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GRT **RURAL BANKING AND IT'S IMPACT ON AGRICULTURE: A CASE STUDY AT EAST ELERI GRAMA PANCHAYAT, KASARGOD, KERALA**

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Abstract:-A study about the role of rural banking system and its impact for the promotion of agriculture in the hilly areas of Kasargod district of Kerala State. Questionnaire is used for collecting primary data. Results shows that majority of the farmers are directly depends on rural banking financial institutions. The interest rate of loans are too high for farmers. Higher rate of interest on loans will reduces the loan borrowing capacity of the farmers.

Keywords: Rural Banking, Agriculture, Case Study, East Eleri Grama Panchayat, Kasargod, Kerala

INTRODUCTION

In India 70% of its population lives in rural areas. In rural areas, agriculture and agri-related activities are the chief source of livelihood of rural people.

Rural banking gives an opportunity for banks as well as consumers for basic banking services at low cost. Rural banking system allows Cash deposits and loan services for rural people at nominal rate.

This study examined the impact of rural banking on rural areas. The study conducted on the rural hilly areas of East Eleri Grama Panchayat Kasargod.Kerala.

EAST ELERI PANCHAYTHU

East Eleri Panchaythu is located at the eastern hilly areas of Kasargode district in Hosdurg taluk.East Eleri Panchaythu consists of small rural villages in which 95 % of the rural people directly or indirectly linked with agriculture and farming activities.

OBJECTIVES OF THE STUDY

The objectives of the study are listed below:

- To find out the importance that rural banks on farmers in East Eleri Grama Panchayat,Kasargod district of Kerala
- To find out the impact of rural banks on the rural farmers.
- To find out the major agriculture field use the loans for farming
- To identify the farmers views about the interest Rates of agriculture loans.
- To give suggestions and recommendations for future policy making of rural banking system in Kerala

RELEVANCE OF THE STUDY

In case of rural farmers the credit has played a significant role to promote the farming activities. The study conducted for analyzing the role of rural banking system and its impact on sustainable agriculture in the hilly areas of Kasargode district.

SCOPE OF THE STUDY

The scope of the study is limited to the farmers living in the East Eleri Grama Panchayat, Kasargod district of Kerala in the period of 2007-2013.

LIMITATIONS OF THE STUDY

The data Analysis is fully depends on the information given by the farmers. They are the respondents of this study and so its accuracy of the study depends upon the information supplied. To a cover larger population interviewing and collecting information,,finance and time constraints are some of limitation of this study.

REVIEW OF LITERATURE

Nair and Fissha (2010) conducted a study about the business model of rural and community bank (RCB) network in Ghana and analyzes its performance The results shows that the service delivery performance of the RCB network has been very good, its financial performance has been mixed.

Bapat (2010) assess the level of banking penetration in a sample village and to find the relationship between bank accounts and related factors, such as, occupation, income and asset-holding status. The findings indicate that 75.2 per cent of the respondents have bank accounts and 26.7 per cent of the respondents avail credit facilities.

Wiggins (1992) studied rural banking system of South India and found that public sector banking system as reasonably cost-effective and the sustainability of rural banking depend as much upon the direction taken by the Indian political economy and amended policy and banking practice.

World Bank (1975) in its sector policy paper clearly pointed that credit is often a key element in modernization of agriculture, for not only can it remove financial constraint, but it may also accelerate adoption of new technologies. Credit facilities are also an integral part of the process of commercialization of the rural economy.

METHODOLOGY

The population of this study consists of farmers living in East Eleri Grama Panchayat, Kasargod district of Kerala .Questionnaire methodology adopted for collecting primary data.A total of 500 questionnaire which is prepared in local language and were distributed among them.477 questionnaire will be returned.26 questionnaire are not filling properly and not suitable for data analysis .The final analysis done on the basis of 451 questionnaire.

DATA ANALYSIS

Table –1 :Age Distribution of the farmers

Sl.No	Age Distribution	Frequency	Percentage
1	Less than 20	59	11.30
2	21-30	148	32.82
3	31-40	114	25.27
4	41-50	86	19.06
5	Above 50	44	9.75
	Total	451	100

The age group of farmers mainly comes in 21-50 .It will be the 77.35 % of the total respondents.

