



Farmers' Utilization Of Agriculture Jewel Loan Provided By Various Commercial Banks In Sivagangai District

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ABSTARCT:

In Tamil Nadu state, Sivagangai is one among the rural districts where the majority of the people in this district depend upon the agricultural activities. In this district there are 9 taluks, 12 blocks & 445 Panchayat Villages. The farmers in Sivagangai district are always facing many problems during the farming activities. The main problem of farmers in Sivagangai district is scarcity of water. Most of the time the small farmers are facing difficult situations which makes them unable to continue their farming. In order, to continue the agriculture activities, they are always in need of credit for the purchase of seeds, fertilizers and other agricultural inputs. Multi stage sampling methods were used for collecting the data. The findings of the study shows that the overall mean score value 3.91 indicates that the respondents agree with the purpose of utilization of availing agriculture jewel loan from the financial institutions, which is one of the important factors for the purchase of fertilizers and seeds.

Keywords:

Farming Activities, Agricultural credit, Jewel loan.

1.1 INTRODUCTION:

In Tamil Nadu, 56% of population is depending on Agriculture and allied activities for their livelihood. The standard of living of the rural people depends on the agricultural development. The standard of living of the people depending on agriculture needs up liftmen on par with people depending on industrial sector whose life standard is being improved because of dynamic industrial growth in Tamil Nadu. The Government is taking efforts to attain sustainable agricultural development by bringing agriculture as a commercial venture by switching over from the present method of cultivation to adoption of new scientific method of cultivation to increase a many fold productivity to manifold, value addition, processing and utilization of marketing opportunities. Agriculture is the backbone of Indian economy. The

prosperity of the country depends upon the agriculture sector. It plays a strategic role in the economic life of the Indian society. In the Indian economy agriculture contributes one-third of the national income. Sixty percent of the export directly or indirectly originates from agriculture sector. It provides employment to 67 percent of the work forces. It plays a decisive role in economic development and planning and provides numerous to the industrial and service sector. India has emerged as a significant agri-exporter in a few crops viz. rice, cotton, sugarcane, cashew nut, castor seed and groundnut.

Gold loan is a loan against gold. It is a secured loan where gold articles such as gold jewels, ornaments and so on are taken as collateral by the lending bank/NBFC and the loan is given to the borrower against this gold as collateral. The amount of loan that an individual can get against a gold article will vary from lender to lender. For instance, ICICI bank offers gold loans between Rs.10,000 and Rs.1 crore Whereas the state bank of India (SBI) offers gold loans between Rs.20,000 and Rs.20 Lakh while Muthoot finance offers gold loans starting from a minimum amount of Rs.1500 with no maximum limit. All the Financial Institutions provide less rate of interest for agriculture jewel loan which will be very helpful to the farmers. At present, Indian Bank cuts interest rate on gold loans for farmers, with effect from 22nd July 2020. Agricultural jewel loans are sanctioned at 7% fixed which means it is only Rs.583 a Lakh a Month. The state owned lender has cut interest rate on its short term gold loan scheme. The reduction has been done considering the pandemic situation and also to provide easy credit to needy farmers at a cheaper cost. The banks lend up to 85% of the ornament value, repayable in six months.

1.2 REVIEW OF LITERATURE:

Anand S. Kodan and Kuldip S. Chhikara, (2013) analyses the performance of public and private sector banks in agriculture credit in India. After analyzing the data they have found that the share of direct agriculture credit has reduced and the private sector banks have more conscious to agriculture credit as compared to public sector banks in agriculture credit in India⁸⁹.

Seena (2015) in her article describes the management of agricultural credit in India and the impact of various banking sector reforms on agriculture. She has concluded that performance of agricultural credit in India reveals that though the overall flow of institutional credit has increased over the years, there are several gaps in the system like inadequate provision of credit to small and marginal farmers, limited deposit mobilization and heavy dependence on borrowed funds. Efforts are required to address and rectify these issues. Banking sector reforms like fixing prudential norms, reduced SLR, CRR, banking diversification all affect the Indian agricultural sector.

Suganyaa (2017) in her research study proposed to highlight “**The Agricultural credit extended by the commercial banks in Thiruvallur District and analyses of the repayment performance of the borrowers**”. Agriculture is the main occupation of the rural population in the district. She has suggested that investment of agricultural sector has to be improved by public sector, which has high motive level in private sector. Farmers need more training camps and programme to be conducted in all villages by regular intervals of time. There is need for simplification of procedures for recovery of over dues of the commercial banks. There is need for collecting, compiling, tabulation of data relating to recovery of over dues made

from time to time. Farmer need more time to pay their loan amount and extension of repayment period in terms of successive crop failure due to natural calamities also is required. 48 Fixing suitable due dates in relation to crop calendar ensuring timely disbursement and recovery of loans is advisable.

