

Bank Credit and Complication of Farmers in Ariyalur and Tirunelveli of Tamil Nadu

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Research Article

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ABSTRACT

Farming credit is one the fundamental sources to the farmers in the country for the seven decades. Commercial banks, co-operative banks and other financial institutions are providing short-term and long-term farm credit to the famers. There are lots of challenges faced by the bank staffs and farmers while the processing of the farm loan in the country. There are lots of problems there in the farm loan. Government of India has disbursed more loans for agriculture more than targeted level still the prevalence of non-institutional credit, which eventually imposed huge sufferings of the farmers. The objective of the paper is to the accessibility and constraints faced by the farmers in accessing bank credit in Ariyalur and Tirunelveli districts of Tamil Nadu. The paper is divided into five sections. The first section is introductory in nature; which is the background, objectives of the study. The second section discusses the review of literature. The third section deals with research methods. The fourth section analyses the constraints of farm credit and co-operative bank and commercial banks in Tamil Nadu. Lastly provides the concluding remarks.

INTRODUCTION

According to the financial inclusion insights survey (2015), about 43% of farmers do not have access to a bank account. It reveals, the disparity between farmers and workers was 36% and 55% of them do not have a bank account. It is also worthy to note that Government of India has disbursed more loans for agriculture more than targeted level still the prevalence of non-institutional credit, which eventually imposed huge sufferings of the farmers. (Government of India Budget 2018-19, Agriculture) ^[1]. The decadal growth of branches of banks is growing up from 8,262 in 1969 to 64,608 in 2009 (RBI, 2009). About 60% (148 million) have not been received by institutional credit agencies ^[2]. Furthermore, 50% (89 million farm households) have not those credit facilities.

Within the indebted rural households, 43% have received from money lenders and other non-financial institutions (NSSO 70th Round, 2013). The disparity in the utility of share of institutional credit to total rural indebtedness has fallen from 64% in 1991 to 57% in 2002. But the share of money lenders increased from 17.5% to 29.6%. About 48% and 78% of rural and non-farm rural households have not availed of the banking services (EPW research foundation 2007). Various research studies have been noted about the credit facilities and farmer's development in international level. The conceptual link between finance and growth were highlighted number of research studies.

The inadequate availability of rural credit which caused productivity in four agro-climatic zones in Himachal Pradesh. The indication is that more than 75% of the households borrowed credit from the institutional agencies, of which the contribution of banks is found 68%. It observed that the respective credit requirements for these four zones being 75% and need to provide adequate credit facilities in farms ^[3]. Agricultural loans are available for a multitude of farming purposes in the Tirupur district of Tamil Nadu. The study focused on SBI agricultural credit services provided to customers. There are factors influencing customer satisfaction for a particular bank is time, quality of service, and convenience to its customers.

The commercial banks and their rural agriculture credit of Andhra Pradesh. Andhra Pradesh has achieved the highest share of the commercial bank's advances in priority sectors. The farmer's perception towards agricultural credit provided by the district Co-operative bank in Raipur city of Chhattisgarh. The study found credit disbursement; no confirm the time for loan sanctions ^[4]. The accessibility of loan schemes was to the right people, the perceptions of farmers seeking a loan. They found that the problems faced by borrowers were delays in the delivery of loans, insufficient time for repayment, inflexibility in the structure of repayment installments, and the lack of technical guidance. The study also revealed that large farmers had better access to commercial bank credit.

The credit requirement, availability in the Thane District of Maharashtra. The study reveals that a maximum number of cultivators had borrowed from institutional agencies and that too mainly from cooperative societies. Out of the total borrowing, about 98% was borrowed from institutional agencies. The share of land development banks in total borrowing was 34.49%. The credit gap was found to be associated with the adoption of recommended technology. The recovery performance of primary agriculture cooperatives in the Erode district of Tamil Nadu ^[5]. He has pointed out that the accumulation of overdue loans will result in a shortage of credit and needy members may have to go without credit. Mounting overdue may bring society to the verge of liquidation. He has classified the borrowers into defaulters and non-defaulters based on certain socio-economic and physiological characteristics of borrowers.

MATERIALS AND METHODS

Primary data was collected from two districts namely, Ariyalur and Tirunelveli districts in Tamil Nadu. From the selected districts, Sendurai Taluk of Ariyalur district was selected which has the lowest credit accessibility. Ambasamutharam, Tirunelveli and Palayamkotai Taluk of Tirunelveli district were selected which having highest credit accessibility. In this way, from each selected district in 154, 133 households have got agricultural credit for crop cultivation and other purposes. About 287 sample farmers were surveyed. Samples from Primary Agriculture

Co-op Societies from Ariyalur and Tirunelveli districts and sample farmers from SBI, Ariyalur and IOB, Tirunelveli from the list of crop loan borrowers were on the basis of their proportion in the universe (Tables 1 and 2).

Table 1. Village-wise sample distribution of ariyalur district of Tamil Nadu.