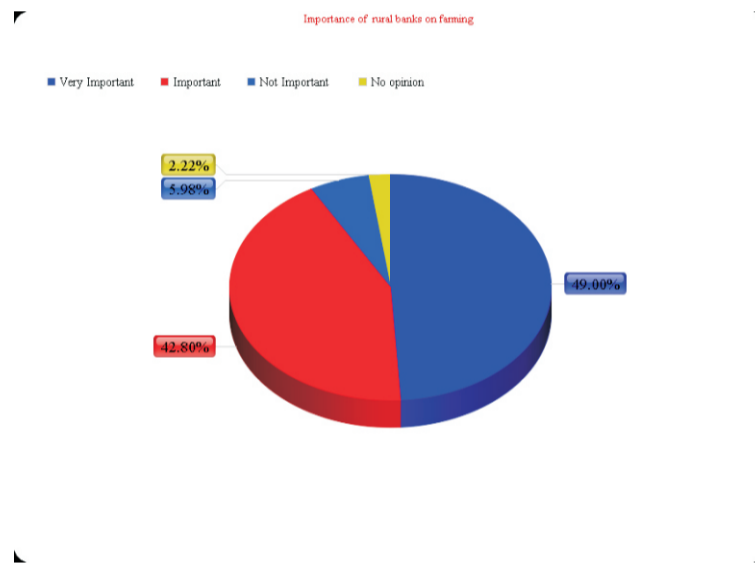
Table –2:Gender Distribution of the farmers

Sl.No	Gender	Frequency	Percentage
1	Male	398	88.25
2	Female	53	11.75
	Total	451	100

Gender Distribution of the farmers shows that 88.25 percentage of farmers in that area are males.

Table –3: Importance of rural banks on farming

Sl.No	Opinion	Frequency	Percentage
1	Very Important	221	49.00
2	Important	193	42.80
3	Not Important	27	5.98
4	No opinion	10	2.22
	Total	451	100



Majority of the farmer's mentioned that the rural banks have an importance for the promotion of agricultural activities in the hilly areas of East Eleri Gramapanchaythu, Kasargode district of Kerala State. 49 % think that its very important and 42.80 percentage (193 respondents out of 451) said that it have importance in their farming.

Table –4 :Major agriculture field : Usage loans for farming

Sl.No	Agriculture field	Frequency	Percentage
1	Rubber	279	61.86
2	Arecanut	72	15.96
3	Banana	35	7.76
4	Coconut	28	6.20
5	Pepper	15	3.34
6	Vegetable	14	3.10
7	Others	8	1.78
	Total	451	100

279 Farmers (61.86 percentage of the total respondents of this study) use the loans for farming Rubber plantation . Arecanut and banana farming comes second and third place.