1.3 OBJECTIVE OF THE STUDY:

The main objective of the study is to identify the farmers' utilization of agriculture jewel loan provided by various financial institutions.

1.4 RESEARCH METHODOLOGY:

1.4.1 Sampling Design:

The sampling method adopted for the data collection was probability & non- probability sampling. Multi-stage random sampling method is used to draw required samples for the study. Convenience sampling method had been adopted to choose the farmers.

1.4.2 Population of the study:

The present study has been carried out with the objective to find out the problems faced by farmers while availing agriculture jewel loan in Sivagangai district. The researcher has reviewed the related literature on agriculture jewel loan to identify the research gap. Both primary and secondary data have been used in the study. The primary data have been collected from the farmers in Sivagangai district. The Sivagangai district is divided into nine taluks that are given below. The Researcher selected the sample size by choosing three methods.

The First Method, the researcher selected the Commercial banks. In Commercial Banks, the researcher has chosen four Public Sector Banks (Indian Bank, Indian Overseas Bank, Canara Bank, State bank of India) and one Private Sector Bank (HDFC Bank). The researcher has chosen those banks because those banks have higher number of bank branches.

The Second Method, the researcher has selected two taluks which have the higher number of bank branches. The researcher has not been able to cover all the banks. So, the researcher has selected two taluks among nine taluks because those two taluks have higher number of bank branches.

The Third Method, the researcher has selected the sample taluks such as Sivagangai & Karaikudi taluk. The above two taluks only have higher number of bank branches. Finally, the total numbers of bank branches are given below in the table 1.1

Table No.1.1

Total Number of selected banks branches Sivagangai District

S. No	Bank Branches	Total Sample Bank
1	Indian Bank	38
2	Indian Overseas Bank	22
3	Canara Bank	21
4	SBI	12
5	HDFC	7
Total		100

Source: State level bankers Committee, Tamil Nadu

1.5 DATA ANALYSIS AND INTERPRETATION:

1.5.1 Demographic Profile of the farmers:

In order to understand the demographic profile of the farmers, percentage analysis was carried out to identify the personal information like gender, age, marital status, residential status, education, monthly income, monthly savings.

Table 1.2 Demographic profile of the farmers

Demographic Profile of the farmers	Options	Frequency	Percent
Gender	Male	63	63
	Female	37	37
	Total	100	100
Age	Less than 30 years	5	5
	31 to 40 years	30	30
	41 to 50 years	40	40
	51 to 60 years	25	25
	Above 60 years	-	-
	Total	100	100
Educational Qualification	Master Degree	10	10
	Degree	30	30
	Diploma/ ITI	20	20
	Illiterate	40	40
	Others	-	-
	Total	100	100
Monthly Income	Less than Rs.20,000	40	40
	Rs.20,001 to Rs.30,000	40	40
	Rs.30,001 to Rs.40,000	10	10
	Rs.40,001 to Rs.50,000	10	10
	Above Rs. 50,001	-	-
	Total	100	100

Source: Primary Data

- **Gender:** Among 100 respondents considered for the study, 63 respondents (63%) were male and 37 respondents (37%) were female. It has been observed that the majority of the respondents are male who borrowed agriculture jewel loan.
- **Age:** Among 100 respondents considered for the study; 5 respondents (5%) were in the age group between less than 30 years, 30 respondents (30%) were in the age group between 31 to 40 years, 40 respondents (40%) were in the age group between 41 to 50 years, 25 respondents (25%) were in the age group between 51 to 60 years. Thus, majority of the farmers contacted for the age group between 30 to 40 years.
- **Educational Qualification:** Among 100 respondents considered for the study, 10 respondents (10%) have qualified Master Degree, 30 respondents (30%) have completed their degree, 20 respondents (20%) have qualified diploma/ ITI, 40 respondents (40%) are illiterate. Therefore, majority of the farmers are not formally educated. Due to the non-availability of enough income and they are based in rural areas they are not formally educated.
- **Monthly Income:** Among 100 respondents considered for the study, 40 respondents (40%) had a monthly income of less than Rs. 20,000. 40 respondents (40%) monthly income is between Rs.20,001 to Rs.30,000. 10 respondents (10%) monthly income is between Rs.30,001 to Rs.40,000. 10 respondents (10%) and monthly income is between Rs.40,001 to Rs.50,000 . It shows that majority of the farmers monthly income is less than Rs. 20,000.

