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Study the share of agriculture sector in total credit provided to priority sector by different financial institution for Jalna district, Maharashtra

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Abstract

The institutional credit system has been conceived to play a pivotal role in agricultural development in India. The maximum number of Institutional credit agencies involved in the disbursement of credit to Agricultural sector. However the persistence of money a lender in the rural credit market has still a major concern. In this backdrop the present study has examined the performance of agricultural credit flow and identified the determinants of increased use of institutional credit at the farm household level in India. The study is base on the primary data and secondary data from several sources has revealed that the institutional credit to agriculture real terms has increased but covid-19 situation credit disbursement system has disturb totally in this situation credit disbursement ratio has decreased for banks to farmers. the credit disbursement major source has commercial bank followed by Regional rural bank, Private bank and lastly cooperative bank in the study area. But ratio of credit disbursement has less in the marginal and small as compare to medium and large farmers in the study area. The socio-economic factors is responsible for credit disbursement like less awareness about credit, illiteracy rate, timely availability of loan etc. the study has suggested arrange the awareness programs, to overcome the illiteracy government officers to be appointed at each gram panchayat level.

Keywords: Credit, institutional, commercial, RRB, private, cooperative banks

Introduction

Agriculture is backbone of Indian economy. Indian agriculture economy is undergoing structural changes. Agriculture plays a vital role in the overall development of the rural economy in particular and in the national economy in general in developing countries like India. Rapid and sustained agriculture development facilities the process of economic growth. Agriculture development implies increased production and productivity of crops, generation of employment opportunity and there by improved standard of living of the peasant. Moreover, the progress of agriculture sector accelerates the overall economic development .mankind the progress of agriculture and the progress of civilization go hand in hand .the industries for the supply of raw materials depend on agriculture. it is accepted that industrialization can follow the sound heels of agriculture if agriculture stagnates, it will act as break on industrial expansion and halt real growth the agriculture sector would alone act as break on industrial expansion and halt real growth the agriculture the agriculture, it will act as break on industrial expansion and halt real growth the agriculture sector would alone act as catalyst in breaking the vicious circle poverty. The government has given more importance to agriculture in the process of economic development in the country.

The credit has assumed a place of cardinal importance in India in the contest of agriculture development owing to the gap of agriculturist's requirements for agriculture operations and the ability to finance the same from their Owen funds. The term agriculture credit originated form "Latin" word credo or creditor means "A Loan to Interest I trust you". Agriculture credit may be defined as –"agricultural credit is the amount of investment funds made available for agricultural production from resources outside the farm sector. "And another one is" the amount of invisible funds made available for the farm business and farmers' family needs "in other words; agriculture credit means money borrowed for farm investment as well as seasonal agriculture operations. Agriculture credit is the money to extend to the farmers to stimulate the productivity of the limited farm resources .it is not a mere loan or advance it is an instrument to promote the well-being of the society. The role of farm credit in strengthening and developing both inputs and outputs markets in agriculture are crucial and significant.

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Providing appropriate finance for agriculture operations, therefore, like oiling agriculture to make its wheels more softly and smoothly. More in the context of India, which is jam packed with small farmers who have almost resources and are in direct need of them.

Research Methodology

The present study was conducted in Jalna District of Maharashtra: there are 8 Blocks in Jalna district out of which Jalna Block was purposively selected Due to lower ratio of credit disbursement. To study the share of agriculture sector in total credit provided to priority sector by different financial institutional. The study is based on secondary data compiled from diverse sources the data were collected from book, journals, report and records of the lead bank and various organizations the data collected from LDM office of Jalna, reserve bank official website and DCO Office from Jalna.

Results and Discussions

Table 1: Institutional wise share of Agriculture credit to priority sector by different financial institution.

S. N	Bank	2016-17	2017-18	2018-19	2019-20	2020-2021
1	Commercial Bank	25.32	30.12	34.35	14.42	12.56
2	Private Bank	16.34	12.63	10.34	9.3	10.33
3	Regional Bank	29.45	31.42	35.67	23.76	24.87
4	Co-operative Bank	16.34	18.65	20.98	19.77	17.76

Source: District collector office for Jalna District.