Village	Co-op bank users	Commercial bank users
Sendurai Taluk		
Anandavadi	30 (29.0)	9 (30.0)
Chinna anandavadi	8 (8.0)	0
Periya anandavadi	4 (4.0)	0
Kulumur	26 (24.0)	7 (23.0)
Marauvathur	31 (30.0)	6 (20.0)
Sirukadamboor	0	3 (10.0)
Sedakudikadu	0	2 (7.0)
Unjini	5 (5.0)	3 (10.0)
Total sample size	104 (100.0)	30 (100.0)

Table 2. Village-wise sample distribution of Tirunelveli district of Tamil Nadu.

Village	Co-op bank users	Commercial bank users
Ambasamudaram Taluk		
Adhikesanallur	1 (1.0)	4 (8.0)
Cheeramandevi	0	4 (8.0)
Harikesanallur	0	15 (30.0)
Nainarkalani	0	6 (12.0)
Palayamkottai Taluk		
Kammalankulam	18 (17.0)	0
Kunnathoor	20 (19.0)	0
Muneerpallam	17 (17.0)	5 (10.0)
Padakasaalai	6 (6.0)	0
Thachanallur	2 (2.0)	6 (12.0)
Tirunelveli Taluk		
Rjavallipuram	6 (6.0)	0
Seedhabannallur	10 (10.0)	0
Sirukankurichi	23 (22.0)	8 (16.0)

The village-wise sample distribution of the Ariyalur district of Tamil Nadu is presented. The total samples in the district were 104 and 30 collected from Co-op bank users and Commercial bank users, respectively. Out of that,

31% and 30% of samples from co-op bank users were collected from Maruvathur and Anandavadi villages. Followed by 26% of the samples was collected from Kulumur village in the district. Among commercial bank users, 30% and 23% of samples were collected from Anandavadi and Kulumur villages in the district. This was followed by 20% of the samples collected from Maruvathur village.

The village-wise sample distribution of Tirunelveli District of Tamil Nadu is given. Among the co-op bank users, 22% and 19% of the sample were collected from Sirukankurichi village of Tirunelveli Taluk and Kunnathoor village of Palayamkottai Taluk. Followed by 17% of the sample were collected from Muneerpallam and Kammalankulam village of Palayamkottai Taluk, respectively. Among commercial bank users, 30% and 16% of samples were collected from Harikesanallur village of Ambasamudaram Taluk and Sirukankurichi village of Tirunelveli Taluk. Following that, 12% of the samples were collected from Nainarkalani village of Ambasamudaram Taluk and Thachanallur village of Palayamkottai Taluk, respectively. The objective of the paper is to the accessibility and constraints faced by the farmers in accessing bank credit in Ariyalur and Tirunelveli districts of Tamil Nadu. The paper is divided into five sections. The first section is introductory in nature; which is the background, objectives of the study. The second section discusses the review of literature. The third section deals with research methods. The fourth section analyses the constraints of farm credit and co-operative bank and commercial banks in Tamil Nadu. Lastly provides the concluding remarks.

RESULTS

The short and long-term loans issued by banks were increased from Rs. 46.92 billion in 1981-82 to Rs. 6594 billion in 2012-13. The cooperative banks have been increasing from Rs. 25 billion in 1981-82 to Rs. 1504 billion in 2017-18. Commercial banks have been increasing from Rs. 15 billion to Rs. 4845 billion in 2012-13. RRBs issued the loan, which has been increasing from Rs. 1.68 billion to Rs. 1410 billion. During 2017-18, commercial banks and RRBs were contributing Rs. 1504 billion and Rs. 1410 billion, respectively (Table 3).

Loan outstanding has been increasing from Rs. 86.35 billion in 1981-82 to Rs. 10482 billion in 2016-17. Out of that, commercial banking outstanding advances in agriculture and allied activities have grown significantly to Rs. 6681 billion in 2017-18 which formed approximately 64% of total bank credit, followed by cooperative banks outstanding were Rs. 2267 billion and 22%. RRB's share was Rs. 1534 billion and 15%.

Socio-economic characteristics of the study area

The demographic profiles of the Ariyalur and Tirunelveli districts of Tamil Nadu are presented. Among co-op bank users, the Joint Family System in Tirunelveli district has been reflected in the higher average household size. A majority of the sample farmers in both districts were male-dominated and only a fraction of female farmers were engaged. About less than 10% of co-op bank users and commercial bank users in the Ariyalur District have a female as the head.

Of the total sample farmers, about 47% and 60% of co-op bank users and commercial bank users belonged to MBC in Ariyalur District. In Tirunelveli, 56% of the co-op bank users belonged to SC/ST categories. Followed by 46% of commercial bank users were belonging to the BC category. The majority of them by religion were Hindu in Ariyalur and Tirunelveli districts of Tamil Nadu. A small fraction of the Muslims is there.

Table 3. Direct institutional credit for agriculture and activities in India: (short and long-term)
(amount in Billion).

