6.1. INTRODUCTION

India is basically a rural economy and rural India virtually includes the cultivators, the village craftsmen and agricultural labourers. One of the serious and unrelenting problems faced by the Indian farmers’ households has been the indebtedness. Despite substantial improvement in agricultural output and distribution of credit, still a majority of the farmers are suffering from this major economic malaise called indebtedness along with lack of timely and adequate farm credit. It is a symptom of a deep rooted malady arising from inadequate public investment and insufficient public action in recent years. It is essential that a sound system of credit should be built up so as to fulfill the credit needs of the farmers and to ensure that agricultural credit serves the national economy in a dynamic way. Various criteria for a good credit system have been laid down by various experts and institutions.

Financing for agriculture has been a gigantic task for banks in India. Ensuring timeliness and adequacy of credit to farmers have posed the most serious challenge for banks while financing the agricultural sector. The success of agriculture in our country depends not only on the use of new technology in the shape of application of high yielding varieties to more and more areas, use of better seeds, fertilizers and plant protection methods, development of water resources and improvement in the soil conservation practices, but also in the provision of adequate credit at the right time.
The credit system for modern agriculture should integrate the credit with services, like arrangements of inputs etc. which is better than facile credit, since the farmer may use it for wasteful consumption purposes, which may impose an extra burden on the borrower. On the other hand, facile credit is more dangerous because it may lead the borrower to avail credit without any basic needs. Under the credit system, all areas and farmers (specially small and marginal farmers) should be covered. In other words, the credit system should be so efficient as to expand its activities horizontally as well as vertically. Under a good system of credit for modern agriculture, emphasis should be given to issue loans for production purposes. But the consumption loans should not be prohibited completely. The loans should be provided on the basis of anticipated production or increased income which would occur due to the use of credit rather than tangible security or existing income. It will help the small farmers to avail the credit and implement their own plan of cultivation. The cost of handling credit and services should be lower.

In the absence of these, most of the farmers will reject credit which may cause a burden beyond their repaying capacity. The credit system should be such that mobilizes sufficient resources to provide finance for the purpose of investment required for modern agriculture. All the credit needs regarding short, medium and long term of the farmers should be met. Credit should be made available at door steps as and when required by farmers. As it generates savings and accelerate economic growth. The borrower should be encouraged to adopt new technologies without which sufficient capital cannot be generated to repay loans. The lending should be geared to financing the entire farming system. The credit agency should be in a position to interlink with marketing agencies to ensure full recovery of loans. Thus, in a good and
sound system of agricultural credit there should be a provision for continuous evaluation of the credit programmes. This will assist in estimating quantitatively the impact on improvement in respect of farm production cropping pattern, cropping intensity, farm output, employment opportunity and actual farm income.

6.2. FINDINGS OF THE STUDY

HYPOTHESES FINDINGS

1. Type of Farmers and Repayment Pattern: There is a significant association between the type of farmers and repayment pattern.

2. Type of Land and farm total income: The mean square between the type of land and total income differs significantly.

3. Years of Farming and Cropping Pattern: The mean square between the years of farming and the cropping pattern differs significantly.

4. Formal sources of finance and informal sources of finance: The mean square between the formal sources of finance and informal sources of finance differs significantly.

5. Education and knowledge about financial sources: There is no significant association between education and way to know formal financial sources.

6. Cropping pattern and loan amounts: There is a significant association between cropping pattern and loan amounts.

7. Cropping pattern and financial requirement for cultivation: There is a significant association between cropping pattern and financial requirement for cultivation.

8. Size of land and farm total income: There is a significant association between size of land and farm total income.
9. **Times of cultivation in a year and farm total income:** There is a significant association between times of cultivation in a year and farm total income.

10. **Farm total income and borrowed amounts from formal financial sources:**
There is a significant association between farm total income and borrowed amounts from formal financial sources.

11. **Cropping pattern and crop insurance:** There is a significant association between cropping pattern and crop insurance.

12. **Problems from getting fertilizers and seeds in governments department and type of farmers:** There is a significant association between problems of getting fertilizers and seeds in government departments and type of farmers.

13. **Years of farming and farm total income:** There is a significant association between years of farming and farm total income.

14. **Gender wise Classification:** The general observation relating to gender reveals that out of 450 farmers 89 per cent are male and the remaining 11 per cent are female. Majority of the farmers are male.