It was found in table 1. There are continuous growth of commercial bank for provider of agriculture credit to priority sector by 25.32% in 2016-2017 to 34.35% in 2018-19 but Covid 19 pandemic this ratio will be Decrease in the year 2019 to 2021. In this year credit provide 14.42% in 2019-20 & 12.56% in 2020-21. Regional bank gave maximum percentage of agriculture credit to priority sector.

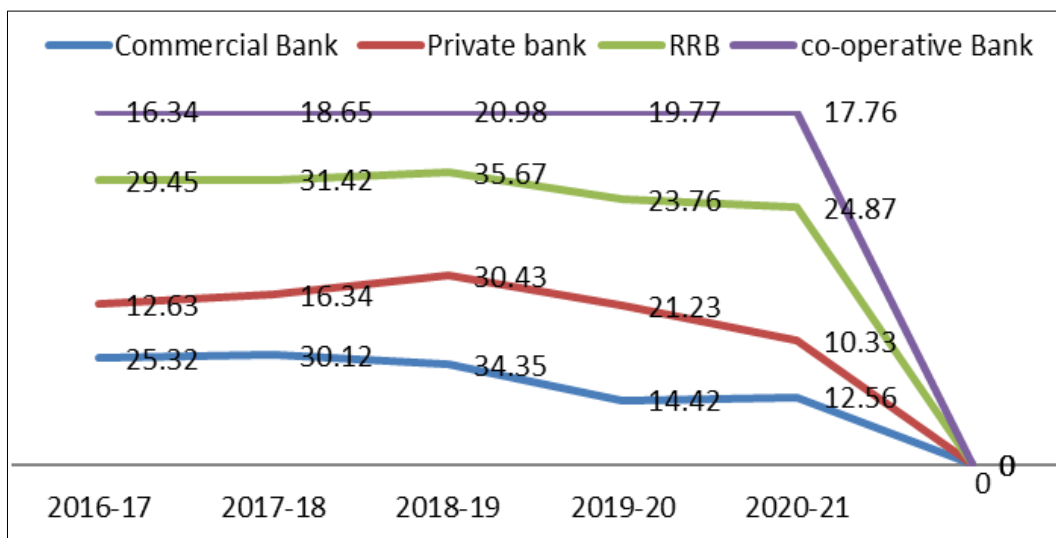


Fig 1: Trend of agriculture credit provided by different financial institution.

The commercial such as Union Bank of India, SBI, United bank, Vijay bank, Dena bank, bank of India has maximum share in agriculture credit followed by RRB. RRB Bank gives maximum share in agriculture credit followed by Private

bank.

Crop Loan Disbursement in last five year for JALNA District.

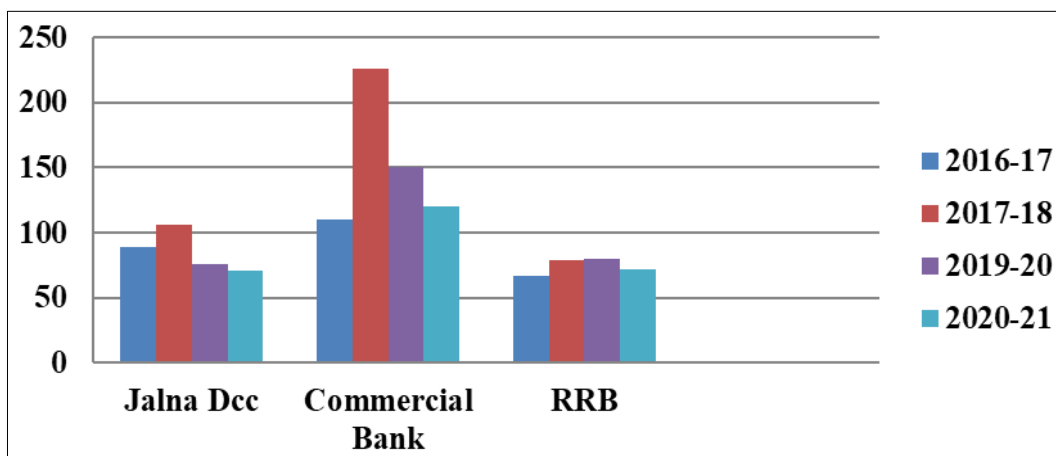


Fig 2: Crop Loan Disbursement in last five year for JALNA District.