Year	Loans issued					Loans outstanding			
	Co-operatives	State governments	SCBs	RRBs	Total	Co-operatives	SCBs	RRBs	Total
1981-82	24.79	1.53	14.96	1.68	42.96	48.21	35.41	2.73	86.35
1991-92	57.97	3.39	48.06	5.96	115.38	121.76	169.81	19.84	311.42
2001-02	305.69	4.43	186.38	45.46	541.95	521.1	451.06	82.86	1055.02
2010-11	781.21	0	2227.92	439.65	3448.78	766.74	3575.84	550.67	4893.25
2011-12	879.63	0	3128.77	544.5	4552.9	725.45	4432.98	703.84	5862.27
2012-13	1112.03	0	4844.99	636.81	6593.83	1197.75	5224.78	794.99	7217.52
2013-14	1199.64	0	0	826.52	0	1352.45	5035.32	982.06	7369.83
2014-15	1384.69	0	0	1024.82	0	1542.86	6839.69	1126.03	9508.58
2015-16	1532.94	0	0	1192.6	0	1561.2	8148.41	1334.01	11043.62
2016-17	1427.58	0	0	1232.16	0	2266.97	6681.09	1534.16	10482.22
2017-18	1503.89	0	0	1409.59	0	2466.99	0	1710.62	0

In Ariyalur district, 32% and 27% of co-op bank and commercial bank users have completed higher secondary education. In Tirunelveli district, 39% and 36% of co-op bank and commercial bank users have completed higher secondary school education. About the majority of them completed primary education among the co-op bank and commercial bank users. About one-tenth of them were illiterate. A minimum level of them has attained higher education. It indicated that a low level of education has been shown in farming activities.

Farm category-wise under different banks is provided small farms grew the highest share of 58%, followed by marginal farms (21%) among co-op bank users in Ariyalur district. In Tirunelveli district, 50% and 44% of marginal and small farmers were among co-op bank and commercial bank users, respectively. It is indicated that the majority of them belong to marginal farmers and small farmers in Ariyalur. But in Tirunelveli, about 90% of farmers constitute marginal and small farmers among co-op bank users. Followed by 82% of the same category were occupied by commercial bank users. On the other hand, a small fraction of landholding is withheld by the large size of farmers.

Purpose of agricultural credit

The purpose of agricultural credit availed by Ariyalur and Tirunelveli Farmers is shown. In Ariyalur, the crop loan was accorded top priority with 90% and 77% of credit extended to the co-op bank and the commercial bank users, respectively, followed by land development (10% and 11% of both banks). The farm equipment, medical, education, and house construction were borrowed with a small fraction (Table 4).

Table 4. Demographic profile in Ariyalur and Tirunelveli districts of Tamil Nadu (in percent).

Particulars	Ariyalur district		Tirunelveli district	
	Co-op banks	Com. banks	Co-op banks	Com. banks
Sample size	104	30	103	50
Gender (Percent)				
Male	94 (90.0)	27 (90.0)	102 (99.0)	49 (98.0)
Female	10 (10.0)	3 (10.0)	1 (1.0)	1 (2.0)
Family type (Percent)				
Joint family	43 (41.0)	11 (37.0)	29 (28.0)	23 (46.0)
Nuclear family	61 (59.0)	19 (63.0)	74 (72.0)	27 (54.0)
Social groups (Percent)				
SC/ST	6 (6.0)	4 (13.0)	58 (56.0)	12 (24.0)
BC	43 (41.0)	8 (27.0)	34 (33.0)	23 (46.0)
MBC	49 (47.0)	18 (60.0)	6 (6.0)	15 (30.0)
General	6 (6.0)	0	5 (5.0)	0
Religion (Percent)				
Hindu	100 (96.0)	27 (90.0)	100	49 (98.0)
Muslim	4 (4.0)	3 (10.0)	0	1 (2.0)
Christian	0	0	0	0
Others	0	0	0	0
Location of the farmers				
Within Village	100	100	100	100
Outside Village	0	0	0	0
Others	0	0	0	0
Education status (Percent)				
Illiterate	18 (17.0)	3 (10.0)	14 (11.)	8 (16.0)
Upto primary	25 (24.0)	11 (37.0)	34 (33.0)	18 (36.0)
Up to higher secondary	33 (32.0)	8 (27.0)	40 (39.0)	16 (32.0)
Upto graduate	15 (14.0)	7 (23.0)	4 (4.0)	6 (12.0)
PG	13 (13.0)	1 (3.0)	11 (11.0)	2 (4.0)

The percentage share of loans borrowed from co-op banks and commercial banks was 56% and 53% respectively. Sample farmers were borrowed from both banking institutions, a small fraction of them diverted into non-agricultural uses in Anandavadi, Maruvathur, and Kulumoor village of Sendurai Taluk. The remaining farmers were reported to use medical and educational expenses with a small faction. In Sendurai Taluk, farmers from co-op bank borrowers got the loan during the start of cultivation in farming activities. The farmer's needs were fulfilled by the co-op society (Tables 5 and 6).

Table 5. Sample distribution of land size in Ariyalur and Tirunelveli in Tamil Nadu).

Land size (Percent)	Ariyalur district		Tirunelveli district	
	Co-op banks	Com. banks	CO-OP banks	Com. banks
Marginal farm	22 (21.0)	13 (43.0)	52 (50.0)	19 (38.0)
Small farm	60 (58.0)	13 (43.0)	40 (39.0)	22 (44.0)
Medium farm	19 (18.0)	4 (14.0)	11 (11.0)	8 (16.0)
Large farm	3 (3.0)	0	0	1 (2.0)

Table 6. Purpose of agricultural credit availed by Ariyalur and Tirunelveli in Tamil Nadu.