15. **Age wise classification:** The overall observation relating to the 450 farmers is that 58 per cent belong to the age group above 50 years of age, 31 per cent form into the age group from 25 to 50 years of age and the remaining 11 per cent come from the age group of below 25 years of age. From this it is viewed that majority of the aged people are engaged in agriculture operations.

16. **Education wise classification:** The overall observation relating to the study provides information that out of 450 farmers 44 per cent have no formal education, 28 per cent have studied below high school level, 19 per cent have completed higher secondary level, 05 per cent have studied under graduate
level, 03 per cent have studied post graduate level and remaining 01 per cent have professional courses.

17. Area of living: The overall observation relating to the study provides information that out of the 450 farmers 72 per cent live in the rural area and 28 per cent live in the urban area.

18. Marital Status: The overall observation relating to the study provides information that out of the 450 respondents 88 per cent are married and the remaining 12 per cent are unmarried.

19. Nature of family: The overall observation relating to the study provides information that out of the 450 respondents 58 per cent are living in nuclear families and 42 per cent are living in joint families.

20. Number of children at different age group: It is observed that of the 450 respondents 37 per cent are having children 15–30 years, 30 per cent are having children below 15 years, 20 per cent are having children above 45 years and 13 per cent are having children with 31–45 years of age.

21. Number of dependents: It is found that out of 450 respondents 33 per cent are having below 3 family members, 27 per cent are having 3-6 family members, 22 per cent are having 7-9 family members and 18 per cent are having above 9 family members.

22. Family members involvement in agriculture work: It is observed that out of the 450 respondents 42 per cent of the family members are involved in full time and the remaining 58 per cent of the family members are involved in part time.
23. **Traditional farming:** The overall observation relating to the study provides information that out of the 450 respondents, majority of 80 per cent are involved in agriculture traditionally and the remaining 20 per cent are involved non-traditionally. Due to their family interest and traditional business they are involved in agriculture traditionally.

24. **Years of farming:** The overall observation relating to the study provides information that out of 450 respondents majorities of 80 per cent are cultivating for above 20 years, 11 per cent are cultivating for 10–20 years and the remaining 09 per cent are cultivating for below 10 years.

25. **Nature of total land ownership (own land and lease hold land):** Out of 275 own land and lease hold land farmers, majority of the farmers are having own land.

26. **Nature of total land ownership (tenant farming and share cropping):** Out of the 175 tenant farming and share cropping farmers, majority of the farmers are farming through share cropping pattern which is followed traditionally.

27. **Size of cultivable land:** Out of the 450 respondents 275 ownland/lease hold land farmers and 175 tenants farming/share cropping pattern farmers. Majority of the farmers’ size of cultivable land is below 2.5 acres and 2.5 acres to 5 acres.

28. **Cropping pattern:** Out of 450 farmers, 150 farmers are involved in Paddy crop cultivation, 105 farmers are involved in Corn crop cultivation, 70 farmers are involved in Flower crop cultivation, 55 farmers are involved in Onion crop cultivation, 35 farmers are involved in Sugarcane and 35 farmers are involved
in Oilseeds crop farmers. Majority of the farmers is cultivated below 2.5 acres and 2.5–5 acres of land.

29. **Times of cultivation in a year**: 62 per cent of the farmers are cultivating once in a year, 33 per cent are cultivating twice in a year and the remaining 05 per cent are cultivating thrice in a year.

30. **Sources of water for irrigations**: Out of 450 farmers 37 per cent are using well with pumpset water for irrigations, 33 per cent are using tank water for irrigations, 23 per cent are using canal water for irrigations and the remaining 07 per cent are using filter point with pumpset water for irrigations. A meager group of the farmers are using well with pumpset water for irrigations, because lack of rain water and lack of power supply and also it is more convenient for their cultivation.

31. **Government free electricity connection**: Out of 195 farmers 85 per cent are using free electricity for irrigations and 15 per cent have no free electricity for irrigations.

32. **Number of years using free electricity connection**: Out of the 165 farmers 36 per cent have used free electricity above 20 years and 32 per cent have used free electricity from 10 to 20 years and below 10 years.

