

# A Study On Farmer's Perception And Attitude Towards Agricultural Loan Providing Co-Operative Banks With Reference To Coimbatore District, Tamil Nadu

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## ARTICLE INFO

## ABSTRACT

The primary source of revenue for both the federal and state governments is agriculture. Growing land revenue provides a significant source of income for the national government. Additionally, the transportation of agricultural products helps the Indian railways make money, which benefits the government's ability to raise money. The purpose of this study is to determine how well-informed farmers are about the agricultural credits that Cooperative banks in Coimbatore city offer. Its goal is to evaluate the efficiency of financing schemes and how they affect farming methods. The research attempts to shed light on opportunities and constraints associated with agricultural financing by conducting a focused investigation that will provide insights into the financial landscape for farmers in this particular location. Farmer assistance and the advancement of agricultural activities are greatly aided by agriculture credits. Through a targeted analysis that will provide insights into the financial landscape for farmers in this specific location, the research aims to shed light on opportunities and restrictions related to agricultural financing. Agriculture credits have a significant positive impact on farmer assistance and the development of agricultural operations

**Keywords:** Farmers, Co-operative Banks, Agricultural, Financial, Loans, etc.

## INTRODUCTION

An important part of the Indian economy is agriculture. More than 70% of rural households are reliant on agriculture. Since it employs over 58% of the workforce and accounts for 17% of the country's GDP, agriculture is a significant economic sector in India. Over the past few decades, Indian agriculture has experienced significant expansion. From 51 million tons (MT) in 1950–1951 to 250 MT in 2011–12—the highest since independence—food grain production has grown. More than half of India's workforce works in the agriculture sector, making it the industry with the greatest number of workers in the nation. When compared to developed nations, India has a population that is active in the agriculture sector at a rate of approximately 54.6%, whereas developed nations like the UK, USA, France, and Australia only have 2%–6% of their total population working in agriculture. Indian agriculture is crucial to the country's industrial sector and to trade both domestically and internationally. Agro-products that are edible, such tea, coffee, sugar, cashew nuts, spices, etc., and textiles, including cotton, jute, and other materials, make up 50% and 20% of the nation's total exports, respectively. These make up over 70% of all exports from the nation and aid in its foreign exchange earnings.

They used to give credits and recover them while adhering to real procedures and charging excessively over the top rates of curiosity. As a result, ranchers experienced severe obligation-related stress, and many of them are now burdened with ongoing commitments. Ranchers were generally unhappy with these actions, and there were even instances of riots. With the passing of the Reserve Bank of India Act of 1934 and the establishment of Land Development Banks, District Central Cooperative Banks, and Horticultural Credit, agrarian credit improved and horticultural credit gained traction. Through the administration's actions, a revolutionary elective office emerged. Huge scope admits was available for reasonable excitement tempos in plain language, in terms of enabling advancements and recovery of them. The helpful banks provide credit to agriculture in general. In order to expand their agricultural operations and sources, farmers are having difficulty obtaining

agricultural credits from cooperative banks. The primary goal of this study is to comprehend farmers' attitudes and perceptions of the agricultural loans that cooperative banks in the Coimbatore area provide.

### OBJECTIVES OF THE STUDY

- To determine the farmer's perception and attitude towards Loans accessing for agricultural activities
- To analyse the challenges and problems faced by the farmers for getting loans from Co -operative banks.
- To know the various factors affecting farmers for getting agricultural credits towards Cooperative banks
- To evaluate the level of satisfaction of farmers towards agricultural loans providing Cooperative banks.

### STATEMENT OF THE PROBLEM

Our economy depends heavily on agriculture, which also forms the foundation of the Indian economy. Although its contribution to GDP is only 17.4%, it is significantly greater than the global average of 61%. The majority of people who live in rural areas rely on agriculture for their livelihood, either directly or indirectly. India is home to a sizable agricultural population that is fast declining due to financial constraints in addition to a variety of challenges pertaining to agricultural activity. It is not often known among farmers that cooperative banks offer agricultural credits. Obtaining loans from cooperative banks presents numerous difficulties for farmers, as they are reliant on credit to cover their operating costs. This study focuses on farmers' understanding of and perceptions of their agricultural credits, as well as the difficulties they encounter while applying for loans from cooperative banks in the Coimbatore District.

### RESEARCH METHODOLOGY

In order to investigate farmers' perceptions and attitudes on agricultural credits offered by cooperative banks, this study makes the assumption that it is doing descriptive research. Coimbatore has been chosen as the study's analysis area.

### SOURCE OF DATA

- Primary Data
- Secondary Data

### SAMPLING DESIGN OF THE STUDY

- The population is very large and is difficult to redefine and to get the complete frame, the study was conducted based on the simple random sampling method for 120 respondents from various taluks in Coimbatore district.
- The sample size comprises of different types of farmers who are potential to getting agricultural credits from cooperative banks in study area.