Purposes	Ariyalur				Tirunelveli			
	Co-op Bank Users		Com. Bank Users		Co-op Bank Users		Com. Bank Users	
	Actual	Percent	Actual	Percent	Actual	Percent	Actual	Percent
Crop development	94	90	23	77	92	89	44	88
Land development	10	10	7	23	11	11	6	12
Total	104	100	30	100	103	100	50	100
Crop development	58	56	16	53	62	60	33	66
Land development	22	21	6	20	5	5	7	14
Farm equipments	11	11	0	0	7	7	4	8
Medical expenses	5	5	1	3	7	7	0	0
Education expenses	3	3	0	0	4	4	1	2
Construction of house	3	3	1	3	3	3	2	4
Repaying debt	0	0	0	0	13	13	1	2
Household expenses	0	0	6	20	2	2	2	4
Others	2	2	0	0	0	0	0	0
Total	104	100	30	100	103	100	50	100

In Tirunelveli, the crop loan was accorded top priority with 88% and 89% of credit extended to the co-op bank users and commercial bank users, respectively, followed by 11% and 12% of both types of borrowers were stated for land development purposes. About 13% and 2% of both borrowers were reported to use repayment of debt in co-op societies and other money lenders in Tirunelveli. It is adjusted the existing loan from the new borrowing loan to the farmers from co-op societies. This kind of method was only adopted in co-op societies. A small fraction of farmers were reported to medical uses.

But in Ariyalur, half a portion of the farmers have used those crop development purposes, because they have diversified loans to some other uses. The transfer of funds to land development and farming equipment purpose were used by these farmers. The seasonal support to the farmers is very low and land development is very essential because the majority of them in Sendurai block were used for the development of land purposes due to rich in RRJAAS | Volume 11 | Issue 3 | March, 2022

minerals uses not used for cultivation purposes. A majority of them used to land in poor conditions, which is spent on more of this purpose. It was found that the majority of farmers in Tirunelveli have been used as crop development with a higher level when compared to Ariyalur. Even though both the districts, the sample farmers were used to crop development and get the income.

Problems faced by farmers and bankers while providing farm credit

Agricultural officers in scrutinizing agricultural loans in Ariyalur and Tirunelveli are given. All the farmers in co-op banks and commercial banks reported that the application was successfully accepted by both the banks in Ariyalur and Tirunelveli of Tamil Nadu. In Ariyalur, 62% and 77% of co-op bank and commercial bank borrowers reported that the amount of loan is not sufficient to meet the farm needs. Followed by 83% and 68% in both the banks would not provide sufficient loan amounts in Tirunelveli. A majority of them in both banks were not provided with sufficient loans to the farmers, fixed by the district central co-op bank of Ariyalur and Tirunelveli, and the lead bank of IOB fixed that finance in the case of commercial banks. About 70% and 77% of both the banks noted that they scrutinized the application by the banking staff in Ariyalur. But, 68% and 70% of them noted that they scrutinized the application in Tirunelveli. The majority of them noted that the application was scrutinized by the banking official properly within a short period (Table 7).

Table 7. Agricultural officers in scrutinizing the agricultural loans in study area (percent).

Particulars	Answer	Ariyalur district		Tirunelveli district	
		Co-op bank	Com. bank	Co-op bank	Com. bank
Application successful	Yes	100	100	100	100
	No	0	0	0	0
Amount get sufficient	Yes	38.5	23.3	17.5	32
	No	61.5	76.7	82.5	68
Lending in village other than banking	Yes	62.5	50	74.8	68
	No	37.5	50	25.2	32
Banking officials scrutinized application	Yes	70.2	76.7	68	70
	No	29.8	23.3	32	30
Obtained sufficient credit as on demand	Yes	36.5	50	42.7	14
	No	63.5	50	57.3	86
Banking officials treated-well	Yes	59.6	53.3	59.2	52
	No	40.4	46.7	40.8	48
Banking officials provided credit information	Yes	39.4	33.3	39.8	38
	No	60.6	66.7	60.2	62
Taking much time processing application	Yes	45.2	60	64.1	72
	No	54.8	40	35	28
Adequate loan to farm development	Yes	100	100	100	100
	No	0	0	0	0

About 64% and 50% of them reported that they could not obtain sufficient as on-demand by the sample farmers in Ariyalur. But in Tirunelveli, 56% and 86% of them reported that they did not receive sufficient as on-demand by the farmers. It is inferred that the majority of them were applied for that crop loan, but the banks have a limited size of funds and the scale of finance fixed the government from time to time, also causes the low amount of loan provided. The farmer's demands for the loan are based on the current cost of cultivation and other expenses to meet out during the time of farming. But the government was only allowed to lower than that expected by the farmers in the area.

About 61% and 6% of them reported that the banking officials in Ariyalur could not provide credit information in banks. In Tirunelveli, 60% and 62% reported that they could not provide credit information to co-op banks and commercial banks due to illiteracy, the vulnerable section of the farmers, poor conditions of the farmers, and status of the people in the village only deciding the factors. The banking officials in co-op banks and commercial banks are only supported by rich people, influential farmers in the village, local influence, close relations with banking officials and local well-known people only informed.