33. **Units of electricity used in a month**: Of the 165 farmers 36 per cent are using from 500 to 1000 units, 30 per cent are using less than 500 units, 24 per cent are using from 1001 to 1500 units and remaining 10 per cent are using above 1500 units.

34. **Purchase of fertilizers and seeds for agriculture**: Of the 450 farmers 56 per cent are purchasing fertilizers and seeds from private shops, 40 per cent are using fertilizers and seeds from own production and 04 per cent are
purchasing fertilizers and seeds from government departments. Majority of the farmers are purchasing fertilizers and seeds from private shops, because of availability, time savings and variety.

35. **Type of problems faced for getting fertilizers and seeds from government departments:** The overall observation relating to the study provides information that out of the 450 farmers 34 per cent are faced with the problem of misuse of resources by department officials, 33 per cent are faced with the problem of more time taken for getting seeds and fertilizers, 19 per cent are faced with the problem of delayed information about fertilizers and seeds and the remaining 14 per cent are faced with the problem of political interruption.

36. **Amounts spent for fertilizers and seeds:** The overall observation relating to the study provides information that out of the 450 farmers 39 per cent are spending less than ₹10000, 33 per cent are spending above ₹30000, 17 per cent are spending ₹20001-30000 and 11 per cent are spending ₹10000-20000.

37. **Type of labours used for cultivation:** Of the 450 farmers 81 per cent have used hired labours for cultivation and 19 per cent have used family members for cultivation. Majority of the farmers have used hired labours, because it is more convenient for their cultivation.

38. **Number of labours used in ploughing and planting work:** Of the 450 farmers 35 per cent have used 101-150 labours, 26 per cent have used 50-100 labours, 21 per cent have used above 150 labours and 18 per cent have used below 50 labours. In Tirunelveli area most of the farmers have not used the technology and still they use man power for ploughing and planting.
39. Number of labours used in weeding work: The overall observation relating to the study provides information that out of the 450 farmers 29 per cent have used 50–100 labours, 27 per cent have used 101-150 labours, 23 per cent have used below 50 labours and 21 per cent have used above 150 labours for weeding work.

40. Methods used for harvesting and transporting: The overall observation relating to the study provides information that out of the 450 farmers 88 per cent have used machine power and 12 per cent have used man power for harvesting and transporting work. Comparing to man power machine saves time, so majority of the farmers have used machine for harvesting and transporting work.

41. Amounts to spend for employing machine power: The overall observation relating to the study provides information that out of the 395 farmers 42 per cent have spent below ₹2,000, 33 per cent have spent above ₹4,000 and 25 per cent have spent ₹2,000–4,000 for machine power.

42. Methods of labours hired in cultivation: 80 per cent are given causal and 20 per cent are made contract for hired labours. Majority of farmers have preferred the causal, because it is more affordable to them and labours also prefer this method.

43. Sources of funds for wage payment: 73 per cent have paid wages from borrowed amount and 27 per cent have paid wages from their own cash. Majority of the farmers have paid wages from borrowed amount, because of low productivity, low price and low balance of money, they need to depend on borrowed funds for payment of wages.
44. **Ways to raise funds for agriculture expenses:** Out of 450 farmers, 64 per cent have raised fund from formal and informal sources for agriculture expense, 36 per cent have raised fund from only formal sources for agriculture expenses.

45. **Formal sources of finance:** Out of 450 farmers, 32 per cent have their account in Regional Rural Banks, 27 per cent have their account in Cooperative Banks, 23 per cent have their account in Public Sector Banks and the remaining 18 per cent have their account in Private Sector Banks.

46. **Informal sources of finance:** Out of 290 farmers, 86 per cent have borrowed from Private Money Lenders and the remaining 14 per cent have borrowed from Friends and Relatives. Majority of the farmers have borrowed money from Private Money Lenders.

47. **Number of years account in banks:** The overall observation relating to the study provides information that out of the 450 farmers, 54 per cent have an account from 5 to 10 years and remaining 23 per cent have an account from 11 to 15 years and above 15 years.

48. **Knowledge about the financial sources:** Out of 450 farmers, 60 per cent have knowledge about the formal and informal financial source through fellow farmers, 17 per cent through radios, 13 per cent through televisions and 10 per cent through news papers. Majority of the farmers have knowledge about the financial sources through fellow farmers.

