

AN IMPACT STUDY OF FINANCIAL PROBLEMS OF RURAL FARMERS IN AGRICULTURAL PRODUCTION

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ABSTRACT

Agriculture plays an important role in the Indian economy. Over 70 per cent of the rural household depends on agriculture for their income. It is an important sector of Indian economy as it contributes about 17-18 per cent of total GDP. It provides employment to over 60 per cent of the total population of the country. The agricultural sector has occupied almost 43 per cent of total India's geographical area. This article studies about the impact of financial problems of the rural farmers on cultivation of agricultural products.

Keywords: Agriculture, GDP, Financial problem, Rural farmer

INTRODUCTION

Agriculture is the backbone of our economy. India ranks second worldwide in farm output. As per the 2014 FAO world agricultural statistics, India is the world's largest producer of fresh fruits like banana, mango, apple, papaya and vegetables like chickpea, pepper, ginger etc. India is the second largest producer of wheat and rice which are the world's major food staples. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. The main reason may be lack of finance to the farmers. Most of the people in the rural areas are engaged in agriculture and farming. Recent study confirms that the lack of agricultural finance is the most important problem faced by the rural farmers.

STATEMENT O THE PROBLEM

In the recent days farmers faces many problems in which financial problem is an important factor. There are many credit facilities available to the benefit of the farmers but it is to be analysed whether the rural farmers are aware of the financial assistants offered for their development purpose. Thus this study will help to identify the financial problems of the rural farmers and its impact on agricultural production.

OBJECTIVES OF THE STUDY

1. To identify the various financial problems faced by the rural farmers.
2. To study the impact of financial problem on cultivation process
3. To analyse the awareness level of rural farmers about the financial assistance provided by banks.

RESEARCH METHODOLOGY

The present study has taken effort to empirically explore the various financial problems face by the rural farmers of Coimbatore district. The data has been collected from four blocks of Coimbatore region. The researcher has collected data from 385 respondents using convenient sampling technique. The researcher has used structured questionnaire cum interview schedule for the purpose of data collection. The researcher adopted analytical tools like percentage analysis, Garret ranking and chi-square test to analyse the data.

LIMITATION OF THE STUDY

1. The study has been confined to particular blocks of Coimbatore region
2. Time period is restricted only to three months
3. The result is fully dependent on information given by the respondents.

REVIEW OF LITERATURE

A substantial amount of research has been done on the problems of agricultural marketing in India, by the academicians and researchers. A brief study on literature reviews would be helpful to the researcher in gaining insight into the selected problem. The reviews are

Kannan (2010) has studied about the relationship between agricultural credit policy, credit disbursements and crop production: A study In Karnataka. It had coverage on both in terms of the amount OF credit and the coverage of more number of small and marginal farmers. Reardon and Minten (2011) has examined the pattern and dynamics of diffusion of modern food retail in India. Another study by Satyasai (2012) 51has empirically examined the relative access of different categories of farm households to formal credit and its impact on fertilizer use. This study finds that access to credit has had a positive impact on the usage of fertiliser among the farmers though a large impact is experience among medium and large farmers than the marginal and small farmers. It finds the elasticity of fertilizer use with respect to credit between 0.20 and 0.24 for marginal and small farms. The same has been between 0.52 and 0.54 for medium and large farms. Karthikeyan (2016) had studied various problems faced by the farmers in the topic “problem in the marketing of agricultural goods”. Nidhi, Ardeshna, Kalsariya and Shilpa (2017)

have studied about Problems of Agricultural marketing in India. In their study they has examined about the problems in four systems of agricultural marketing in India.

ANALYSIS AND INTERPRETATION

The data collected from the samples have been systematically applied and presented in the tables under various heads.

Table: 1 Demographic profile of the respondents

Demographic characteristics		Frequency	Percentage	Cumulative percent
GENDER	Male	270	70.13	70.13
	Female	115	29.87	100
AGE	19-30 years	54	14.03	14.03
	31-40 years	90	23.38	37.41
	41-50 years	198	51.42	88.84
	Above 50 years	43	11.17	100
MARITAL STATUS	Single	79	20.52	20.52
	Married	306	79.48	100
EDUCATIONAL QUALIFICATION	School level	63	16.36	16.36
	Diploma	162	42.08	58.44
	UG degree	119	30.91	89.35
	PG degree	41	10.65	100
MONTHLY FAMILY INCOME	Up to Rs.10000	196	50.91	50.91
	Rs10001-Rs.50000	115	29.87	80.78
	Above Rs.50000	74	19.22	100

Table: 2 Problems in Cultivation process - Garret Ranking

FACTOR	MEAN	SD	GARRET SCORE	RANK
Seed and Sapling problem	3.42	1.34	50.27	3
Pesticides and Fertilizers	3.05	1.57	54.65	2
Lack of water	3.58	1.48	49.58	4
Lack of finance	2.17	1.54	63.57	1
Lack of manpower	5.13	1.36	32.83	6
Lack of innovations	3.66	1.48	49.09	5