Table 8. Problems faced the application processing in crop loan in study area (percent).

Particulars	Answer	Ariyalur district		Tirunelveli district	
		Co-op bank	Com. bank	Co-op bank	Com. bank
How long take to approve loan	1-10 Days	16.3	10	11.7	12
	11-20 Days	61.5	40	77.7	62
	Above 20	22.1	43.3	10.7	26
Reasons application not successful	Not Eligible	0	0	1	2
	no document	0	0	3.9	0
	Need mortgage	0	0	4.9	6
	others	0	0	1.9	2
How long to pay back the loan	1-3 Months	1.9	3.3	1.9	4
	4-6 Months	12.5	36.7	2.9	58
	7-9 Months	9.6	13.3	0	0
	9-12 Months	73.1	46.7	71.8	30
	Above 12	2.9	0	23.3	8
Distance of the bank in village	1- 5 Km	76	50	94.2	32
	6- 10 Km	23.1	40	5.8	58
	10-20 Km	1	10	0	10
Bank officers response	Good	25	26.7	80.6	62
	Normal	75	73.3	19.4	38
	Bad	0	0	0	0

About 60% of co-op banks and 53% of commercial bank borrowers in Ariyalur reported that the banking staff in the banks treated them well. But in Tirunelveli, 59% and 52% reported that they treated well during the processing of the loan application and approaching regards other banking information. This is happening in commercial banks that could not be treated well in Ariyalur and Tirunelveli because banks have a huge size of financial transactions. They are provided with gold loans, small scale loans and business loans, trade loans and agricultural loans and government schemes and collect deposits from rural areas. The commercial banks are doing multiple functions in rural areas; this is the main reason to neglect the rural farmers in banking branches. But the co-op banks are doing limited functions of these activities and also within the limited areas of functions (Table 8).

The problems faced while processing the application for agricultural loans are presented. About 62% and 40% of co-op banks and commercial banks reported that their applications were processed within 11 to 20 days in Ariyalur. However, in Tirunelveli, 78% and 62% of them reported that their application was processed above said period. About 22% and 43% reported that their application was processed above 20 days in Ariyalur.

In Tirunelveli, 11% and 26% reported that their application was processed after 20 days. It is found that the three-fifth of them by the co-op banks and commercial banks noted that their application process within 20 days in Ariyalur and Tirunelveli. About 5% and 6% of the co-op banks and commercial banks users reported that their application was rejected, because of the need for mortgage documents in Tirunelveli. 4% of co-op banks were reporting that their application was rejected due to no supporting documents available.

The repayment of crop loans is one of the main problems with 83% and 60% of co-op banks and commercial banks reported that they repay their loans within 12 months' time period in Ariyalur. 72% and 88% of them reported that they repay the loan within 12 months period of time in Tirunelveli. It is found that the co-op banks found that repayments of loans performed better than that of commercial banks in Ariyalur and Tirunelveli.

The co-op society's staff knew very well about the farmer's status, economic conditions, and their problems in the village. The societies are operated within the limitation of the location of 5 villages in the study area. But in commercial banks are operating wide levels of functions like agriculture, business, small scale, and others. They could not know about the farmer's details.

In Ariyalur, about 78% and 50% of co-op banks and commercial banks reported that the farmers traveled to reach the banks within 5 KM. Followed by 23% and 40% of them reported that they travel to reach within 10 km. In Tirunelveli, about 94% and 32% reported that they travel to reach the bank within 5 KM Followed by 58% of commercial bank borrowers were travel to reach within 10 KM.

About 10% of commercial banks in Ariyalur and Tirunelveli reported that they travel to reach the bank within 20 KM. The commercial banks were located in urban areas only in both districts. Commercial banks were also preferred by small towns in both districts. However, the co-op banks were located within the village and covered 5 to 6 villages and limited operations.

Factors responsible for constraints facing rural households

Researchers have identified fourteen factors for the problems faced by farmers while providing farm credit in Ariyalur and Tirunelveli. The respondents were asked to provide their opinion on the scaling of strongly agree, agree, undecided, disagree, and strongly disagree. Researchers have used the multivariate technique used. Fourteen factors were responsible for farming credit from the co-op banks and the commercial banks in Ariyalur and Tirunelveli of Tamil Nadu. Factors responsible for constraints facing rural households in the Co-op Banks of Ariyalur are given.

In Ariyalur, 47% of co-op bank borrowers stated that they agreed to repay the loan within the stipulated period. Another 24% reported that they would be undecided about repaying the loan on time. It revealed that the majority of them half-portion of the farmers were repaying the loan on time. One-fourth of them reported to undecided about repaying the loan on time due to there is no income in the farming activities. Generation of the repayment of the loan amount is very difficult within a short period. Alternatively, they prefer to settle the loan by way of again approaching the bank and getting the gold loan. The second is again the farmers applied for another crop loan and got the amount and adjusted to an earlier loan (Table 9).

Table 9. Constraints facing rural households in co-op banks of ariyalur district (percent).