49. **Annual financial requirements for the cultivation:** In all the cases of cultivation the annual financial requirement is below rupees fifty thousand.

50. **Farm total income in a season:** Out of 450 farmers, 54 per cent have income less than rupees twenty thousand, 27 per cent have income between rupees
twenty thousand to fifty thousand and 19 per cent have income above fifty thousand. Most of the farmers have their income less than rupees twenty thousand.

51. Amounts borrowed from formal sources (Public Sector Banks): Out of the 105 Public Sector Banks borrowers, 52 per cent have borrowed less than rupees fifty thousand, 28 per cent have borrowed between rupees fifty thousand to one lakh, 12 per cent have borrowed between rupees one lakh one to one lakh fifty thousand and 08 per cent have borrowed above one lakh fifty thousand.

52. Amounts borrowed from formal sources (Private Sector Banks): In the 80 Private Sector Banks borrowers, 55 per cent have borrowed less than rupees fifty thousand, 39 per cent farmers have borrowed between rupees fifty thousand to one lakh and 06 per cent have borrowed between rupees one lakh one to one lakh fifty thousand. Majority of the farmers’ have borrowed amounts is below rupees fifty thousand.

53. Amounts borrowed from formal sources (Regional Rural Banks): The 145 Regional Rural Banks borrowers, 48 per cent farmers have borrowed below rupees fifty thousand, 38 per cent farmers have borrowed rupees fifty thousand to one lakh, 07 per cent farmers have borrowed between rupees one lakh one to one lakh fifty thousand and 07 per cent farmers have borrowed above one lakh fifty thousand.

54. Amount borrowed from formal sources (Cooperative Banks): In the 120 Cooperative Bank borrowers, 47 per cent farmers have borrowed below rupees fifty thousand, 38 per cent farmers have borrowed between rupees fifty thousand to one lakh and 15 per cent farmers have borrowed between rupees
one lakh one to one lakh fifty thousand. Majority of the farmers have
borrowed less than rupees fifty thousand only.

55. **Amounts borrowed from informal sources (Private Money Lenders):** Out of
the 260 farmers borrowings from Private Money Lenders, 56 per cent
farmers have borrowed less than rupees fifty thousand, 27 per cent farmers
have borrowed between rupees fifty thousand to one lakh, 09 per cent farmers
have borrowed above one lakh fifty thousand and 08 per cent farmers have
borrowed between rupees one lakh one to one lakh fifty thousand.

56. **Amounts borrowed from informal sources (Friends and Relatives):** In the
30 farmers’ borrowings from Friends and Relatives, 83 per cent have
borrowed less than rupees fifty thousand and 17 per cent have borrowed
between rupees fifty thousand to one lakh. Majority of the farmers have
borrowed less than rupees fifty thousand.

57. **Rate of interest paid to formal sources (Public and Private Sector Banks):**
Out of the 105 public sector bank borrowers, 52 per cent farmers have paid
interest below 5%, 28 per cent farmers have paid interest from 5% to 10%,
12 per cent farmers have paid interest from 11% to 15% and 08 per cent
farmers have paid interest above 15%.

58. **Rate of interest paid to formal sources (Public and Private Sector Banks):**
In the 80 private sector banks, 55 per cent farmers have paid interest below
5%, 39 per cent farmers have paid interest from 5% to 10%, and 06 per cent
farmers have paid interest from 11% to 15%. Majority of the farmers have
paid interest below 5%.

59. **Rate of interest paid to formal sources (Regional Rural Banks):** Out of the
145 borrowers from regional rural banks borrowers, 48 per cent farmers have
paid interest below 5%, 32 per cent farmers have paid interest from 5% to 10%, 14 per cent farmers have paid interest from 11% to 15% and 06 per cent farmers have paid interest above 15%.

60. Rate of interest paid to formal sources (Cooperative Banks): In the 120 borrowers from cooperative banks borrowers, 47 per cent farmers have paid interest below 5%, 38 per cent farmers have paid interest from 5% to 10%, and 15 per cent farmers have paid interest from 11% to 15%.

61. Rate of interest paid to informal sources (Private Money Lenders): Out of the 260 borrowers from private money lenders, 56 per cent farmers have paid interest below 5%, 35 per cent farmers have paid interest from 5% to 10%, and 09 per cent farmers have paid interest from 11% to 15%.

