



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2017; 3(6): 1014-1016
www.allresearchjournal.com
Received: 01-04-2017
Accepted: 03-05-2017

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A study on customers awareness and satisfaction about agricultural credit provided by State Bank of India (with special reference to Tirupur district)

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Abstract

In Tirupur, the Agricultural loans are available for a multitude of farming purposes. Farmers may apply for loans to buy inputs for the cultivation of food grain crops as well as for horticulture, aquaculture, animal husbandry, and floriculture and sericulture businesses. There are also special loans to finance the purchase of agricultural machinery such as tractors, harvesters and trucks. Construction of biogas plants and irrigation systems as well as the purchase of agricultural land may also be financed through special types of agricultural finance.

The focus of the study is on the SBI agricultural credit services provided to the customers. The factors influencing customer satisfaction for a particular bank are the time, quality of services and convenience to its customers. This has been taken as the main focus for the study. The views of customer belonging to different strata of society are also taken into account in this study. The present scenario of the agricultural sector clearly shows that the agricultural sector has been commercialized since last few years. Consequently the market of the agricultural loan has experienced tremendous growth over the past few years.

Keywords: Agricultural loan, Customer satisfaction, Convenience, Farmers, State Bank of India

1. Introduction

Agricultural loans help farmers to run their farms more efficiently. It can be difficult to keep up with all of the costs associated with running a farm, so farmers need low interest agricultural loans to help them stay float. Fortunately, the government often steps in with low interest loans and other subsidies that help farmers turn a profit.

In the late 1990's, the government launched the Kisan Credit Card Scheme in consultation with the Reserve Bank of India and NABARD. This scheme is meant to meet agricultural expenses of crop production, cultivation and contingency. It allows unlimited withdrawals and repayments. The adaptation of the Kisan Credit Card Scheme by different banks has lead to easy availability of agricultural credit and an increase in agricultural productivity. Other than this scheme, nationalized banks offer a variety of other agricultural loan options.

1.1 Agricultural credits in state bank of India

Branches of State Bank of India have covered a whole range of agricultural activities. Some of them are:

- Crop production, Horticulture, Plantation crops and Forestry
- Mulberry cultivation, Rearing of silk worms and grain ages
- Allied activities like Dairy, Fisheries, Poultry, Sheep-Goat and Piggery
- Land development and reclamation
- Farm mechanization and Refurbished second hand tractor
- Digging of wells, Tube wells and Irrigation projects
- Construction of Cold storages and Go down
- Loans against pledge of warehouse receipts and Loans against produce stored by the farmer at his own premises

There are also special loans to finance the purchase of agricultural machinery such as tractors, harvesters and trucks.

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2. Research problem

Banking industry has started to occupy an important place in the life of different types of people including a common man. Agriculture in India is subject to variety of risks arising from rainfall aberrations, temperature fluctuations, hailstorms, cyclones, floods and climate change. Hence the farmers are looking for the services that are cheaper, faster and qualitatively better.

Right from the beginning of the life, the poor farmers approach money lenders for investing into the cultivation who levies very high rate of interest and who takes away the maximum amount of share from the produce. Generally the small and the marginal farmers do not have the ability to invest in the crop. So they are going for the private sector to get loan for the cultivation.

All public sector banks including State Bank of India have also to take necessary steps to improve the customer services. For this purpose, an attempt is made by the researcher to the services provided to the farmers in the State Bank of India, Tirupur.

3. Objectives of the study

- To ascertain the procedure for sanctioning an agricultural loan
- To ascertain the level of satisfaction about the agricultural loan scheme and procedure among customers who have obtained the loan
- To identify the factors influencing the level of satisfaction
- To suggest suitable measure for improving the level of satisfaction among customers.

4. Review of the literature

This section attempts to review the past studies related to agricultural credit which necessitate the researcher in getting an insight into the main objective of the study and finalizing the methodology.

1. Manimehalai (2011) [1] inclusive growth and agricultural development on her article portrayed that the profitability has become more relevant in the recent years due to the limited scope for the expansion of arable land. Increasing the yield, technologies highest

level may be feasible through the adequate investment in the infrastructure and technology, irrigation land development, farming, storage etc. Availability of credit and extension services would facilitate access to available technology. These issues are more relevant in our country because 58% of labour force dependent on the agriculture.