### STATISCAL TOOLS USED

- Simple percentage method
- Chi square test
- Garret' s ranking
- Likert's scale

### LIMITATIONS OF THE STUDY

- This Study contains only in Coimbatore District
- Sample size of the study is limited
- Period study is constrained

### ➤ Percentage Analysis

S.No	Age	%	S.No	Marital Status	%	S.No	Family	%
	Below 30	23.3%		Married	67%		Joint	45.8%
	31 – 40	12.5%		Unmarried	33%		Nuclear	54.2%
	41 – 50	16.7%	<b>Total</b>		100	<b>S.No</b>	<b>Education</b>	<b>%</b>
	51 – 60	20.8%		<b>Gender</b>			Primary Education	25%
	Above 60	26.7%		Male	82%		SSLC	16.7%
<b>Total</b>		<b>100</b>		Female	18%		HSE	19.1%
<b>S.No</b>	<b>Occupation</b>	<b>%</b>	<b>Total</b>		<b>100</b>		UG	20.9
	Farming	41.6%		<b>Income</b>			PG	8.3%
	Own business	20.8%		Below 20,000	30%		Professional	10%
	Private employee	16.6%		20,001-30,000	20%	<b>Total</b>		<b>100</b>
	Govt employee	8.3%		30,001-40,000	28.3	<b>S.No</b>	<b>Expenses</b>	<b>%</b>
	Professional	12.5%		40,001-50,000	15%		Food	25%

<b>Total</b>		<b>100</b>		Above 50,000	6.7%		Clothing	8.3%
<b>S.No</b>	<b>Activity</b>	<b>%</b>	<b>S.No</b>	<b>Types of Farming</b>	<b>%</b>		Education	27.5%
	Yes	73.3%		Small	44.2		Medical	15%
	No	26.7%		Medium	40		Travelling	8.3%
<b>Total</b>		<b>100</b>		Large	15.8		Festival	5.8%
<b>S.No</b>	<b>Own Agricultural Land</b>	<b>%</b>	<b>Total</b>		<b>100</b>		Miscellaneous	10%
	Yes	84%	<b>S.No</b>	<b>Land Holding</b>	<b>%</b>	<b>Total</b>		<b>100</b>
	No	16%		Below 2 Acre	10%	<b>S.No</b>	<b>Time Spending for Agricultural activities (Per Day)</b>	<b>%</b>
<b>Total</b>		<b>100</b>		3 – 5 Acre	30%		Less Than 2 Hr	10%
<b>S.No</b>	<b>Land</b>	<b>%</b>		5 – 10 Acre	45.8%		2-4 Hours	50%
	Own Land	80%		Above 10 Acre	14.2		4-8Hours	30%
	Lease Land	6%	<b>Total</b>		<b>100</b>		Above 8 Hours	10%
	Rental Land	8%	<b>S.No</b>	<b>Irrigation</b>	<b>%</b>	<b>Total</b>		<b>100</b>
	Relative Land	4%		Well	10%	<b>S.No</b>	<b>Agriculture Produce</b>	<b>%</b>
<b>Total</b>		<b>100</b>		Cannel	30%		Paddy	19%
<b>S.No</b>	<b>Farming Types</b>	<b>%</b>		Lift Irrigation	45.8%		Vegetables, Melons, Grains	31%
	Substance Farming	10%		Others	14.2%		Coconut	20%
	Shifting Agriculture	8.3%	<b>Total</b>		<b>100</b>		Turmeric, Ginger, Other Spices	14%
	Plantation	14.2%					Banana and Others	16%
	Intensive	28.3%	<b>S.No</b>	<b>Year</b>	<b>%</b>	<b>Total</b>		<b>100</b>
	Dry Agriculture	8.3%		Once	22.5%	<b>S.No</b>	<b>Amount</b>	<b>%</b>
	Mix And Multiple	6.7%		Twice	48.3%		Less Than 10,000	16.7%
	Crop Rotation	17.5%		Thrice	29.2%		10,001-20,000	24.7%
<b>Total</b>		<b>100</b>	<b>Total</b>		<b>100</b>		20,001-30,000	12.5%
<b>S.No</b>	<b>Sources of Funds</b>	<b>%</b>	<b>S.No</b>	<b>Receiving Agri Income (P.a)</b>	<b>%</b>		30,001-40,000	32.5%
	Commercial Bank	37%		Below Rs. 100000	10%		Above 40,000	14.2%
	Co-Operative Bank	47%		Rs.100000-200000	8.3%	<b>Total</b>		<b>100</b>
	Money Lenders and other sources	16%		Rs.200000-300000	9.2%	<b>S.No</b>	<b>Rate of Interest</b>	<b>%</b>
<b>Total</b>		<b>100</b>		Rs.300000-400000	40.8%		Below 5%	37.5%
<b>S.No</b>	<b>Borrowing Amount (Rs)</b>	<b>%</b>		Above Rs.400000	31.7%		5-10%	7.5%
	Below 100000	31.7%	<b>Total</b>		<b>100</b>		11-15%	31.7%
	100001-200000	40.8%	<b>S.No</b>	<b>Repayment Status</b>	<b>%</b>		Above 15%	23.3%
	200001-300000	10%		Regular	74.2%	<b>Total</b>		<b>100</b>
	300001-400000	8.3%		Defaulters	25.8%	<b>S.No</b>	<b>Level of Service Satisfaction</b>	<b>%</b>
	Above 400000	9.2%	<b>Total</b>		<b>100</b>		Highly Satisfied	21%
<b>Total</b>		<b>100</b>					Satisfied	39%
<b>S.No</b>	<b>Crop Insurance</b>	<b>%</b>	<b>S.No</b>	<b>Factors Effecting for getting Loan</b>	<b>%</b>		Neutral	28%
	Not Aware About Crop Insurance	16.7%		More Documentation Process	13%		Dissatisfied	9%
	No Need Of CI	8.3%		Demand for Collateral Securities	29%		Highly Dissatisfied	3%
	Low Capacity To Pay In Premium	14.2%		More Rate of Interest	8%	<b>Total</b>		<b>100</b>
	Not Satisfied With CI	28.3%		Restriction for Repayment Period	6%	<b>S.No</b>	<b>Recommendation to other farmers</b>	<b>%</b>

