

Farmers' Appraisal of the Selected Financial Schemes for Rural Development by National Bank for Agriculture and Rural Development (NABARD), Shimla District, Himachal Pradesh

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Abstract

Financial requirement of agriculture is a great necessity of agricultural financing with a view of satisfying the various operational needs of the farmers. Different financial schemes are developed by the NABARD (National Bank for Agriculture and Rural Development) for the rural development and for the farmers of allied sectors in rural areas. These financial schemes need to be improved and revised so that the farming beneficiaries can accumulate maximum profits from these financial schemes. Farmer's appraisal helps in valuation of these schemes and helps in restructuring the policies or financial requirement of the farmers so that the farming beneficiaries can make out maximum profit from these schemes. Though many studies have been undertaken on the various schemes provided by the NABARD but very few have touched on the farmer's appraisal. This study has addressed issues like how these schemes are proving to be beneficial to the rural India and it has also attempted to critically analyze the financial support to the farming community at large. The study has also observed the need for improvisation in such financial schemes through the suggestions and feedbacks of farming beneficiaries as well.

Keywords: Financial requirement, Agriculture, Farmer's appraisal, NABARD, Policy restructuring

1. Introduction

In order to sustain agricultural growth, the rural financial system is proposed to be restructured, so as to ensure a regular flow of credit to farmers for various allied activities and production. Farmers' appraisal in the past studies has been targeted on restructuring the financial policies, improved credit flow for the rural upliftment by taking various policy measures by the Government (Aggarwal, 2004). There is a need to increase the credit flow to agriculture to increase the productive capacity of land and enhance the potential of agriculture (Zakir, 2008). The NABARD provides credit for the promotion of agriculture and village industries, refinance to lending institutions in rural areas in addition to it the function of NABARD are also evaluation, monitoring and inspections of client banks. The NABARD has efficiently brought in a number of innovations in financial schemes for the rural development (Jain, 2003). Funds for agricultural operations are disbursed through multi-agency network consisting of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Co-operative Banks (Shandilya and Prasad, 2009). Agriculture financing is an important factor to sustain progress. He observed that the average income level of farmers assisted under the small farmers development agency scheme was higher than the

non-beneficiaries (Singh et al., 1986). In the last four decades the industrialization has received the pace but even today agriculture occupies the place of pride. It is the largest industry in country and is the source of livelihood for over 70 % of the population (Agarwal, 1986). Misutilisation of loans and high cost of borrowing and buying which the beneficiaries have to incur at different stages of borrowing due to wrong policies and practices of the banks. (Rana, 1987). Commercial banks financing under "Village adoption scheme" has created an impact in increasing income and employment potential in the rural community (Reddy, 1987). An inverse relationship was found between the amount of loan per hectare, on one hand, and size of holding, on the other hand. Smaller holding obtained relatively more amount of credit than the larger holdings (Radhakrishnan, 1988). Proper supervision can play important role in checking the ever growing rate of over dues in rural financing (Vaikunthe, 1988). The overall level, the input-output ratio in Himachal Pradesh has increased only by 0.02 %, while in case of agriculture and allied activities it increased by about 0.03 and decreased by 0.04 % in case of non-agricultural activities (Vaidya, 1991). The implications of financial sector reforms on rural financial scheme delivery system are wide spread; on interest rate of agricultural loan, lending rates, priority sector lending, reserve requirements



and institutional restructuring (Burman, 1994). The norms of banks play a vital role in providing credit through the different financial schemes (Nanda, 1999). The Lack of liquidity and poor management qualifications are the main constraints to the restructuring of enterprises (Duggal and Singhal, 2002). The policy initiatives of NABARD are mainly gleaned to increase the credit dispensation for improving production and productivity in rural areas (Lalitha and Dayanandan, 2005). NABARD has acted as an apex refinance and development by disbursing funds directly to the needy farmers in the country (Shandilya and Prasad, 2009).