1.6 Purpose of Utilization of Agriculture Jewel Loan Among the Respondents - Mean Score Analysis:

The respondents borrow agricultural jewel loan for agricultural purposes. But in reality, they use this loan for various purposes. The present study has made an attempt to examine the purpose of utilization of loan with the help of seventeen variables.

Table 1.3

Mean Standard Deviation for the Purpose of Utilization of Agriculture Jewel Loan

Measuring Items	Mean	Standard Deviation
Purchase of land	4.59	0.24
Purchase of immovable assets	4.02	1.12
Purchase of consumer durables	3.85	1.14
Purchase of jewels	3.72	0.72
Purchase of fertilizers, seeds	4.89	0.81
Purchase of agricultural equipment	4.20	0.84
Payment for irrigation	3.77	1.09
Payment of agricultural farmers	4.86	1.09
For business	3.66	1.10
For education of children	3.56	1.11
For festivals	3.71	1.03
For marriage	3.54	1.35
For social customs	3.69	1.13
Purchase of cattle's	3.38	1.05
For medical treatment	3.00	1.36
Discharge of old debts	3.74	1.45
Purchase of house	3.56	1.76

Mean score	3.91	1.08
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Source: Primary Data

From the above table 1.3, it is clear that the respondents strongly agree with the purchase of land, the purchase of fertilizers & seeds, the purchase of agricultural equipment and payment of agricultural farmers with the mean value of **4.59, 4.89, 4.20 and 4.86** respectively. The respondents agree with the purchase of consumer durables, the purchase of jewels, the purchase of agricultural equipment, the payment of irrigation, for business, for education and children, for festivals, for marriage, for social customs, purchase of cattle's, for medical treatment, discharge of old debts and purchase of house with the mean score of **3.85, 3.77, 3.71, 3.66, 3.56, 3.44, 3.54, 3.69, 3.38 and 3.00** respectively. The overall mean score value 3.91 indicates that the respondents agree with the purpose of utilization of availing agriculture jewel loan from the financial institutions, which is one of the important factors for the purchase of fertilizers and seeds.

1.7 Purpose of Utilization of Agriculture Jewel Loan - Factor Analysis:

Factor analysis is a multivariable statistical technique that explains the inter relationship among the total set of observed variables. The Factor analysis is a way of grouping of variables based on the inertia of common characteristics which would serve as a common denominator for such as a classification. It is an analytical tool, which can aid in the preliminary investigation and in the interpretation of the relationship among a large number of inter- related and inter – dependent variables. The primary purpose of factor analysis is the resolution of a set of observed variables in terms of new categories called factors. The Factor analysis may be useful for any one of the following functions.

- [1] It can point out the latent factors or dimensions that determine the relationship among a set of observed or manifest values.
- [2] Secondly the factor analysis is useful when things need to be grouped.
- [3] Finally, Factor analysis can be used for empirical clustering of observations.

Farmers may use the agriculture jewel loan for different purposes such as purchase of land, purchase of immovable assets, purchase of consumer durables, purchase of jewels, purchase of fertilizers, seeds, purchase of agricultural equipment, payment for irrigation, payment of agricultural farmers, for business, for education of children, for business of children, for festivals, for marriage, for social customs, purchase of cattle's, for medical treatment, discharge of old debts, investment of loans to others, purchase of house and purchase of consumer goods. The respondents were asked to provide their opinion in the scaling of strongly agree, agree, neutral, disagree, and strongly disagree. The researcher has used the multivariate technique by named factor analysis in order to classify the related variables. This test can be applied only after finding out the suitability of data. Hence, the **Kaiser – Mayer – Olkin (KMO)** is used to check the

adequacy and suitability of the data for factor analysis. The test measures sampling adequacy for each variable in the analysis. The sample size is always more the data that is appropriate for the factor analysis.

