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Agricultural Finance in Karnataka - An Overview

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Abstract: Finance in Agricultural is as vital as different inputs being employed in Agricultural production. It's aforementioned that a farmer is born in debt. Lives in debt and worrisome Economy is that the burden, however at an equivalent time borrowing is that the necessity for the farmers generally and marginal and tiny farmers particularly, however, it's goddam that funding of agricultural is troubled with variety of issues like the matter of over dues, disappointing credit conditions. The study shows that futures of agricultural finances and range of issues square measure faced by the farmers in availing finance for agriculture equally the banks also are experiencing several issues within the economical and effective distributions of agricultural finances, these issues are mentioned as below.

Keywords: Agricultural Finance, Farmers issues.

I. INTRODUCTION

Finance in Agriculture is as vital as development of technologies. The foremost of the day's farmers suffer from the matter of inadequate monetary state. this case ends up in borrowing from a straightforward and comfy supply, farm finance has become a very important input because of the appearance of capital intensive agricultural Technologies, Indian agricultural, generally is characterized by low and unsure returns. The positive feedback of low returns - low savings, low investment, low returns, provision of external finance of farmers becomes inevitable. The availability of credit of credit by these agencies concerned several obstacles to each bankers and variations in banking industry followed by bankers, socio-Economic conditions of borrowers. The govt. conjointly often changes its agricultural credit policies concerning institutional. Credit setup rate of interest - subsidy and therefore the functioning of markets and different biological process agencies the government's efforts in finding the monetary issues concerned within the agricultural system in Bharat.

II. REVIEW OF LITERATURE

Rakesh Mohan (2004) "Agricultural Credit in India: standing, problems and Future Agenda", it focuses in approach would got to be the a lot of larger involvement of region specific market participants, and of personal sector suppliers all told these activities, and credit suppliers starting from public sector banks, cooperative banks, the new personal sector banks and micro-credit suppliers, specially aid teams. H. P. Mathur and V. Kalra (2008) "Access to Agricultural Finance: A Case Study" paper undertakes the identifies the impediments within the flow of credit to the deprived to sections like little and marginal farmers,tenant farmers and landless laborers through a case study in Jaunpur, U.P., Bharat and gift a range of solutions to bridge the gap between the demand and provide of your time credit.

A. Research GAP

There square measure range of analysis paper associated with vision Agricultural Finance in Mysore. However there's no explicit study associated with agricultural and finance choice method and gift study targeted on agricultural options and farmers issues. Therefore the study is tried.

III. OBJECTIVES OF THE STUDY

- A. To study the Features of Agricultural Finance.
- B. To identify the problems faced by farmers in Agricultural Finance.

IV. METHODOLOGY

This study on secondary supply of knowledge gathered from the Agricultural finance, journals, newspapers and relevant websites etc.

V. ANALYSIS AND INTERPRETATION

- A. Risks in Agriculture
- B. Difficulties of Co-operation in Agriculture
- C. Economic Lags in Agriculture
- D. Credit for Consumption Purpose
- E. Small Size of Farm
- F. Lack of correct Securities

- 1) *Risks in Agriculture:* In agriculture sector, a farmer must face myriad risks and uncertainties as droughts, floods etc. it's going to cause appreciable harm thereto ends up in any difficulties. Thus, with such a lot of uncertainties, agriculture has invariably been a risky affair to be handled by the industrial banks and insurance corporations.
- 2) *Difficulties of Co-operation in Agriculture:* In agricultural sector, there's a really very little scope of co-operation. It's thus because; farmers square measure largely individualistic and square measure suspicious of co-operating with one another for a standard purpose.
- 3) *Economic Lags in Agriculture:* In agricultural production method, there's an extended interval between there ward and energy particularly throughout the amount once prices square measure incurred. Throughout this era, demand for agricultural turn out could modification disconcerting the monetary changes of the farmers.
- 4) *Credit for Consumption Purpose:* Farmers need credit not just for production functions however conjointly for consumption functions. Within the case of failure, little farmers would like credit that they pay on consumption necessities. Moreover, Indian farmer's square measure aware of pay on the far side their means that on social and spiritual functions.
- 5) *Small Size of Farm:* Size of farms is extremely little as compared to the number of labor used and therefore the extent of the capital invested with. Moreover, there's no management over the yield and therefore the quality of the turnout. Thus, there's a scarcity of security to be offered for loans.
- 6) *Lack of correct Securities:* The large farmers have their own resources that alter them to lift funds from the credit establishments. Little farmers notice it very tough to lift credit for his or her desires. It's because of the rationale that tiny farmers neither possess correct securities to pledge against loans, nor they need adequate repaying capability. As a result, little farmer's square measure forced to travel to the money lenders.
- 7) *Complex of the many Industries:* Agriculture is Associate in nursing industrial advanced of varied kinds of production and promoting. The scale of holdings and kinds of legal right dissent from one space to a different. These variations produce differing types of advanced relations between the farmers that makes funding of agricultural sector comparatively tough.
- 8) *Problems Faced By the Farmers:* On the idea of the study conducted, the farmers, World Health Organization square measure lined below the study, square measure try the subsequent problems:
- 9) *No Loan while not Surety:* The banks don't pay out any loan to the farmers while not surety and security. The farmers notice it terribly tough to rearrange satisfactory security further as surety to the bank. Security for loans is also within the style of hypothecation of assets closely-held by them. However the farmers don't possess several assets except the land that they notice it arduous to supply as a security. As a result, several marginal and tiny farmers don't get the power of agriculture loan and stays empty the advantages of agricultural development. As for because the third party guarantee worries, banks typically demand the guarantee of the made and important persons. The tiny and marginal farmers confront variety of issues in relevance a warranted.
- 10) *Corrupt Practices of Patwaries, Agents and Bank Officials:* The overall system has been thus impure that the whole method involves a standstill until you grease the palm of the varied persons concerned within the enabling of the loan. The farmers would like several papers and documents so as to method their loan. It becomes a herculean task to induce landholding and different revenue records from Patwaries and different officers of the revenue department. The corrupt practices of patwaries and different officers of the revenue department hinder the loan method. The poor farmers notice it terribly tough to satisfy the ever growing demands of the many persons.
- 11) *Credit Inadequacy:* The banks haven't been creating a good assessment of the credit desires of the farmers. The delay in disbursement conjointly ends up in several issues. it's been found within the study that a number of the farmers World Health Organization received inadequate quantity of credit used it for a few different purpose.
- 12) *High Dealings Costs:* The farmers got to incur several different prices additionally to the interest they pay on the loan. These could embody loss of wage earning days, revenue stamps, letter of guarantees, value of images, loan agreement and different