Table: 3 Approaching for Finance

Financial Intuitions	No. of. Respondents	Percentage
Nationalised banks	63	16.36
Primary agricultural Credit society	237	61.56
Private banks	41	10.65
Ingenious Bankers	18	4.68
Borrow from Friends and relatives	26	6.75
TOTAL	385	100

Table: 4 Source of information about various financial assistance

Source	Rank
Neighbours and Friends	5
Pamphlets	6
Notice by the bank	3
Advertisements in TV. News paper and radio	1
Enquiry from bank	2
Mobile apps	4

Table: 5 Problems faced by farmers in availing the financial facilities

Factor	Min	Max	Mean	SD	Mean %
Processing Fees	4	20	14.06	3.22	70.31
Formalities	5	25	16.63	4.33	66.54
Interest Rates	6	30	20.91	4.89	69.71
Indiscrimination & Interference	7	35	23.94	5.81	68.41

Table: 6 Impact of financial problems on the agricultural production

Factor	Min	Max	Mean	SD	Mean %
Prices of agricultural products have not made any significant increase due to the financing facilities	1	5	3.31	1.21	66.18
Lack of finance has resulted in non-usage of available resources and land	1	5	3.31	1.28	66.29
The improved usage of technology is not possible due to lack of finance	1	5	3.31	1.08	66.13
Burden of repayment has led to the loss of concentration on farming activities	1	5	3.59	1.01	71.84
There is no growth in the farm production due to non- availability of finance	1	5	3.36	1.09	67.17
Unpredictable yield may affect the repayment schedule due to which the credibility is lost	1	5	3.29	1.19	65.82
Non-availability of finance will result in buying lower quality seeds and fertilizers which will affect the productivity	1	5	3.44	1.18	68.83
There is no market support from the funding agencies and this will affect the profitability	1	5	3.37	1.19	67.32
Non availability of finance leads to less concentration on most profitable resources	1	5	3.48	1.08	69.56
Lack of insurance schemes results in less risky crops and hence less production	1	5	3.38	1.14	67.69

FINDINGS OF THE STUDY

Demographic Profile of the respondents

- The maximum 70.13% of the respondents are Male.
- It is found that highest percentage (51.42%) of age group is 41-50.
- The highest percentage 79.48% of respondents are Married.
- Maximum 42.08% of respondents are with Educational qualification up to Diploma.
- 50.91% of the respondents are in the monthly income group of below 10,000

Opinion about Problems faced during the cultivation process

The analysis shows that majority of the respondents assigned rank three for the reason "Seed and sapling problems". Towards "Pesticides and fertilizers" majority of the respondents assigned rank two, towards "Lack of water" majority of the respondents assigned rank three, towards "Lack of finance" majority of the respondents assigned rank one and towards "Lack of manpower" majority of the respondents assigned rank six and for lack of innovation the respondents assigned rank five. Garrett Ranking shows that among the six factors "Financial problem" was ranked first.

Problems faced by farmers in availing the financial facilities

The distribution of mean, Standard Deviation and mean percentage of Problems faced by farmers in availing the financial facilities shows that the highest mean percentage score is 70.31% is obtained for "Processing Fees" whereas, the lowest mean 66.54 % was obtained for Formalities"

Impact of financial problems on the agricultural production

The mean analysis shows about the impact of financial problems on the agricultural production shows that the highest mean % score (71.84%) is obtained by "Burden of repayment has led to the loss of concentration on farming activities" whereas, the lowest mean % score is 65.82 % was obtained „Unpredictable production and yield may affect the repayment schedule due to which the credibility is lost“.

SUGGESTIONS AND RECOMMENDATIONS

Based on the findings of the study the following suggestions are made

- The Scale of financial support given for agricultural loans was found to be insufficient by small and marginal farmers. They may be increased to certain extent.

- Lack of finance, Pesticides and fertilizers and seed and sapling problems are found to be the major problems affecting the farmers. So these problems if taken care, it will help the farmers in improving their production.
- Actions taken by the banks for non payment create a fear in farmers and this result in loss of concentration in farming activities. The time and the penalty should be reduced to give some breathing space for the farmers.
- Awareness of financial assistance may be brought to the farmers through publicity by the financial institutions.
- The loan amount should be disbursed by the banks to the agriculturist before farming then only the application of fertilizers, pesticides will be used in proper time.
- All types of farmers have responded high interest rate and cumbersome process of getting loan. Policy makers can simplify the procedure of agriculture credit and interest rate for marginal and small farmers should be reduced.

CONCLUSION

Agriculture is the most important sector of Indian Economy and most part of our population depends on agriculture for their lively hood. But Farmers face lot of problems such as Marketing, Labour, Middlemen, Identical products, Finance and also some Natural problems. Agricultural credit in the only right way that will definitely help the farmers to overcome the problems and improve the production of their crops and products. If the focus would be given on these problems we can completely get freedom from these problems. The government must examine its policies and regulations with view to strength the agriculture sector and farmers.

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