There are 17 factors which involve the purpose of utilization towards agricultural jewel loan from banks. The purpose of utilization of agricultural jewel loan is correlated with each other. In order to group the related variables, the researcher has decided to use the factor analysis. Before grouping the variable, the normality has to be ascertained. Hence, for ascertaining the normality, the KMO has been used. The (KMO) measures of sampling adequacy index are used to examine whether the data are appropriate to examine the factor analysis. The values below 0.5 imply that the factor analysis is not appropriate, either to collect more data or to rethink which variables to include. If the KMO value lies between .7 and .8, it is good for factoring. Bartlett's test of sphericity is a test statistics used to examine the shape of normal distribution and also verify the smoothness of the curve. Table 1.4 explains the test they are Kaiser – Mayer – Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity. It gives the statistics of KMO, Bartlett's test of sphericity and chi-square analysis of association, degrees of freedom and the probability value.

Table 1.4
Kaiser – Mayer – Olkin (KMO) Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.748
Bartlett's Test of Sphericity	Approx. Chi-Square	571.379
	Df	72
	Sig.	.000

Source: Primary Data

The **Table 1.4** Shows that the KMO Value of 0.748, which indicates that the degree of common variance among the variables is quite high, therefore factor analysis can be conducted.

1.7.1 Purpose of Utilization of Agriculture Jewel Loan – Communalities:

The principle component analysis has been administered for grouping the factor of purpose utilization of agriculture jewel loan. It is a method of data reduction. The proportion of the variance of a particular item due to common factor is called as communality. The initial value of the communality in a principle component analysis is 1. The purpose of utilization of agriculture jewel loan is involved in the component column. The extraction communalities estimate the variance in each variable accounted for the factors in the factor solution. The value is less than 0.5 which indicates the variables that do not fit well with the factor solution and should possibly be dropped from the analysis. **Table 1.5** shows that the extraction value of the respondents' purpose of utilization of agriculture jewel loan.

Table 1.5

Purpose of Utilization of Agriculture Jewel Loan – Communalities

Components	Initial	Extraction
Purchase of land	1.00	.728
Purchase of immovable assets	1.000	.681
Purchase of consumer durables	1.000	.798
Purchase of jewels	1.000	.621
Purchase of fertilizers, seeds	1.000	.745
Purchase of agricultural equipment	1.000	.736
Payment for irrigation	1.000	.755
Payment of agricultural farmers	1.000	.736
For business	1.000	.896
For education of children	1.000	.654
For festivals	1.000	.678
For marriage	1.000	.748
For social customs	1.000	.836
Purchase of cattle's	1.000	.858
For medical treatment	1.000	.769
Discharge of old debts	1.000	.842
Purchase of house	1.000	.654

Table 1.5 explicits the variance of the seventeen variables ranging from .500 to 0.715. It shows that the twenty variables exhibit the considerable variance from 50 percent to 80 percent. Hence, it can be concluded that all these variables are capable of segmenting themselves with respect to the purpose of utilization of agriculture jewel loan.

1.7.2 Purpose of Utilization of Agriculture Jewel Loan - Total Variance:

The total variance analysis is important to know the rotated sum of square value. The rotated four factors are determined based on the total Eigen value if the factor should be greater than one. The total cumulative variance is explained by the total percentage of variance by each retained four factors. **Table 1.6** gives the individual variance of the predominant factors which emerged out of twenty factors.

Table 1.6

Purpose of Utilization of Agriculture Jewel Loan – Total Variance

Total Variance Explained						
Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.784	31.535	31.535	2.499	20.821	20.821
2	2.757	22.976	54.510	2.476	20.637	41.458
3	1.610	13.415	67.925	2.373	19.775	18.891
4	1.439	11.991	79.916	2.242	18.683	32.031
5	3.538	19.654	19.654	3.400	18.891	44.692
6	3.215	17.861	37.515	2.365	13.139	57.335
7	2.262	12.567	50.082	2.279	12.661	66.885
8	1.964	10.913	60.995	2.276	12.643	75.752
9	1.460	8.113	69.109	1.719	9.550	
10	1.196	6.643	75.752	1.596	8.867	
11	.466	3.105	85.641			
12	.395	2.633	87.242			
13	.342	2.281	88.326			
14	.278	1.854	89.256			
15	.234	1.560	90.367			
16	.212	1.413	93.641			
17	.268	1.389	97.027			
Extraction Method: Principal Component Analysis.						

It could be observed inferred from the **Table 1.6**, that the Eigen values are greater than one for different factors. From this one, it is confirmed that, the twenty factors are grouped into different predominant factors. The rotated sum of squared loading should be greater than 50 percent. The twenty variables are reduced into five predominant factors with the individual variances of 44.692, 57.335, 66.885 and 75.752. It is also found that the total variance of 20 variables is greater than one. Moreover, it confirms that the factor segment is the meaningful one. Hence it is confirmed that the factor analysis is a meaningful one.

