

Asset Creation in Agriculture Sector; An Empirical Study

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Abstract;

This paper studies the impact of bank finance on Farmers on Asset creation by age and cast in delta area and non delta area in Nellore district of Andhra Pradesh. We observed that in the delta area the sample branches provided finance to the farmers more than to those in the non delta area. The male beneficiaries are more in number in both the delta and non delta area than female beneficiaries. Cast wise those of the forward cast are 48 per cent in the delta area and 51 per cent in the non delta area. The percentage of incremental assets value is high in the delta area when compared to non delta area.

Introduction

Agricultural finance is one of the most important inputs in all agricultural development activities for increasing agricultural production it is necessary that farmers must be provided with adequate and timely Finance for the purchase of improved seeds, fertilizers, modern implements finance for irrigation, farm mechanization and land development etc .So agricultural finance is very important in facilitating the process of agricultural development and stabilizing the growth of rural economy.

Objective of the Study

1. To analyze the impact of bank finance on Asset creation of the sample beneficiaries

Methodology and Sampling

The 63 branches of Pinakini Grameena Bank, Nellore, are divided into two groups, those serving the farmers in the delta area and those serving in the non-delta area. There are 30 branches in the delta area and 33 branches in the non-delta area. A random sampling of 10 per cent of the total branches namely 6 branches in all was taken, representing 3 branches from each group.

200 farmers who borrowed loans from the bank during 2008-09 are selected randomly with probability proportional to the size sampling method (PPS sampling method) from the 6 sample branches and pre-tested schedules were canvassed among them and the relevant data was collected.

Asset Creation

A major objective of the Regional Rural Banks is to provide finance to the rural poor in order to enable them to utilize the same in acquiring productive assets. Poverty of the rural poor could be indicated by their poor resources or paucity of capital. The absence of adequate income earning assets like land, livestock, tools, equipment etc., is serious constraint on the progress of the weaker sections of the rural poor. The impact of Pinakini Grameena Bank finance on the sample beneficiaries in creating additional assets during the post-loan periods is shown in the following tables.

Table 1

Asset Creation on the Basis of Age

S. No	Age Group	Sample Size	Delta area				Non-delta area				
			Average net Value		Incremental Value Rs.	Percentage of Incremental Value	Sample size	Average net Value		Incremental Value Rs.	Percentage of Incremental Value
			Pre-loan period Rs.	Post-loan period Rs.				Pre-loan period Rs.	Post-loan period Rs.		
1.	Below 20 years	10	71,340	77,880	6,540	9.16	5	69,150	75,710	6,560	9.48
2.	20-50 Years	70	1,21,890	1,33,730	11,840	9.71	62	99,050	1,08,980	9,930	10.02
3.	Above 50 years	20	78,450	88,400	9,950	12.68	33	77,940	86,410	8,470	10.86
	Total	100	2,71,680	3,00,010	28,330	10.42	100	2,46,140	2,71,100	24,960	10.14

Source: Field data.

Table 1 reveals that in the delta area, the incremental value of assets of the sample beneficiaries age wise was Rs.6540 for those who were below 20 years, Rs. 11,840 for those who were between 20 and 50 years, and Rs. 9,950 for those above 50 years. Percentagewise the incremental value of their assets was, 9.16 for those

who were below 20 years, 9.71 for those who were between 20 and 50 years, and 12.68 for those above 50 years. In the non-delta area the incremental value of the assets of the beneficiaries was Rs.6560 for those below 20 years, 9930 for those between 20 and 50 years, and Rs.8,470 for those above 50 years. The incremental value of their assets percentagewise was 9.48 for those below 20 years, 10.02 for those between 20 and 50 years and 10.86 for those above 50 years. The total incremental value of the assets on the delta area was Rs. 28330 and the their total percentage value was 10.42. In the non-delta area the total incremental value of assets was Rs.24960 and their percentage value was 10.14.

The incremental values of assets and their percentage values among different groups both were high in the delta area, when compared with those of the non-delta area.

Table .2
t-test for Asset Creation on the Basis of Age

Category	Mean	N	SD	SE	t-value
Delta Pre-loan	90560.00	3	27364.48	15798.89	6.089*
Delta Post-loan	100003.33	3	29678.00	17134.60	
Non-delta Pre-loan	82046.67	3	15367.21	8872.26	8.527*
Non-delta post-loan	90366.67	3	16984.25	9805.86	

* 5 per cent level of significance

Source: Table 1.

Table 2 shows that there is a significant difference between pre-loan and post-loan periods among the age groups at 5 per cent level of significance in the delta and non-delta areas.

Table 3 shows that in the delta area the incremental value of assets of the Scheduled Castes was Rs. 5390, that of the Scheduled Tribes it was Rs. 4240, that of the Backward Castes it was Rs. 8040, and that of the Forward Castes it was Rs. 10660. The incremental percentage of value of the assets of the Scheduled Castes was 8.64, that of the Scheduled Tribes 8.75 that of the Backward Castes 9.29, and that of the Forward Castes 12.70. In the non-delta area, the incremental value of assets of the Scheduled Castes was Rs. 5300, that of the Scheduled Tribes Rs. 4,040, that of the Backward Castes Rs. 7,450, and that of the Forward Castes Rs. 8170. The percentage of increment value of the Scheduled Castes was 8.91, that of the Scheduled Tribes 9.56, that of the Backward Castes 10.37, and that of the Forward Castes 11.25.

The incremental values of assets and the percentages of their values, both were high in the delta area when compared to those in the non-delta area among the caste categories.

Table 3
Asset Creation on the Basis of Caste

S. No	Caste Category	Sample Size	Delta area				Non-delta area				
			Average net Value		Incremental Value Rs.	Percentage of Incremental value	Sample size	Average net Value		Incremental Value Rs.	Percentage of Incremental Value
			Pre-loan period Rs.	Post-loan period Rs.				Pre-loan period Rs.	Post-loan period Rs.		
1.	Schedule Castes	13	62,350	67,740	5,390	8.64	9	59,460	64,760	5,300	8.91
2.	Schedule Tribes	3	48,450	52,690	4,240	8.75	9	42,240	46,280	4,040	9.56
3.	Backward Castes	36	76,950	84,990	8,040	9.29	38	71,840	79,290	7,450	10.37
4.	Forward Castes	48	83,930	94,590	10,660	12.70	51	72,600	80,770	8,170	11.25
	Total	100	2,71,680	3,00,010	28,330	10.42	100	2,43,140	2,71,100	24,960	10.14

Source: Field data.

Table 4
t-test for Asset Creation on the Basis of Caste

Category	Mean	N	SD	SE	t-value
Delta Pre-loan	67920.00	4	15789.94	7894.97	4.941*
Delta Post-loan	75002.50	4	18565.31	9282.65	
Non Delta Pre-loan	61535.00	4	14203.64	7101.82	6.544*
Non Delta post-loan	67775.00	4	16047.75	8023.87	

* 5 per cent level of significance

Source: Table 3

Table 4 shows that there is a significant difference between pre-loan and post-loan periods among the caste categories at 5 per cent level of significance in the delta and non-delta areas.

Summary

The major objective of Pinakini Grammena Bank is to provide finance to the rural poor in order to enable them to utilize the same in acquiring the productive assets.

Age wise, the percentage of incremental asset value in both the delta and non-delta areas is low among those who are below 20 years, and high among those who are above 50 years in age. Caste wise, the percentage of incremental asset value is low among the Scheduled Castes and high among the Forward Castes

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