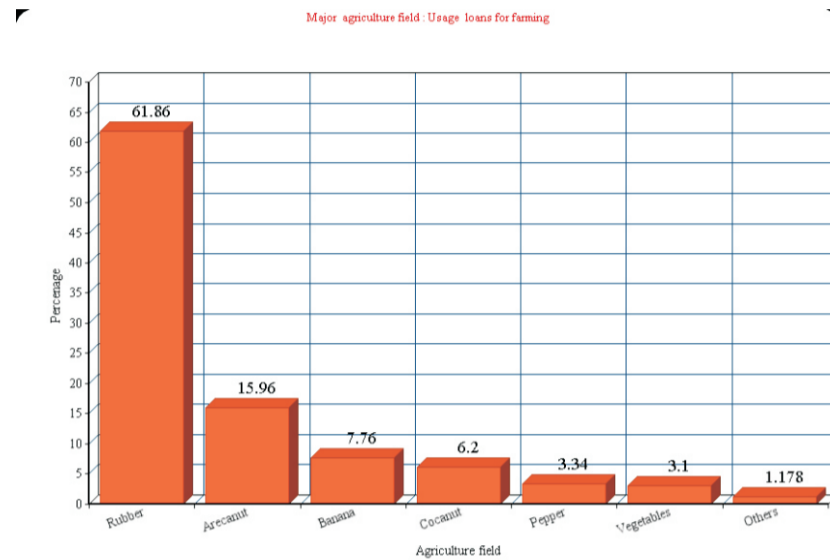
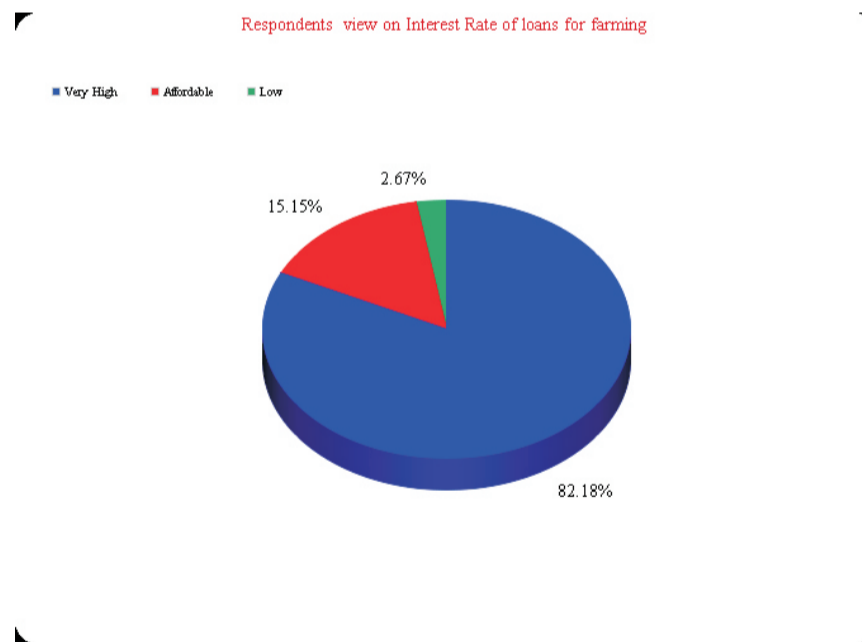


Table -5 : Respondents view on Interest Rate of loans for farming

Sl.No	Interest Rate	Frequency	Percentage
1	Very High	371	82.26
2	Affordable	68	15.17
3	Low	12	2.67
	Total	451	100

As per the Table -5 it is very clear that the interest rate of loans for farming are very high .82.26 percentage of the total 451 respondents mentioned that interest rate of loans very high.15.17 % of the total respondents think that the interest rates are affordable .



FINDINGS

- 1.Rural banks have an importance for the promotion of agricultural activities in the hilly areas
- 2.61.86 percentage of the total respondents of this study use the loans for farming Rubber plantation
- 3.82.26 percentage of the total 451 respondents mentioned that interest rate of loans very high.

SUGGESTIONS

- 1.Establish more branches in rural areas to overcome the geographical distance.
- 2.Automation in banking service is essential
- 3.ATM counters must be started in rural banking branches
- 4.Technology up-gradation is necessary for better banking operations
- 5.Core banking system should established for better services
- 6.More interaction should be need for customers and banking staffs
- 7.Rural banking financial institutions should reduce their interest rates
- 8.Long term loans with low interest rate are directly helpful for faming activities.
- 9.Add additional financial schemes for argri-processing units
- 10.Large scope on agricultural allied industries in that area

CONCLUSION

The findings of this study show that, interest rate of loans for agriculture are too high for farmers. Rural cooperative banks, rural branches of commercial and nationalized banks have an important for the progress of agricultural and farming operations of Kerala State. The role of rural financial institutions are very important for the sustainable agriculture and development of hilly ares of Kerala. Rural bank schemes and financial services to farmers through new technologies will boost agricultural and faming activities of Hilly ares. Short, medium and long term loans to farmers directly helps for the promotion of agriculture .The policy makers of the government and banking should be consider the above suggestions of this study for better rural banking services to farmers.

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