2. Materials and Methods

The descriptive research design was adopted for the concerned research study. A sample size of 120 (60 SHG and 60 KCC) respondents (farming beneficiaries of the selected schemes) were taken for the research study at Shimla district of Himachal Pradesh. Convenience sampling technique was used for the present study for collection of data. The study was conducted by using both Primary and Secondary data. The primary data for the present study was collected with the help of questionnaire. The secondary data for the present study was collected from journals, magazines, research articles, newspapers, and website. Simple mathematical and statistical tools, including Arithmetic mean, standard deviation and Total Weightage Score method were used for satisfying the objectives with a view of keeping the analysis simple and easy to understand. The arithmetic mean has been applied to study the opinion of the sample respondents on 5-point scale for different statements (Kothari, 2004). The standard deviation measures the absolute dispersion (or variability of distribution; the greater the amount of dispersion or variability), the greater the standard deviation, the greater will be the magnitude of the deviation of the values from their mean (Bhattacharya, 2006). Total weightage score method in which we have to provide different Weights according to their importance and multiply the values of the items (X) by the weights (W) as provided. Then add all the values to obtain the total weights of all the items and the one which get highest score will get the first rank and the one which get the lowest score will get the lowest rank (Kumar, 2014). Chi-square describes the magnitude of discrepancy between the theory and observation (Kumar, 2008). The concerned research paper was initiated with the key objectives, to study farmer's appraisal over the selected schemes in respect to benefits derived, financial sustenance and growth, to study the satisfaction level of farming beneficiaries regarding the selected schemes for rural development by NABARD and to seek suggestions from the farming beneficiaries regarding improvising the financial scheme structure of NABARD.

3. Results and Discussion

3.1. Age status of the respondents

It was observed that the SHG respondents among SHG the age

category range 31-50 years has 95% of respondents, followed by the age category range 50 to above years i.e. 5 % and it was very least in the age category range 19-30 years (Table 1). On the contrary in the segment of KCC the respondents were having the age category substantially with the range of 50 to above years i.e.55 % followed by 31-50 years range i.e.45 % It signifies a common trend that the respondents having SHG or KCC were less than 50 years particularly in case of SHG the respondents who opted the scheme of NABARD were 31-50 years, Whereas in case of KCC it was opposite since 50 above group were opting for KCC scheme through NBARD.

3.2. Gender status of the respondents

Table 1 : Age status of the respondents

Age(years)	No. of Respondents (% age)(SHG)*	No. of Respondents (% age)(KCC)**
19-30	0	3(5)
31-50	57(95)	27(45)
50 and above	3(5)	30(50)
Total	60 (100)	60 (100)

*Self Help Groups; **Kisan Credit Card; Field Survey, 2016

In reference to gender status of the farming beneficiaries, it was observed in the above stated tabulation among both the financial schemes SHG and KCC that 100 % female respondents were opting for SHG Whereas in case of KCC it was totally opposite as 85 % male were opting for KCC and followed by 15 % female category which is quite less (Table 2). It indicates that in the selected regions of Shimla area the financial scheme SHG is largely preferred by the female category. On the other hand the financial scheme KCC is opted by more of male category. The reasons for more involvement of females in SHG could be that the NBARD has generally introduced the SHG scheme for more of women employment and to make them financially independent.

Table 2 : Gender status of the respondents

Gender	No. of Respondents (%age) (SHG)*	No. of Respondents (%age) (KCC)**
Male	0	51(85)
Female	60 (100)	9(15)
Total	60 (100)	60(100)

*Self Help Groups; **Kisan Credit Card (Source: Field Survey, 2016)

3.3. Educational qualification of the respondents

In reference to the educational qualification of farming beneficiaries among both the financial schemes KCC and SHG. It has been hypothetically observed that the educational qualification of SHG farming beneficiaries among the SHG respondents falls in the category of matriculation and below



that is 60 % followed by 40 % of undergraduates and it is very less among the category of post graduates and professionals. On the contrary in the segment of KCC the farming beneficiaries are generally 10+2 and graduate i.e. 60%, which is followed by 30 % of matriculation and below and further followed by 10% post graduate and professionals (Table 3). It signifies that in case of SHG the farming beneficiaries are not highly educated as compared to the respondents of KCC who are generally graduates and even post graduates and professionals also.