Particulars	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Repay loan as scheduled time	18	47	24	11	0
Defaulted in the payment loan	0	0	19	71	10
High interest discourage future	75	7	11	7	0
Bank loan helped farming uses	65	28	5	2	0
Release higher volume of loan	0	8	28	50	14
Saving in banks secure	16	51	27	6	0
Loan accessible without stress	36	5	16	27	16
Banks staffs friendly approach	28	13	4	36	19
Form filling is discouraging	4	38	44	14	0
Banks far away from rural area	15	47	14	17	6
Loans in non-bank is easy	0	38	5	38	19
Non-bank is trustworthy	10	5	14	62	9
Non-bank near to rural area	15.4	47.1	14.4	17.3	5.8
Saving is easy in non-banks	0	9.6	29.8	48.1	12.5

About 75% of co-op bank's borrowers felt that they strongly agreed that the high-interest rate is discouraging their future avail of the loan in Ariyalur. High interest is one of the major problems in the study area. However, co-op banks were issuing the loan without zero-level interest payments during the 12 month period. Suppose the sample farmers are paying the dues after the due date, the co-op bankers calculated the interest payment. 65% and 27% felt that they strongly agreed and agreed to farm loan helping to development of agriculture in Ariyalur. It is found RRJAAS | Volume 11 | Issue 3 | March, 2022

the farm loan is very much useful and agricultural development in Ariyalur. All the farmers benefited from the crop loan and which is very much to support crop cultivation effectively.

About 78% felt that they disagreed and were undecided about the release of the higher volume of the loan. It has been revealed that the majority of them do not believe the banking scale of finance in Ariyalur. 40% reported that they strongly agreed the loan accessible from the co-op banks in Ariyalur without stress. About 43% felt that they were disagreeing without stress in the study area. It is found the two-fifth portions of the farmers were affected during the loan accessible from co-op banks in Ariyalur district. The remaining two-fifths of the farmers were loan accessible without any stress by the banking staff.

Sample Farmers have to get a certificate relating to authentication of land issued by the Village Administrative Officer, a land document. Your time and cost may be wasted due to asking VAO certificate from Ariyalur (Table 10).

Table 10. Constraints facing rural households in commercial banks of ariyalur (percent).

Particulars	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Repay loan as scheduled time	37	40	20	3	0
Defaulted in the payment loan	0	0	50	40	10
High interest discourage future	100	0	0	0	0
Bank loan helped farming uses	53	30	10	7	0
Release higher volume of loan	0	3	37	50	10
Saving in banks secure	34	40	23	3	0
Loan accessible without stress	37	0	17	37	10
Banks staffs friendly approach	37	0	3	30	30
Form filling is discouraging	0	34	33	33	0
Banks far away from rural area	13	37	10	30	10
Loans in non-bank is easy	0	57	3	33	7
Non-bank is trustworthy	0	0	53	47	0
Non-bank near to rural area	13	37	10	30	10
Saving is easy in non-banks	4	3	40	50	3

The constraints facing rural households in commercial banks of Ariyalur are given. In Ariyalur, 77% of the commercial bank borrowers noted that they strongly agreed and agreed on the repayment of the loan during the stipulated period. Followed by 90% of them felt that, they were disagreeing with defaulting repayment of the loan to commercial banks in Ariyalur. About 83% opinions that they strongly agreed and agreed Bank loans were helpful to the cultivation of crops. 60% who reported that they were said to disagree with the release of a higher volume of the loan.

About 37% of commercial bank borrowers reported that they were accessing the loan without stress in Ariyalur. About 37% reported that, they said disagree about accessing the loan without stress. One-third of the farmers have affected the access of the loan from commercial banks in Ariyalur. About 60% of reports said they disagreed and

strongly disagreed relating to the bank's official approach to their customers. It is noted that the majority of them in commercial bank staff were not friendly approach to their customers in Ariyalur. They do not know about the customers deeply. About 34% felt that they were agreeing about the form filling is discouraged by the staff of commercial banks. The bank staff was not supported during the time from filing of the bank branches of Ariyalur.

About 50% felt that they had agreed to commercial banking branches far away from the rural areas. It is located only in urban and high populated place in Ariyalur. The sample farmers travelled to branches long-distance and it will take half a day. It is found that the majority of commercial banks were located in the Sendurai area only like SBI, Indian Bank, and other banks. The South Indian bank was operated in Anandavadi village of Sendurai block. ICICI Bank branches are operated in Kulumoor village of Ariyalur.

The constraints facing rural households in co-op banks of Tirunelveli were presented. About 42% reported that they had agreed to repay the loan on time to a co-op bank in Tirunelveli. Followed by 27% felt that strongly agree to repay on time. About 76% stated that they strongly agreed that a high-interest rate is discouraging their future loan borrowing. The study found that the majority of farmers were paid the interest rate a certain period before in the study area. About 46% optioned that they disagreed with the release of the high value of loans in the study area. It is found that the majority of high-value loans are not released (Table 11).

Table 11. Constraints facing rural households in co-op banks of tirunelveli district (percent).

