CHAPTER- 5
RESEARCH DESIGN
This chapter deals with the need, significance and objectives of the present study, the scope of the study, the sample of the study, the methodology of the study, data analysis and statistical procedure, the organisation of the study and the limitations of the study.

5.1. NEED AND SIGNIFICANCE OF THE STUDY

The basic objective of agriculture credit policy in a developing economy is generally to provide the credit to the farming community through institutional agencies and curb the system of private money lending with its usurious rates of interest and other extortion practices. The problem of agriculture credit in India is not merely one of inadequate resources but also of proper mobilization and of channeling the same to productive investment. In the context of breakthrough in production technology and continually rising farm incomes, there is every reason to believe that the serving potential has increased in the rural sector. Therefore, if banks can attract the rural deposits on the required scale, the supply of agricultural credit can be increased without straining other sectors of the economy. Punjab being the agriculturally predominated state and the existence of commercial bank branches in rural areas of the state, it seems in the fitness of things to study the bank financing of agriculture in Punjab. Though numbers of studies have been made on bank financing and agricultural credit, yet not much attempts have been made to study bank financing of agriculture in the state of Punjab. Hence, the present study titled 'Bank Financing of Agriculture in Punjab' has been undertaken.

The study will prove to be useful in evaluating the performance of selected banks in meeting the agricultural needs of the farming community in Punjab. It will bring out the quantitative and qualitative aspects of credit delivery system in the selected area of the state. The problems faced by farmers in getting the finance and problems faced by banks in delivery system have also been highlighted. The study will definitely prove useful to the planners and policy makers of the state.
5.2 OBJECTIVES OF THE STUDY

The present study has been carried out with following specific objectives:

1. To study the progress of banking sector in Punjab with special reference to rural and semi-urban areas.
2. To examine the various schemes followed by commercial, cooperative and regional rural banks for agriculture financing in Punjab.
3. To examine the extent of financing to agriculture and allied activities by various banks and identify the factors responsible for the success or failures of such schemes.
4. To study the problems faced by the farmer borrowers and the banks supplying agricultural credit in Punjab.
5. To study the impact of bank finance on the economy of the beneficiaries with special reference to generation of output and income.
6. To suggest measures to overcome the problems faced by the agriculturists and various banks in this regard.

5.3 SCOPE OF THE STUDY

The study presents a multi-dimensional picture of agriculture credit in Punjab. It analyzes the extent of bank financing of agriculture and brings out the impact of credit on the farmers in the study area.

The study is based upon both primary and secondary sources of data and information. Primary data has been collected with the help of direct investigation method from the selected farmer borrowers based on field survey of 20 villages selected from the Patiala division of the state of Punjab. 10 villages have been selected from each of the two districts, that is, Patiala and Fatehgarh Sahib of the division.

Patiala is the oldest district of the division and is its headquarter whereas Fatehgarh Sahib was the latest addition in the division at the time of the planning of the study. Simple random and convenient sampling technique has been used in the selection of villages. The farmer borrowers from these villages have been selected by using the census
approach i.e. the farmers who received credit in the year 2009 and 2010 in the selected villages have formed the total sample of farmer borrowers. Secondary data has been collected from the available standard literature on the subject, published official documents and reports and publications of banks and RBI etc.

Secondary data has been collected from the available standard literature on the subject, published official documents and reports and publications of banks and RBI etc. The secondary data to see the growth of banking has been taken from the year 1990 onwards. 60 bank officials have been selected from the branches of commercial banks located in the selected villages. The data so collected has been analyzed by using appropriate statistical tools.

5.4. SAMPLE OF THE STUDY

The Population for the purpose of the study consists of all the farmers who have obtained credit and the bank officials in the state of Punjab. The whole of Punjab has been divided into 5 divisions. There are 22 districts of Punjab. Further, there are 81 subdivisions, 81 Tehsils, 145 Blocks, 143 Towns, 74 cities and 12581 inhabited villages in Punjab.

For the purpose of the study, Primary data has been collected with the help of direct investigation method from the selected farmer borrowers of 20 villages of Patiala Division of Punjab. 10 villages have been selected from each of the two districts, that is, Patiala and Fatehgarh Sahib of the division. Patiala is the oldest district of the division and is its headquarter whereas Fatehgarh Sahib was the latest addition in the division at the time of the planning of the study. Simple random and convenient sampling technique has been used in the selection of villages. The farmer borrowers from these villages have been selected by using the census approach i.e. the farmers who received credit in the year 2009 and 2010 in the selected villages have formed the total sample of farmer borrowers.

As the study is also aimed at finding the problems of credit delivery system at the bank end, so for the purpose, 60 bank officials have been
selected from the branches of commercial banks located in the selected villages.

5.5. SAMPLE SIZE

For the purpose of the study, 310 farmers from Patiala Division of the state of Punjab have constituted the sample out of which 155 farmers belong to district Patiala and 155 farmers belong to district Fatehgarh Sahib.