Table 3: Educational qualification of the respondents

E d u c a t i o n a l qualification	No. of respondents (%age) (SHG)*	No. of respondents (% age) (KCC)**
<=Matriculation	36 (60)	18 (30)
10+2 and Graduate	24 (40)	36 (60)
PG and professional	0	6 (10)
Total	60 (100)	60 (100)

*Self Help groups; **Kisan credit card (Source: Field Survey, 2016)

3.4. Income Status of the respondents

In terms to the annual income status of the farming beneficiaries among both the selected financial schemes KCC and SHG. It has been observed that 65 % of the farming beneficiaries in case of SHG lies in the income range of 1 lakh and below, followed by 35 % of the respondents in the income range of 1lakh- 3 lakh and very less among the other category range. On the other hand in case of KCC generally the respondents have an annual income of 3-5 lakh i.e. 40 %, followed by 35 % of respondents in the income range of 5 lakh and above and very less among other two category ranges (Table 4). It indicates that the farming beneficiaries of SHG are less affluent as compared to the the farming beneficiaries of KCC as their annual income is generally 3-5 lakh and even above 5 lakh. In other words it can be interpreted that more of the middle income famers are opting for SHG.

Table 4: Income status of the respondents

Income(INR annum ⁻¹)	No. of Respondents (% age) (SHG)*	No. of Respondents (%age) (KCC)**
≤1Lakh	39(65)	3(5)
1Lakh-3Lakh	21(35)	12(20)
3Lakh-5Lakh	0	24(40)
Above 5Lakh	0	21(35)
Total	60(100)	60(100)

*Self Help Groups; **Kisan Credit Card (Source:Field Survey, 2016)

3.5. Benefits derived from the selected financial schemes

In reference to the benefits derived from the selected financial schemes KCC and SHG the above stated illustration has considered the different factors pertaining to the benefits of farming beneficiaries. Different modes or tools of analysis among both the financial schemes have been used separately. Initially the mean was taken out, in case of SHG it has been revealed that various statements revealing the benefits derived were averagely agree and strongly agree. And the average was very least among the statements highly disagree. This indicates most of the faming beneficiaries are getting benefited through the SHG scheme. In case of KCC the benefits derived are averagely agree and strongly agree and the average is least among the strongly disagree and disagree. It also reveals that the farming beneficiaries are also getting benefited through the KCC scheme. The total weight age score is also used among both the selected schemes which shows in the segment of SHG the farming beneficiaries highly benefited through the emergency credit needs (short term credit needs) and easy access credit and that also resulted in the better financial situation of their families. On the contrary in case of KCC the total weight age score has revealed that faming beneficiaries are also getting benefited towards their emergency credit needs. It signifies that the faming beneficiaries are getting benefited by both the financial schemes provided by NABARD (Table 5). In reference to the selected schemes the mean analysis resulted that the beneficiaries of SHG group were strongly agree with the various benefits derived from selected financial scheme, though beneficiaries from KCC were largely agreed with the benefits derived from the scheme. However, it was observed that among both the groups of SHG and KCC beneficiaries had common consensus of strongly disagreement over various benefits derived from the selected schemes. Nevertheless covariance and T-test resulted that among both the groups homogeneity of perception was observed of agreement with various benefits derived towards selected financial schemes.

3.6. Inclination of beneficiaries towards bank lending sufficiency

While analyzing the inclination of farming beneficiaries towards bank lending sufficiency regarding the selected financial schemes. It has been observed in the stated tabulation 87 % of the farming beneficiaries are satisfied with sufficiency of lending and only 13 % are dissatisfied with the lending sufficiency (Table 6). So it reveals, bank lending is quite sufficient in the selected financial schemes and very less farmers are opting for other sources of lending.