Particulars	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Repay loan as scheduled time	27	42	20	11	0
Defaulted in the payment loan	7	0	0	0	0
High interest discourage future	76	12	3	9	0
Bank loan helped farming uses	61	35	3	1	0
Release higher volume of loan	0	10	32	46	12
Saving in banks secure	63	31	4	2	0
Loan accessible without stress	45	14	14	21	6
Banks staffs friendly approach	43	18	0	23	16
Form filling is discouraging	11	37	40	12	0
Banks far away from rural area	20	54	7	15	4
Loans in non-bank is easy	0	37	11	42	10
Non-bank is trustworthy	2	3	24	63	8
Non-bank near to rural area	20	54	7	15	4
Saving is easy in non-banks	2	5	22	48	23

About 59% reported that they strongly agreed and agreed to a loan accessible from a co-op bank in Tirunelveli without any stress. Three-fifths of farmers had loan access without any stress from co-op banks. The banking staff is working on PACBs in Tirunelveli with local people. The banking staff is supported by farmers with extensive co-operation relating to loan issues and repayment time.

About 37% felt that they agreed to form filling in co-op banks were discouraging. One-third was affected, discouraging the form filling process in co-op banks. The majority of them felt that they were not discouraging during the time of form filling. About 54% reported that they were agreeing to co-op banks away from rural areas in Tirunelveli. It was found that the majority of them were travelling to PCBs in Tirunelveli due to limited co-op societies in the village (Table 12).

Table 12. Constraints facing rural households in commercial banks of tirunelveli (percent).

Particulars	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Repay loan as scheduled time	18	46	22	14	0
Defaulted in the payment loan	8	0	0	0	0
High interest discourage future	96	0	0	4	0
Bank loan helped farming uses	44	40	6	10	0
Release higher volume of loan	0	0	30	56	14
Saving in banks secure	74	22	2	2	0
Loan accessible without stress	44	10	22	22	2
Banks staffs friendly approach	46	10	2	14	28
Form filling is discouraging	2	40	38	20	0
Banks far away from rural area	12	56	12	18	2
Loans in non-bank is easy	4	54	12	26	4
Non-bank is trustworthy	6	0	0	90	4
Non-bank near to rural area	12	56	14	18	0
Saving is easy in non-banks	2	14	32	50	2

The constraint facing rural households in the commercial banks of Tirunelveli are presented. In Tirunelveli, about 46% and 18% reported that they agreed and strongly agreed to the stipulated period of time. Two-thirds of the farmers among commercial banks in Tirunelveli repay their crop loans within the period. About 8% of commercial bank borrowers felt that they strongly agreed to default repayment of crop loans. It is noted that a small fraction of farmers had only defaulted on farmers among commercial banks in Tirunelveli. The bank staff has informed the farmers to repay the loan position and due date.

About 96% reported that they strongly agreed that a high-interest rate is discouraging. A majority of them were earning less profit in the crop cultivation in Tirunelveli. The majority of them are highly dissatisfied with banking staff and they opined that the rate of interest is affordable to common people.

About 56% reported that they disagreed with the release of a high-value crop loan by a commercial bank in Tirunelveli. It found that the majority of them do not believe in releasing high-value loans. Commercial bank IOBs in Munerpalle, Cheranmadevi, and Veragapuram were not distributing the high value of loan because it is the state

government policy. Therefore, the requirement of rural credit at an appropriate time is limited to contrarily bounded impact the output in Tirunelveli.

About 44% reported that they strongly agreed to access loans without any stress from commercial bank staff. Following this, 44% of them reported that they disagreed and undecided about accessing a loan without any stress. It is noted that half a portion of the sample farmers was affected by stress due to the banking staff approach during the time of the loan process in Tirunelveli. The farmers were facing a lot of stress while accessing the credit.

About 40% reported that they agreed to discourage them during the time of form filling in the commercial bank in Tirunelveli. It found that the illiterate and their ignorance had shown a serious impact on access to credit. The illiterate cultivator is unable to understand the transaction process of the credit delivery system by commercial banks in Tirunelveli. Due to ignorance, many farmers are exploited by the corrupted bank staff for giving credit.

About 68% reported that they strongly agreed and agreed that commercial banks were far away from rural areas in Tirunelveli. A significant proportion of the sample farmer borrowers noted that long-distance travel to the commercial bank in the study area. Commercial Banks are easily comprised of those who stay in a distant and remote area.

DISCUSSION

The majority are most vulnerable in terms of accessibility of agricultural credit in the study area. They have a small piece of land for the cultivation is not enough. That income cannot solve the minimum needs of their family in the village. At the critical time, money lenders exploited their weakness; they are providing loans to the farmers with a high rate of interest.

About 61% and 67% of them reported that the banking officials in Ariyalur could not provide credit information in banks. In Tirunelveli, 60% and 62% reported that they could not provide credit information in co-op banks and commercial banks due to illiteracy, the vulnerable section of the farmers, poor conditions of the farmers, and status of the people in the village only deciding the factors.

The repayment of crop loans is one of the main problems that, 83% and 60% of both bank borrowers reported that they repay their loan within 12 months period of time in Ariyalur. The 72% and 88% reported that they repay the loan within 12 months period of time in Tirunelveli. It is found that the co-op banks were collected the repayment of loan perform better than that of commercial banks in Ariyalur and Tirunelveli. The co-op society's staff knew very well about the farmer's status, economic conditions, and their problems in the village ^[6-9]. The societies are operated within the limitation of the location of 5 villages. But in commercial banks are operating wide levels of functions like agriculture, business, small scale, and others. They could not know about the farmer's details.

