it is not exploitative and the basic motive is always to help the farmers to raise the productivity and maximize their income. The rate of interest is not only relatively low, but also different for different groups of farmers, and for different purposes.

Finally Institutional credit is fully integrated with the other needs of an agriculturist. The farmers require not only credit, but also guidance in the planning of their agricultural operations like the use of seeds, fertilizers and pesticides etc. Assistance in raising crops and in general, help for maximizing their income.

In all developed countries credit services and extensional services go hand in hand. This work can be done best by Institutions like Co-Operative Societies and Commercial banks and not by rapacious money lenders and commission agents.

Institutionalization of agricultural and rural development programmes with adequate and timely flow of credit to assist weaker sections and less developed regions. The basic objectives of the policy are – to ensure timely and increased flow of credit to farming sectors to reduce and gradually eliminate the money lenders from the rural scene and to make available credit facilities to all the regions of the country.

Introduction

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The problem of rural indebtedness

The need of Institutional credit arise because of the weakness or inadequacy of private credit.

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The Indian farmers borrow year after year. They are not in a position to clear off their loans, either because the loans and interests are more or because their agricultural output is not large enough to pay off their debt. Therefore the debt of the farmers goes on increasing. This is what is known as Rural Indebtedness. It is well known saying in the country, **“An Indian farmer is born in debt ; lives in debt ; and dies in debt”**. To overcome this, the Agriculture Sector is included under Priority Sector.

STATEMENT OF THE RESEARCH PROBLEM

- Due to shortage of funds Agricultural productivity reduces. All India Rural Credit Survey Committee 1969 recommended the adoption of **“multi agency approach”** to finance the rural sector.
- Govt. of India accepted that rural credit could not be met by co-operative societies alone and that commercial banks should play an important role in the rural sector.
 - To solve food problems supply sufficient credit to Agricultural sector

OBJECTIVES OF THE STUDY

1. How does India solve its food problems.
2. To know how does Indian banking sector strengthen the agricultural sector by lending.
3. To know whether banks lending data sufficiently supporting the priority sector lending or not.
4. How does it help towards the development of the country

HYPOTHESES

- 1) It is possible to overcome rural indebtedness by priority sector lending .
- 2) With more priority sector lending agricultural productivity will improve and it helps for economic development.
- 3) By increasing priority sector lending status of the farmers can be raised.

METHODOLOGY AND SAMPLING DESIGN.

Samples were drawn by using the following criteria:

- Both primary and secondary used.
- Representative samples from Formers.

SCOPE OF THE STUDY

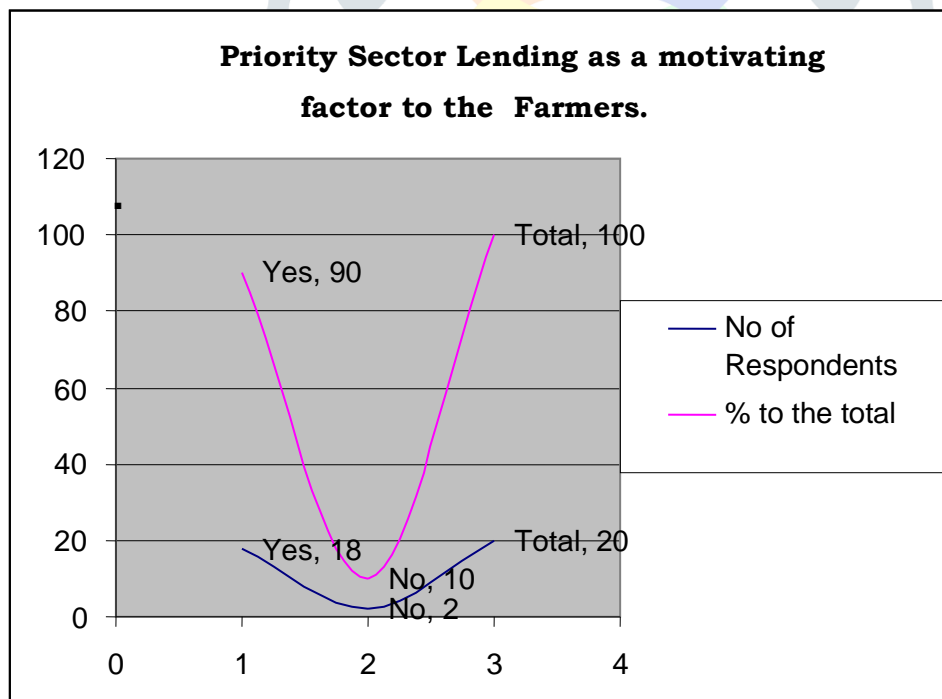
When agriculture was brought under the priority sector, it helped to overcome the food crisis. And also enabled proper utilization of bank funds. Otherwise bank funds would have lied in the bank as unproductive. Moreover the elaborative review of literature in the field of priority sector lending by commercial banks has not been so far documented. Hence the present study is an attempt to fill up this research gap

TABLE 6.52

Priority Sector Lending as a motivating factor to the Farmers.

Motivates	No of Respondents	% to the total
Yes	18	90
No	02	10
Total	20	100

Source : Survey data



The above table reveals that 90% (18 respondents) viewed that Priority sector lending as a motivating factor to the farmers. 10% (02 respondents) viewed that it doesn't attract farmers.

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have lied in the bank as unproductive. Hence the present study attempt to fill up this research gap.the study conducted to know, how it solves poverty problems in India.

LIMITATIONS OF THE STUDY

- The Time constraints affect the study.
- Lack of knowledge about the importance of research among the respondents.
- Lack of communicating ability and concealment nature of respondents.

MAJOR FINDINGS

- In early days farmers were farming with traditional equipments like plough, by using seeds and compost fertilizers available with them due to the lack of support by the commercial banks.
- Now a days by the timely support of banks, the farmers are able to farm with the help of advanced technical equipments like Tractors, Tillers, Harvesting Machines, Sowing and Planting Machines. They are using high yielding hybrid seeds, best fertilizers, pesticides, weedicides and fungicides etc
- Drip and Sprinkler irrigation methods are adopted by the farmers to improve the productivity which in turn help in improving their personal income which leads towards the economic development of the country.

SUGGESTIONS

- The banks should see that loan sanctioned to the poor and weaker sections of the society to create employment opportunities and enable them to utilize the loan for productive purposes. It in turn helps to solve unemployment problems by increasing activities in agricultural and allied activities sectors
- The Central Government must provide agricultural loans at Zero percent rate of interest and also insist all the state Governments to adopt the same policy

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