3.7. Satisfaction level of the farming beneficiaries towards the selected financial schemes

While analyzing the satisfaction level of the farming beneficiaries towards the selected financial schemes it was further analyzed through statistical tools where mean was observed to be highest for the group having the satisfied

Table 5: Benefits derived from the selected financial schemes

Statements	Benefits Derived (Weightage)												Rank	
	Strongly Agree (2)		Agree (1)		Moderate (0)		Disagree (-1)		Strongly Disagree (-2)		Total Weightage Score (TWS)			
	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC
Income has increased	6	9	39	18	6	27	9	6	0	0	42	30	IV	VI
Financial crisis have minimized to some extent	6	9	27	18	24	24	3	9	0	0	36	27	VI	VII
Improved living standard	3	8	36	24	18	25	3	3	0	0	39	37	V	IV
Better Financial Situation of the family	15	12	27	33	15	0	3	15	0	0	54	42	III	III
Emergency Needs (short term cash needs) can be raised easily	33	24	27	21	0	12	0	3	0	0	93*	66	I	II
Easy access credit	27	18	24	33	9	9	0	0	0	0	78	69*	II	I
Purchased farm Equipment	6	6	36	21	0	33	18	0	0	0	30	33	VII	V
Adopted new Harvesting technique	6	15	27	15	3	6	24	24	0	0	15	21	VIII	VIII
Invested in long-term Assets	3	0	18	3	21	12	15	30	3	15	3	-57	IX	IX
Mean	11.7	11.2	29	20.7	10.7	16.4	8.3	10	0.3	1.7	*(93=33*2+27*1),*(18*2+33*1)			
Standard Deviation	11.06	7.04	6.70	9.17	9.13	11.12	8.71	10.81	1	5				
Covariance	0.95	0.63	0.23	0.44	0.85	0.67	1.04	1.08	3	3	SHG (Self-Help Group), KCC (Kisan Credit Card)			
T-Test	0.46	0.02	0.12	0.36	0.22					(Source: Field Survey, 2016)				

Table 6: Inclination of beneficiaries towards bank lending sufficiency

Bank lending sufficiency	No. of Respondents (% age)
Inclined	104 (87%)
Declined	16 (13%)
Total	120 (100)

perception both in SHG and KCC respondents further it was also observed to have a consensus revealed through standard deviation in dissatisfied group therefore it may have been stated that though the respondents of KCC and SHG were satisfied over the schemes but the consensus or the homogeneity of perception was not equivocal since the standard deviation was least in the dissatisfaction group among both the respondents further it was also analyzed through covariance and T-test (Table 7). Where the P value

of t-test was least in the group of dissatisfied category among both the respondents of SHG and KCC stating that inspite of having satisfied farming financial schemes still there is a huge amount of dissatisfaction which is commonly perceived among the respondents which further provides a potential to the bank to revise and also improvise their existing schemes which may bring out the maximum satisfaction level among the respondents of both SHG and KCC.

3.8. Favoring parameters of the selected financial schemes towards Farming beneficiaries

As far as the favorableness of schemes are concerned different elements has been used to analyze the favorableness of selected schemes. It was observed in the stated tabulation by using total weightage method and ranking in case of self-help group the key elements for the favorableness of schemes rated by the beneficiaries are awareness program and followed by competitive interest rates. However, easy query handling and reliable and transparent services are the elements which



Table 7: Satisfaction level of the farming beneficiaries towards the selected financial schemes

Statements	Satisfaction (Weightage)										Total Weightage Score (TWS)		Rank	
	Highly Satisfied (2)		Satisfied (1)		Neither Satisfied Nor Satisfied (0)		Dissatisfied (-1)		Highly Dissatisfied (-2)		SHG	KCC	SHG	KCC
	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC				
Interest Rates	3	6	36	21	21	21	0	12	0	0	42	21	V	VII
Need based schemes	18	9	39	45	3	6	0	0	0	0	75	63	II	III
Easy loan sanctioning procedure	27	36	27	12	6	12	0	0	0	0	81*	84**	I	I
Sufficient loan amount	3	3	33	27	21	24	3	6	0	0	36	27	VI	V
Security problem	6	0	21	24	33	24	0	12	0	0	33	12	VII	VIII
Availability of loan on time	6	3	51	42	3	12	0	3	0	0	63	45	IV	IV
Fast and efficient services	12	12	48	42	0	6	0	0	0	0	72	66	III	II
Sufficient repayment period	0	9	21	24	21	9	18	15	0	3	3	24	VIII	VI
Mean	9.37	9.75	34.5	29.6	13.5	14.2	2.6	6	0	0.37	*(81=27*2+27*1),**(84=36*2+12*1) SHG (Self-Help Group), KCC (Kisan Credit Card) (Source: Field Survey, 2016)			
Standard Deviation	9.13	11.31	11.3	11.9	12	7.64	6.30	6.21	0	1.06				
Covariance	0.97	1.16	0.33	0.40	0.89	0.54	2.40	1.03	0	2.83				
T-TEST	0.47		0.20		0.44		0.14		0.17					