62. Rate of interest paid to informal sources (Friends and Relatives): In the 30 borrowers from friends and relatives, 100 per cent farmers have paid interest below 5%.

63. Repayment pattern of Interest: Out of 450 farmers 63 per cent are paying interest on default basis and 37 per cent are paying interest on regular basis. Majority of the farmers are paying interest on default basis.

64. Problems faced for receiving agricultural finance: out of the 450 farmers, strongly agree inaccessibility to credit (4.72), lack of educational knowledge (4.68), complex documentation (4.64), untimely credit disbursement (4.63), no faith in schemes / institution (4.63), difficulties in opening bank account (4.59), not satisfied with indemnity level (4.58), not aware of the facilities available (4.57), high rate of interest (4.46), insufficient amount (4.43), not satisfied with area approach (4.41), lack of service or cooperation from the bank (4.41), inaccessibility to credit information (4.40), comparing to other
sources bank is very difficulty (4.36) and administrative bureaucracy (4.23) are the major problems faced for receiving agricultural finance.

65. Opinion about Subsidy: 72 per cent have responded ‘No’ opinion about subsidy and 28 per cent have responded ‘Yes’ opinion about subsidy. Majority of the farmers have responded ‘No’ opinion about subsidy. It is because there is lack of awareness among the farmers about subsidy.

66. Amount subsidy granted: The overall observation relating study provides information that out of the 125 farmers 64 per cent have received less than ₹10000, 20 per cent have received from ₹10000-20000 and the remaining 16 per cent have received above ₹20000. Majority of the farmers’ have accounts in various sectors bank, but meager number of farmers are getting subsidy from banks.

67. Opinion about Loan Waive: 74 per cent have responded ‘No’ opinion about loan amount waived and remaining 26 per cent have responded ‘Yes’ opinion about loan amount waived. Majority of the farmers are having account in banks, but very low per cent of farmers’ loan amount have been waived.

68. Amounts of loan waived in public and private sector banks: The overall observation relating to study provides information that majority of the farmers’ loan waived is for the large farmers’ category.

69. Amounts of loan waived in regional rural banks and cooperative banks: Out of the 37 regional rural banks farmers 100 per cent farmers’ loan amount waived is below ₹50000. In 38 cooperative bank farmers, 74 per cent farmers loan amount waived is below ₹50000 and 26 per cent farmer loan amount waived is ₹50000-100000. Majority of the farmers’ waived loan amount is below ₹50000.
70. **Opinion on loan waiving scheme:** Majority of the farmers feel that loan waiver schemes is a cheating mechanism by others.

71. **Problems faced for overdue of agriculture finance:** Out of the 450 farmers, the farmers strongly agree insufficient rain (4.88), delayed rain (4.85), price fixation of the crops (4.82), pest attack (4.74) high cost of non-institutional lending (4.63), crop failure (4.60), poor follow-up by banks (4.60), unforeseen family expenses (4.60) high cost of loan (4.56) marketing facilities (4.48) than flood and drought, loan waiving scheme, wilful default, community pressure and political interference are the major problems faced for overdue of agricultural finance.

72. **Statements of loan process of your bank:** out of the 450 farmers, the farmers strongly agree more corruption (4.76), loan amount is not in time (4.74) bank’s follow-up not sufficient (4.73), process of applications (4.62), complicated procedure (4.57), scale of finance inadequate (4.38) than loan assistance not increase output, unreasonable repayment schedule, bankers behaviour not encourage and banks expect irrelevant documents.

73. **Perception of Agricultural Loan Schemes:** The principal factor can be named as the volume of credit & deposit holders respect factor with a highest score of 0.929 followed by borrower consideration with a score of 0.915. The other factors are ignored.

74. **Knowledge about kisan credit card:** 65 per cent farmers have no knowledge about kisan credit card and 35 per cent have knowledge about kisan credit card. Majority of the farmers have no knowledge about the kisan credit card, because their land size is low and are illiterate.
75. **Kisan Credit Card:** The principal factor can be named as the maximum credit limit based on agriculture income factor with a highest score of 0.985 followed by each withdrawal to be paid within 12 months with a score of 0.985 and cash withdrawals through slips accompanied by card and passbook with a score of 0.984, the other factors is ignored.