	No Trust About Scheme	8.3%		More Legal Formalities (Cybil Score, Loan Amount Etc...)	16%		Yes	82
	Documentation Process Is High	17.5%		Restriction for loan amount	18%		No	18
<b>Total</b>		<b>100</b>		Biased Treatment	10%	<b>Total</b>		<b>100</b>

(Source: Primary Data)

➤ **LIKERT' S SCALE**

Level of Satisfaction	Respondents	Total Score	Mean	Rank
Highly Satisfied	25	125	1.0	II
Satisfied	47	188	1.6	I
Neutral	33	99	0.8	III
Dis Satisfied	11	22	0.2	IV
Highly Dis Satisfied	4	4	0.0	V

(Source: Primary Data)

➤ **CHI - SQUARE TEST**

	Below 10000	10001-20000	20001-30000	30001-40000	Above 40000	Row Totals
Below 20000	6 (8.10) [0.54]	5 (6.60) [0.39]	9 (8.70) [0.01]	10 (6.90) [1.39]	6 (5.70) [0.02]	36
20001 - 30000	5 (5.40) [0.03]	3 (4.40) [0.45]	10 (5.80) [3.04]	4 (4.60) [0.08]	2 (3.80) [0.85]	24
30001 - 40000	11 (7.65) [1.47]	9 (6.23) [1.23]	7 (8.22) [0.18]	2 (6.52) [3.13]	5 (5.38) [0.03]	34
40001 - 50000	3 (4.05) [0.27]	4 (3.30) [0.15]	1 (4.35) [2.58]	6 (3.45) [1.88]	4 (2.85) [0.46]	18
Above 50000	2 (1.80) [0.02]	1 (1.47) [0.15]	2 (1.93) [0.00]	1 (1.53) [0.19]	2 (1.27) [0.42]	8
<b>Column Totals</b>	27	22	29	23	19	<b>120</b>

➤ **GARRETT RANKING TECHNIQUE**

Factors		1	2	3	4	5	6	7	Total
Documentation process is high	F	22	14	10	28	16	19	11	120
	X	18	11.7	8.3	23	13.3	16	9.2	100
Lack of collateral securities	F	21	13	19	27	17	20	12	120
	X	17.5	11.8	15.8	22.5	14.2	16.7	10	100
High percentage of interest	F	18	19	7	17	23	16	10	120
	X	15	15.8	5.8	14.2	19.7	13.3	8.3	100
Duration of Repayment is loan	F	20	17	10	15	22	20	16	120
	X	16.7	14.2	8.3	12.5	18.3	16.7	13.3	100
No biased treatment of farmers	F	17	29	16	14	18	9	17	120
	X	14.2	24.7	13.3	11.7	15	7.5	14.2	100
Lack of cibil score	F	23	20	19	17	15	8	18	120
	X	19.7	16.7	15.8	14.2	12.5	6.7	15	100
Credit limit	F	24	12	20	23	15	19	7	120
	X	20	18.3	16.7	19.7	12.5	15.8	5.8	100