unidentified charges being incurred at varied stages to expedite the sanction of loans etc. These high dealings prices hamper the spirit of the farmers for obtaining loans.

- 13) *Ambiguous Terms and Conditions:* They are ignorant concerning the varied rules, terms and conditions of the banking establishments concerning agricultural finance. They rely on the data given to them by bank officers and different agents concerned within the method. They merely don't perceive the jugglery of finance language. The shortage of clarity of banking industry and ambiguous terms and conditions stop them from etymologizing the advantages of agricultural finance.
- 14) *Complicated and long Procedure:* The loan method is taken into account difficult and time overwhelming. The farmers need crop loans throughout the actual seasons. If they are doing not get the credit in time, it'll not serve the required purpose. The delay in process the loan may be a common downside felt by the farmers. The farmers conjointly complain concerning the complications within the loan method.
- 15) *More Helpful to giant Farmers:* The farmers ordinarily get term loans to shop for agricultural equipments and farm machinery. They conjointly get loans to feature to their existing land holdings. It's felt that the power of significant term loans is additional helpful to giant farmers and that they derive the most advantages from the banking facilities.
- 16) *Stress of Repayment:* It is aforementioned that obtaining a loan is tough however its reimbursement in time is harder. The tiny and marginal farmers live struggling of reimbursement of the loan. They're expected to repay the loan straight off once the harvest. It creates a tangle in their minds whether or not to travel for such loans or not.
- 17) *Corruption in DRDA Office:* District Rural Development Agency (DRDA) is taken into account at par with different government departments. This workplace is anticipated to play the expansion orienting role for the farmers. It sanctions loan-cum-subsidy to the farmers. However, it's felt by the farmers that the files within the department don't move until the wheels of corruption square measure hooked up to them
- 18) *High Rates of Interest:* The farmers feel that the rates of interest charged by banks on loans square measure quite high as compared to the returns expected by them on their yield. The subsidies on the loans also are decreasing day by day. High rates of interest convince be a bottleneck within the reimbursement of debt by the farmers to the banks.
- 19) *Less Branches of Banks in Villages:* The branch network of economic banks has enlarged manifold, still there square measure several villages within which there's no branch of any full service bank. The banks in most of the cases like better to open their new branches within the urban and semi-urban areas or giant villages. Non presence of economic banks at village level conjointly forces the farmers to avail credit facilities from non-institutional sources.
- 20) *Unapproachable for Tenants and tiny Farmers:* Due to formal procedure of availing credit facilities from institutional sources, tenants and tiny farmers square measure unable to avail the credit facilities from industrial banks. They're unable to satisfy the required basic necessities of the industrial banks for availing credit facilities. The assorted responses of farmers in relevance various issues faced by them whereas availing loan from industrial banks

VI. SUGGESTIONS

- A. The government ought to strictly to infrastructure development and therefore the irrigation and electricity small funding may be a facility in formers.
- B. The prompt that farmers coaching camp and coaching programs be conducted at the village's level.
- C. The small finance sector has developed.
- D. These findings could cause some economic implications and therefore the development of monetary systems.

VII. CONCLUSION

The governments through the agriculture aim at serving to farmers and solved the issues in government. The growth and productivity of agriculture Indian farmers square measure aware of pay on the far side their means that on social and spiritual functions in agricultural national economy.

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