1.7.3 Purpose of Utilization of Agriculture Jewel Loan – Rotated Component Matrix:

Rotated component matrix is useful to identify the groups among the twenty variables of farmers' attitude towards agriculture jewel loan. Table 4.5 explains the rotated component matrix result of the factor analysis.

Table 1.7

Purpose of Utilization of Agriculture Jewel Loan- Rotated Component Matrix

Source: Using SPSS Statistics 2.0

Factors	Component			
	1	2	3	4
Purchase of Land	.892			
Purchase of immovable assets	.647			
Purchase of house	.721			
Purchase of Jewels		.671		
Purchase of consumer durables		.732		
For Business			.786	
For Festivals			.721	
For Marriage purpose			.672	
For social customs			.748	
For education for children			.686	
For medical treatment			.743	
Discharge of old debts			.681	
Purchase of fertilizers & seeds				.745
Purchase of agricultural equipment				.642
Payment for irrigation				.843
Payment of agricultural farmers				.821
Purchase of cattle's				.736
Rotation Method: Varimax with Kaiser Normalization.				

Factor-I:

With regards to the purpose of utilization towards agriculture jewel loan, The First factor consists of three variables such as Purchase of Land (.876), Purchase of immovable assets (.647), purchase of house (.721). Therefore, all these factors are named as **“Utilization of Immovable Assets”**.

Factor – II:

The second factor consists of two variables such as purchase of jewels (.671), purchase of consumer durables (.732). Therefore, all these factors are named as **“Utilization of movable Assets”**.

Factor – III:

Third factor consists of seven variables such as for business (.786), for festivals (.721), for marriage purpose (.672), for social customs (.748) for education for children (.686) for medical treatment (.743), discharge of old debts (.681). Therefore, all these factors were named as **“Utilization for Personal expenses”**.

Factor – IV:

Fourth factor consists of five variables such as purchase of fertilizers & seeds (.745), purchase of agricultural equipment (.642), payment for irrigation (.843), payment of agricultural farmers (.821), purchase of cattle's (.736). Therefore, all these factors were named as **“Utilization of farming activities”**.

Therefore, from the above grouping variables of purpose of utilization towards agriculture jewel loan the factors were classified into four groups such as utilization of immovable assets, utilization of movable assets, utilization for personal experience, utilization of farming activities.

The analysis reveals that most important variables of purpose of utilization towards agriculture jewel loan are purchase of land, purchase of consumer durables, using for business and payment for irrigation.

The least factors for using the purpose of utilization of agriculture jewel loan such as purchase of immovable assets purchase of jewels, marriage purpose and purchase of agricultural equipment.

1.8 CONCLUSION:

Agriculture is the backbone of Indian economy. Agriculture plays an important role in our country. Agriculture contributes one third of the national income. The real development of the agriculture sector depends upon how the Government of India and Reserve bank of India are taking initiative and provide finance to the farmers. Increasing finance and investment to rural areas is an important part for fulfilling the farmers' need of finance. Financial institutions provide agriculture jewel loan to the farmers to fulfill their needs. Gold has always fascinated the mankind's imagination and influenced their urge to possess the same. Gold occupies a pivotal role in the social and economic life of poor and rich alike. In India, besides the economic and strong social considerations, individuals are highly sentimental about gold jewels in their possession, as gold ornaments are passed on from one generation to another. Acquisition of gold is considered auspicious and necessary for making family ornaments to get a sense of wellbeing in our country. Gold is increasingly considered an investment whose value appreciates over years and provides a hedge against inflation. The farmer's satisfaction is the most important part in our Indian economy.

Agriculture occupies a very important place in the Indian economy. It provides food grains to the growing population, supplies raw material to industries, generates purchasing power and demand for consumer goods in rural areas and also plays a significant role in exports. The farmers need finance for the purchase of new inputs which include seeds, fertilizers, pesticides, irrigation water and so on. If the seed of high yielding varieties and other modern inputs are made available to the farmers they can increase the productivity not only on land but also of labor. The need for agriculture credit becomes more important

when it moves from traditional agriculture to modern agriculture. The researcher concluded that most important variables of purpose of utilization towards agriculture jewel loan are purchase of land, purchase of consumer durables, using for business and payment for irrigation.

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