Factors		1	2	3	4	5	6	7	Sum
		87	77	71	67	63	60	57	<b>120</b>
Documentation process is high	F	1917	1078	710	1876	1008	1140	627	
		87	77	71	67	63	60	57	<b>120</b>
Lack of collateral securities	F	1827	1001	1349	1809	1071	1200	684	
		87	77	71	67	63	60	57	<b>120</b>
High percentage of interest	F	1566	1463	467	1139	1449	960	510	
		87	77	71	67	63	60	57	<b>120</b>
Duration of Repayment is loan	F	1740	1309	710	1005	1386	1200	912	
		87	77	71	67	63	60	57	<b>120</b>
No biased treatment of farmers	F	1479	2233	1136	938	1134	540	855	
		87	77	71	67	63	60	57	<b>120</b>

Lack of cibil score	F	2001	1540	1349	1139	945	480	1026	
		87	77	71	67	63	60	57	<b>120</b>
Credit limit	F	2088	924	1420	1541	945	1140	399	

Factors	Average	Rank
Documentation process is high	69.6	V
Lack of collateral securities	74.5	I
High percentage of interest	63.7	VII
Duration of Repayment is loan	68.85	VI
No biased treatment of farmers	69.29	IV
Lack of cibil score	70.66	II
Credit limit	70.47	III

## FINDINGS

- Majority of the respondents 26.7 % are above 60 years.
- Most of the respondents 66.7% are married.
- Most of the respondents 54.2% are nuclear family.
- Majority of the respondents 41.6% respondents occupation is farming
- Most of the respondents 82% are male.
- Majority of the respondents 25% are primary education.
- Majority of the respondents 30% are salaried below Rs. 20000.
- Majority of the respondents 27.5 % are faced more expenses in Education
- Most of the respondents 73.3% are doing agricultural activities.
- Majority of the respondents 44.2% are belongs to small type of agriculture.
- Most of the respondents 84% are have their own agricultural land.
- Majority of the respondents 45.8% are having 5 - 10 acres of agricultural land.
- Most of the respondents 50% are spending 2 - 4 hours in agriculture land.
- Majority of the respondents 45.8% are belongs to lift irrigation.
- Majority of the respondents 28.3 % are belonging to intensive agriculture.
- Majority of the respondents 31% are belongs to Vegetables, Melons, Grains are the type of agriculture.
- Majority of the respondents 48.3% are cultivated twice in their land.
- Majority of the respondents 32.5% are spent 30001 -40000 amount for the fertilizers and seeds
- Most of the respondents 47% are raised funds through cooperative banks.
- Majority of the respondents 40.8% are earning an income of Rs. 300000 - 400000 through agriculture.
- Majority of the respondents 40.8% are borrowing of Rs. 100001-200000 from cooperative banks.
- Majority of the respondents 37.5% are belongs to the rate of interest below 5%.
- Most of the respondents 74.2% are repaying of interest in regular basis.
- Majority of the respondents 28.3% are not satisfied with crop insurance.
- Majority of the respondents 29% are effecting lack of collateral securities.
- Majority of the respondents 39% are satisfied with the cooperative banks service.
- Most of the respondents 82% are recommend cooperative banks to others.
- The chi-square statistic is 18.964. The p-value is .270537. The result is not significant at  $p < .05$ .
- Under Likert's scale technique respondents are provide 1<sup>st</sup> rank for their satisfaction about cooperative bank.
- Under Garret Ranking techniques respondents preferred first rank on lack of collateral securities.

## SUGGESTIONS

Provide low-interest loans designed with agriculture in mind. Farmers would have less financial strain and be encouraged to invest in their farms as a result. Implement flexible repayment alternatives that take into account the agricultural cycle. For example, you may let farmers repay loans using their revenue after harvest. Create credit guarantee programs to reduce the risk for banks and increase their willingness to lend money to farmers. Provide incentives or subsidies to farmers who make investments in cutting-edge farming practices and technology. These actions can boost productivity and profitability and make loan repayment more manageable. It offers financial literacy initiatives to assist farmers in managing their finances more skillfully, comprehending loan terms, and making well-informed borrowing selections.

## CONCLUSION

Giving farmers access to agricultural credits can greatly increase their output, enhance their standard of living, and promote economic development in rural areas. Governments may enable farmers to invest in high-quality seeds, cutting-edge machinery and high technology farming equipment's for high productivity of agricultural

commodities, which will ultimately boost yields and ensure food security, by providing financial support. Furthermore, having access to loans helps farmers reduce the risks brought on by erratic weather patterns and changes in the market. All things considered, purchasing agricultural credits is a calculated step toward poverty reduction and sustainable development in rural areas.

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