76. **Opinion about Crop Insurance:** 72 per cent farmers have no knowledge about crop insurance and 28 per cent farmers have knowledge about crop insurance. Majority of the farmers have no knowledge about crop insurance, because, they lack education and awareness.

77. **Crop Insurance:** The principal factor can be named as the inadequate publicity of the scheme factor with a highest score of 0.953 followed by not awareness of crop insurance with a score of 0.945 and not satisfied with area approach with a score of 0.937 the other factors are ignored.

78. **Government Role in Agricultural Finance:** The principal factor can be named as the lack of information transfer through agriculture department factor with a highest score of 0.970 followed by lack of knowledge on free production implements with a score of 0.960 and lack of free seeds and fertilizers in subsidies with a score of 0.953. The secondary factor can be named as lack of agriculture policy 0.682, the other factors is ignored.

6.3. **SUGGESTIONS TO BANKS**

1. The agricultural finance should be provided for fairly long period and it should be commensurate with the operations for which it is designed to facilitate and it should be provided at lower rate of interest.
2. The finance should be granted against personal security of the borrower and on the basis of farming ability, and provided according to the average yield of the farms and capacity to repay, especially in times of economic depression.

3. The finance should be provided through institutions, the officials of which have had special training and have actual banking experience. The field and technical officers must put in more time in villages. They should hold periodic meetings in their villages to tell the people about the type of services rendered by the bank. Such meetings will help eliminate third party influence and create confidence among those who are at present scared of availing institutional finance.

4. Building relations with borrowers takes quite sometime. Therefore, the transfers of officers should be so planned that the link once established is not broken abruptly.

5. Bank officers should render necessary advisory services to the borrower. This post finance follow up action will act as a check on finance utilisation.

6. Crop loan should be given under the bank’s lending programme and almost all needy farmers especially small and marginal farmers should be given crop finance for raising crops with recommended package of practices for higher returns. Farmers should be provided guidance for improved farming techniques, balanced fertilization, use of water saving devices and proper plant protection measures.

7. Viable schemes for soil and water conservations on watershed basis should be formulated and implemented through banks finance in order to bring more area under cultivation and to increase the productivity of land.
8. Banks should undertake hydrological surveys on priority basis, formulate area based schemes, update land records and organize finance camps for on the spot sanction by the bank.

9. The loan should be advanced only to the needy and deserving farmers who have high degree of integrity and are equipped with the honest sense of finance use.

10. The exposure of finance users with mass media of communication, particularly radio and farm publication may be increased. The field officers of the bank should also develop more contact with their clientele.

11. Banks must strengthen its publicity efforts in the villages by adopting varying method of publicity like arranging meetings in villages, issuing illustrative pamphlets, brouchers, organizing audio visual shows in fairs/ melas etc.

12. The banks have not reached the prospective borrowers as any of the non borrowers have obtained loan from other sources. Hence, it is advised to the banks to provide loans in an extensive way.

13. Since the villages are not properly connected by transport facilities, the bank working hours may be made flexible to suit the requirement of the farmer.

14. The bank branches must follow the norms of the RBI as to the adoption of simple and uniform procedure and documentation in rural lending under service area approach have to be corrected and regulated by the controlling offices in following the uniform and universal norms.

15. Bank must arrange a separate team for each bank and they must have interest and integration with a special task force which has contribution of all the banks.
16. Bank must suggest that through co-ordination with various institutional agencies should improve their sources and delay the finance to the needed people.

17. The legal process being cumbersome, branch managers of banks be vested with powers for action without intervention of the courts whereby the recovery process will be speeded up at a low cost.

18. The crop loan availed by the farmers did not entirely cover the cost of cultivation. Finance given on the basis of cost of cultivation rather than on the basis of scale of finance can reduce the existing crop loan gap.

19. Since the availability of own fund with marginal and small farmers is less, the financial institutions should fix higher amount of credit margin for them. It will be a correct solution to fulfill the finance needs of marginal and small farmers.

20. Commercial banks have followed long procedure in sanctioning the crop loan and investment loan. It particularly discouraged the marginal and small farmers.

6.4. SUGGESTION TO FARMERS

1. Farmers must motivate the women family members to take up in agriculture cultivation in this area, also encourage the youngsters to participate in agriculture activities for enhancing the production.