Crop Loan Disbursement through Institutional Agency for farmer in Jalna District.

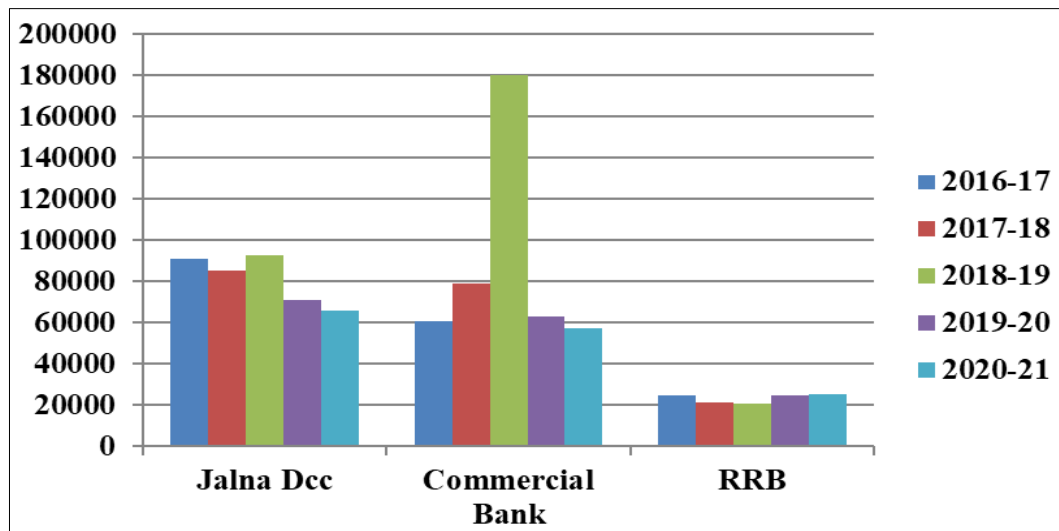


Fig 3: Crop Loan Disbursement through Institutional Agency For farmer in Jalna District.

Commercial Bank

The commercial bank has maximum share in agriculture credit to greater market coverage in Jalna. The commercial bank provides credits both agriculture production and allied agricultural activities i.e. bee keeping, poultry, piggery, dairy, etc. it is found that the percentage of agriculture credit to priority sector is increase year by year.

Private Bank

There were so many private players in the market out of which HDFC Bank, ICICI Bank provides agriculture credit.

Regional Rural Bank

There is only one Regional rural bank in Jalna District that was Maharashtra Gramin bank which is sponsored by Bank of Maharashtra. The Bank has good amount of credit for agriculture sector to priority sector

Cooperative Bank

There are two major Cooperative in Jalna. i.e. District Cooperative bank & land Development bank. This was gives maximum agriculture credit to priority sector.

Conclusion

In the above study it was observe that farmers were less aware about institutional credit, it is suggest that awareness programs must be arrange at village level before kharif, Rabi, and summer season. Farmers are unable to fulfill the requirement of financial institution to get the loan, the fulfill the requirement of institutional credit disbursement arrange the help desk, Csk centers etc. should be established at every village level. In the studied also observed that major problem illiteracy in small and marginal farmer and another reason for credit disbursement, so the overcome problems of illiteracy government officers are to be appointed at each gram panchayat level. Due to covid-19 institutional credit system disturb so the non-institutional credit are more available to farmers easily than the institutional credit, in future similar condition like covid -19 will occur the institutional credit system must be ready to takal problem of fund disbursement.

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