In Ariyalur, 78% and 50% of both borrowers reported that they travel to 5 KM, followed by 23% and 40% reported travel to 10 KM. In Tirunelveli, 94% and 32% reported that they travel to 5 KM, followed by 58% of commercial bank borrower's travel to 10 KM. About 10% of commercial banks in Ariyalur and Tirunelveli reported travel to 20

KM. The commercial banks were located in urban only in both districts. The commercial banks were preferred also by small towns in both districts. But the co-op banks were located within the village and covered 5 to 6 villages and limited operations.

In Ariyalur, the majority were repaying the loan on time. One-fourth of them reported to undecided about the repayment on time due to there is no income on the farm. They preferring to settle the loan by way of again approaching the bank and get the gold loan. It is found that the majority of them dis-agree relating defaulted loan in Ariyalur, which means all the farmers, settled the loan within one year period ^[10]. The majority of co-op bank's borrower's felt that they strongly agreed about the high-interest rate is discouraging their future in Ariyalur. They are paying the due after the due date, the co-op bankers were calculated interest payment.

It is found the farm loan is very much useful and agriculture development in Ariyalur. All the farmers were benefited from the crop loan and which is very much to support crop cultivation effectively. It is found the two-fifth of them was affected during the loan accessible from co-op banks in the Ariyalur. The remaining two-fifth of them was loan accessible without any stress by the banking staff.

In Ariyalur, 77% of the commercial bank borrowers noted that they strongly agreed and agree on the repayment of the loan on the stipulated period. Followed by 90% of them felt that, they were disagreeing with defaulted repayment of the loan to commercial banks. About 83% reported that they strongly agreed and agree bank loans were helpful to the cultivation of crops. 60% who reported that they were said to disagree with the release of a higher volume of the loan. In Ariyalur, 37% of commercial bank borrowers reported that they were accessing the loan without stress, followed by 37% who reported disagreement about access the loan without stress ^[11]. It one-third of the farmers have affected the access of the loan from commercial banks in Ariyalur.

The majority of them in commercial banks staff were not friendly approach to their customers in Ariyalur. They do not know about the customers deeply ^[12]. The bank staff was not supported during the time from filing the bank branches of Ariyalur. It is located only urban and high populated place in Ariyalur. They were traveled to long-distance and it will take half a day. It is found that the majority of commercial banks were located in Sendurai area only like SBI, Indian Bank, and other banks. South Indian bank was operated in Anandavadi village of Sendurai block. ICICI bank branches were operated in Kulumoor village of Ariyalur.

The non-bankers were simply issuing the loan without any document. But repayment of the loan with the highest interest rate was fixed by those people. It is very difficult for the farmers to repay the loan with the highest interest rate in the Ariyalur. Private finance agencies like Sendurai, Kulumoor, and Anandavadi village are operated.

The lengthy processes of loan are sanction and rigid loan recovery procedures followed by commercial banks in Ariyalur. The majority of the high value of loans is not released by any co-op banks in Tirunelveli. PACBs were acted based on the scale of finance fixed District Central Co-op bank, Tirunelveli. A three-fifth of farmers was loan access without any stress from co-op banks ^[13]. The banking staff is working in PACBs in Tirunelveli with local people. The banking staff is supported by the farmers with extent co-operation relating to loan issues and repayment time. The

banking staffs know every farmer in the village and the needs of their financial conditions. The bank staff was highly supportive and service-minded in the village level societies.

In Tirunelveli, two-thirds of the commercial banks repay their crop loans within the period. A small fraction of them has only defaulted farmers among commercial banks ^[14]. The bank staff has informed the farmers to repay the loan position and due date. The commercial banks in Tirunelveli were hesitating to extent farm credit. The main reason is the trouble in collection or repayment.

About 96% reported that they were strongly agreed to high-interest rate is discouraging. The majority of them were earning less profit in the crop cultivation in Tirunelveli. The majority of them have highly dissatisfied with banking staff and they opined that the rate of interest is affordable to common people ^[15]. The agriculture income may be used for various survival expenses like family maintenance, education of their children, social ceremonies, and cost of cultivation of farming activities. The high interest affected the borrowing power may be reduced.

The commercial bank IOB in Munerpallem, Cheranmadevi, and Veragapuram were not distributing the high value of loan because it is the state government policy. The farmer household needs agriculture credit for transplantation and it is provided to farmers during mowing for different types of reasons. Therefore, the requirement of rural credit at an appropriate time is limited to contrarily bounded impact the output in Tirunelveli.

CONCLUSION

It is noted that half portion of them was affected by stress due to the banking staff approach during the time of the loan process in Tirunelveli. The farmers were facing a lot of stress during accessing the credit. The illiterate and their ignorance have shown a serious impact on access to credit. The illiterate cultivator is unable to understand the transaction process of the credit delivery system by commercial banks in Tirunelveli. Due to ignorance, many farmers are exploited by the corrupted bank staff for giving credit.

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