The 310 farmers from Patiala and Fatehgarh Sahib districts of Patiala division have been selected in such a way so to give almost equal representation to all the areas concerned. These 155 farmers have been selected from 10 villages each from Patiala and Fatehgarh Sahib district. Around 15 farmers have been selected from each village covered under survey.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Patiala District</th>
<th>Fatehgarh Sahib District</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name of village</td>
<td>No. of Respondents</td>
</tr>
<tr>
<td>1.</td>
<td>Abdulpur</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Jassomajra</td>
<td>17</td>
</tr>
<tr>
<td>3.</td>
<td>Khanora</td>
<td>13</td>
</tr>
<tr>
<td>4.</td>
<td>Kheri Mandlan</td>
<td>18</td>
</tr>
<tr>
<td>5.</td>
<td>Rangian</td>
<td>14</td>
</tr>
<tr>
<td>6.</td>
<td>Rao majra</td>
<td>16</td>
</tr>
<tr>
<td>7.</td>
<td>Srinagar</td>
<td>15</td>
</tr>
<tr>
<td>8.</td>
<td>Ugana</td>
<td>12</td>
</tr>
<tr>
<td>9.</td>
<td>Pandtan Kheri</td>
<td>17</td>
</tr>
<tr>
<td>10.</td>
<td>Daun Kalan</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>155</td>
</tr>
</tbody>
</table>
The study is also aimed at finding the problems of credit delivery system at bank end, so 60 bank officials have been selected from the branches of commercial banks located in the selected villages.

5.6. THE RESEARCH INSTRUMENTS

Questionnaire method has been used for the purpose of collecting information from the respondents. For the purpose of achieving the objectives of the study, two types of questionnaires were designed –

- Questionnaire for farmers
- Questionnaire for bank officials

5.6.1 Questionnaire for Farmers

The questionnaire used in the study for the purpose of achieving its objectives, contains the following segments:

Part – I - General Information (Biographic and Demographic)

Part-II - Socio-economic characteristics of the Sample Population i.e. household composition, occupation structure, land holding characteristics, holdings of other assets, income from farm produce and other sources etc.

Part – III - Status of amount borrowed from different financial institutions and the purpose for which the amount has been borrowed.

Part – IV - Assessment of impact of borrowing on individual farmer’s income level, output level, live stock holding, holding of other assets, employment generation and change in standard of living etc.

Part – V - Problems faced by farmers in availing the loans from financial institutions.

5.6.2 Questionnaire for Bank Officials

The questionnaire for Bank officials used in the study for the purpose of achieving its objectives contains the following segments:
Part – I  - General Information (including demographic information)

Part-II  - Particulars of loan advanced (including amount of loan advanced, purpose for which loan has been advanced, criteria for advancing the loan, status of the loan advanced).

Part – III  - Various schemes under which loans have been advanced by the banks.

Part – IV  - Problems associated with credit delivery system.

Part –V  - Suggestions for improvement at bank’s end.

5.7. PILOT TESTING OF QUESTIONNAIRE

For the purpose of the study, pilot study was conducted to test the reliability and validity of the questionnaire. To check the validity of the questionnaire, the questionnaire was sent to the experts. Keeping in view the suggestions made by the experts, the questionnaire was refined by the researcher in consultation with the Supervisor.

The refined questionnaire for farmers was administered to twenty farmers of Patiala Division out of which ten farmers each from Patiala and Fatehgarh Sahib districts were taken for the purpose. The respondents were from the sample population but were not included in the sample for the study. The coefficient of reliability (i.e. Cronbach’s Alpha) of 0.89 was obtained for the questionnaire designed for farmers.

Similarly, the refined questionnaire for Bank officials was administered to ten bank officials of Patiala Division out of which five officials each from Patiala and Fatehgarh Sahib districts were taken for the purpose. The respondents were from the sample population but were not included in the sample for the study. The coefficient of reliability (i.e. Cronbach’s Alpha) of 0.89 was obtained for the questionnaire designed for bank officials.

5.8. DATA COLLECTION

The present study has been an attempt to explore the financial segment of the agricultural sector in Punjab state. For the purpose,
primary data has been collected specifically for the purpose of this study both from farmers as well as bank managers. Recent secondary data from various sources has also been taken into account and interpreted.

Data for the purpose of this study was collected mainly through personal visits to the place of the concerned respondents. As the sample of this study mainly consisted of farmers and bank officials of Patiala and Fatehgarh Sahib districts of Patiala Division, the farmers of these districts were visited personally mainly at their farm house or at their residence and Bank officials of these districts were visited at their work place or otherwise.

5.9. DATA ANALYSIS AND STATISTICAL PROCEDURE

The Graph Pad Prism software has been used to analyze the data in this study. Various statistical tools like percentile, averages, Cronbach’s alpha and ranking and interpretive techniques were used to derive the results.

5.10. ORGANISATION OF THE STUDY

The study has been divided into following Chapter Scheme:

1. Introduction
2. Agriculture Profile of Punjab
3. Socio-Economic Profile of the Study Area
4. Review of Literature
5. Research Design
6. Growth of Banking in Punjab
7. Financing of Agriculture by Banks in Punjab
8. Impact of Bank Finance on Beneficiaries
9. Problems of Agricultural Finance
10. Summary and Suggestions
5.11. LIMITATIONS OF THE STUDY:

Financing of Agriculture by the banks is a multi-dimensional subject. Although at the ground level it seems to be affected by the approach of loan receiving and distributing agencies i.e. banks and the farmers but at the same time there are other factors like policies of the Central Government, Policies of the State Government, overall general conditions prevailing in the society etc. which also affect the practice of financing of agriculture by the banks. These factors need to be probed further in detail.

Moreover, data has been collected from the individual bank managers and farmers and the responses to the questions depend upon the perceptions of those individuals.