2. Olagunju (2007) [2] agricultural credit is the route of obtaining the command over the use of the money, goods, and services in the present in exchange for a promise to repay at a future date. It increases the productivity and promotes the living standard of the small scale farmers. The credit facilities enable the poor farmers to employ the higher resources and capacity utilization.

5. Methodology

5.1 Types of the data collection for this method

The data collected in two ways:-

- Primary data
- Secondary data

5.2 Primary data

The data is the first hand data, which are selected afresh and thus happen to be original in character. The primary data was crucial to know various farmers view about the agricultural loan

5.3 Secondary data

The data are those which have been collected by someone else and which have been passed through statistical process. Secondary data has been taken from internet, newspaper and bank’s website.

6. Data tabulation and analysis

6.1. Relationship between monthly income and satisfaction level of the factors

Null hypothesis (Ho)

There is no significant relationship between the monthly income and the respondents’ satisfaction level of the factors.

6.2 Alternative hypothesis (H1)

There is significant relationship between the monthly income and the respondents’ satisfaction level about the factors.

O	E	(O-E)	(O-E) ²	(O-E) ² /E
57	57.04	-0.04	0.0016	0.00002
42	42.99	-0.99	0.9801	0.0228
21	19.84	1.16	1.3456	0.0678
4	4.13	-0.13	0.0169	0.0040
12	11.96	0.04	0.0016	0.0033
10	9.01	0.99	0.9801	0.1088
3	4.16	-1.16	1.3456	0.3234
1	0.87	0.13	0.0169	0.0194
Total				0.655

Calculated value (X ²)	Degree of freedom	Level of significance	Table value	Result
0.6550	3	5%	7.815	Accepted

In the above table, the calculated value of $\chi^2 = (0.6550)$ is lesser than the table value of $\chi^2 (7.815)$ at 5% level of the significance with the degree of freedom 1.

Hence the null hypothesis is accepted. It is found that there is no significant relationship between the gender and the satisfaction level of factors.

7. Summary of findings suggestions and conclusion

Simple Percentage Analysis

- 74% of the sample respondents are having 3-6 members in their family.
- 46% of the sample respondents are earning below Rs.10, 000 as their monthly income.
- 33% of the sample respondents know the services by friends and relatives.
- 41% of the sample respondents are having the fixed deposit account.
- 31% of the sample respondents are 2-5 years customers of the bank.
- 34% of the sample respondents are having below 2 acres of land.
- 39% of the samples respondents are having above 8 years of experience as farmers.
- 60% of the farmers are not having awareness about the agricultural loan provided by the state bank of India.
- 35% of the sample respondents are not faced any problem while applying loan.
- 64% of the sample respondents are of the opinion that bank took more than 15 days for sanction their loan.

7.1 Ranking Method

- The ranking of the various factors that the problems while applying the loan for the farmers they ranked 1st to the rules and regulations, 2nd to the security, 3rd to the high interest, 4th to the processing charge and they ranked 5th to the family income.

7.2 Weighted Average Method

- In the weighted average method, loan amount ranked first with 38.46%. And loan period ranked 31.87% and repayment ranked with 29.94% and interest rate ranked with 26.80% and less securities ranked with 25.33%. Hence the majority of the respondents ranked loan amount conditions are first with 38.46%

7.3 Chi-Square Analysis

- There is no significant relationship between the gender and the respondents' satisfaction level of the factors.
- There is no significant relationship between the number of members in the family and the respondents' satisfaction level of the factors.
- There is no significant relationship between the type of the family and the respondents' satisfaction level of the factors.
- There is no significant relationship between the monthly income and the respondents' satisfaction level of the factors.

7.4 Suggestions

- The bank may liberalise its procedure to get the agricultural loan for make it easy to farmers
- The bankers should give an advertisement for the availability of the loans and schemes in their bank.
- Most of the schemes provide by the State Bank of India asking more securities to provide the Loan.

8. Conclusion

The study was done on the customer satisfaction towards the services provided by State Bank of India, Tirupur. It seems majority of the sample respondents are satisfied with the services provided by the State Bank of India, Tirupur. In order to derive the maximum benefit in marketing his produce the farmer required more information regarding the market conditions. Therefore with the implementation of new plans and schemes the bank should provide the marketing information also. Further studies can be carried out to know more details about the agricultural scheme available to customer satisfactions in banks with the changing economic scene.

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