2. Farmers must shift their cultivation pattern from traditional crop to commercial crop, so that they can earn more income from their cultivation. And also use natural seeds and fertilizers for their cultivation.

3. From this study area farmers must form an association and buy the latest technology and implement their cultivation.
4. Farmers must pay regularly their borrowings and get more loans from the banks.

5. Farmers must utilise bank finance for only agriculture cultivation and not for any other purpose.

6. Farmers must be aware of various loan schemes available relating to the agriculture cultivation.

7. Farmers must pay interest regularly and then only banks will come forward to provide loans for the cultivation.

8. Farmers must create a good rapport with bank officials, so that they can provide finance regularly.

9. Farmers must change their attitude about loan waive, because most of the farmers expect from government to waive their loan.

10. Farmers must insure their crop in regular basis, so that they can avoid the risk from crop failure.

6.5. SUGGESTION TO GOVERNMENTS

1. Government must motivate the farmers to cultivate the flower and vegetables plants which give more income throughout the year. Cultivation of medicinal plants should be encouraged in dry farming areas.

2. There were a few borrowers who stated that they were habituated not to repay. Hence, there should be support from the government and the government may consider possibility of coming out with laws to punish heavily the wilful defaulters who some times join hands not to repay the bank loans.

3. Government must provide fertilizers and seeds through government department without conditions from farmers.
4. Government must regulate the banks for providing better agricultural finance.

5. Government must maintain the river water on regular basis.

6. Government must fix the price in a reasonable way.

7. Government must create the cold storage facilities in every village basis.

8. Government should provide the marketing facilities for the cultivable product.

9. Government should provide financial support on the basis of farmers’ category basis.

10. Government must watch the district credit plans are prepared by the lead banks of the district. This should be prepared by the national bank for agriculture and rural development instead of lead bank. The reason is to minimize the intentional discrimination made by the lead banks while preparing the target of credit for priority sectors.

11. Government should award progressive farmers for sincere and on time repayment of agricultural finance borrowed from banks.

6.6. CONCLUSION

Agriculture plays an important role in the economic development of India. Agriculture is the source of livelihood of more than 65 per cent of the population in India and contributes less than 20 per cent to GDP, with a sizable share of exports. To meet the requirement of the growing population and rapid developing economy, agriculture has to grow fast and get modernized. This requires the use of high pay off inputs, adoption of high yielding varieties, fertilizers, plant protection chemicals, modernized equipments and machineries which need huge investment. The agricultural sector of the Indian economy is labour intensive, land poor and capital scarce. So it would be very difficult to get the benefits of modernization of agriculture without adequate finance to the farmers at reasonable interest. Farmers’ access to
finance of commercial banks (public and private banks) too has been a mirage for them in the given socio-economic and political conditions in the rural areas.

The farmers are the most hapless victims of the private money lenders who are free to recover their loans by high handedness and attachment of the crop of the poor farmers as well as their personal belongings, land and living quarters. Available resource base and the capacity to generate sufficient levels of financial resource within the rural sector particularly in agricultural sector are, however limited at present. Institutional financing is viewed from this angle as a principal resource of external finance to support in a planned manner. Institutional finance enables the farmer to procure the necessary wherewithal of production and creates conducive climate for enhanced output. Since institutional finance exerts a “push effect and has a catalytic role in development process, provision of adequate, timely and liberal finance to the farmer becoming an integral part of the agricultural development policy in India. As a result, agricultural finance in the country is provided through three main channels, viz., commercial banks including private sector banks in the recent years, regional rural banks and cooperatives. From this study farmers view banks do not provide finance in time and there is no sanction of sufficient amount. A special care should be given to provide finance in time which will facilitate better growth in agriculture production and also farmers’ social conditions in this study area.

6.7. SCOPE FOR FURTHER RESEARCH

Agricultural finance in India is multi-agency in approach to provide loans to cultivators, large number of banks like commercial banks, cooperative banks and regional rural banks, add succor to financing. The formal banking system has basically an enormous potential to provide financial services to cultivators. So that the
study focuses on farmer perception towards agricultural finance provided by various sector banks in Tirunelveli district in Tamilnadu. There is a scope to compare the public and private sector banks, cooperative and regional and rural bank and further scope to include the bank officials for the study.