rated as least favorable by the farming beneficiaries for self-help group. On the other segment of Kisan credit card it was observed awareness program and reliable transparent services are rated as the most favorable elements for the

selected scheme. However, easy query handling and need based services are rated as least favorable elements regarding the scheme (Table 8). It can be interpreted, there is a need to improvise on the factors easy query handling and regarding

Table 8 : Favoring parameters of the selected financial schemes towards Farming beneficiaries

Statements	Rank (Weightage)										Total weightage score (TWS)		Rank	
	I (5)		II (4)		III (3)		IV (2)		V (1)		SHG	KCC	SHG	KCC
	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC				
Reliable and transparent services	30	15	30	33	0	12	0	0	0	0	270	243	II	V
Need Based Services	9	21	48	33	0	6	3	0	0	0	239	255	IV	II
Awareness Dissemination Program	0	9	24	18	21	24	3	9	12	0	177	207	VI	VI
Banking Infrastructure and services	21	21	36	33	3	3	0	3	0	0	258	252	III	III
Easy Query Handling	36	24	24	33	0	3	0	0	0	0	276*	261*	I	I
Competitive Interest Rates	0	21	36	23	24	16	0	0	0	0	216	245	V	IV

*(276=36*5+24*4),*(261=24*5+33*4+3*3); SHG (Self-Help Group), KCC (Kisan Credit Card) (Source: Field Survey, 2016)

the transparency of the schemes. There is also need to improvise on the factor competitive interest rates in case of Kisan Credit Card scheme.

3.9. Suggestions by scheme beneficiaries to improvise the operational efficiency

In reference to the suggestions supportive to the selected financial schemes it was observed through the various

statistical tools and various suggestions pertaining to the improved farming financial schemes that there is a need to improve on certain factors regarding the selected schemes provided by NABARD. Firstly the total average method was used which shows that increase loan amount, repayment period and close supervisions should be considered as the key factors in order improvise both of the schemes.

Table 9: Suggestions by scheme beneficiaries to improvise the operational efficiency

Statements	Suggestions (Weightage)										Total weightage score (TWS)	Rank		
	Highly recommended		Recommended		Moderately Recommended		Least Recommended		Not Recommended					
	(2)	(1)	(0)	(-1)	(-2)	(-2)	(-1)	(0)	(1)	(2)				
	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC	SHG	KCC
Ensure timely disbursement of loan	0	0	6	24	9	18	45	18	0	0	-39	6	VI	V
Reduce Interest Rate	0	0	15	24	27	12	18	24	0	0	-3	0	IV	VI
Increase loan amount	15	15	21	24	9	15	15	6	0	0	36*	48*	I	I
Close supervision of farmers	9	0	18	18	27	36	6	3	0	3	30	9	II	IV
Increase Repayment Period	12	18	12	15	18	6	18	18	0	3	18	27	III	II
Increasing Awareness towards schemes	0	3	9	21	24	24	24	12	3	0	-21	15	V	III
Mean	6	6	13.5	21	19	18.5	21	13.5	0.5	1	*(36=15*2+21*1-15*1),*(48=15*2+24*1-6*1)			
Standard Deviation	6.84	8.27	5.61	3.79	8.41	10.46	13.14	7.99	1.22	1.54				
Covariance	1.14	1.37	0.41	0.18	0.44	0.56	0.62	0.59	2.44	1.54				
T-Test	1		0.01		0.46		0.13		0.27					

In reference to the selected schemes the mean analysis resulted that beneficiaries of KCC have a large perception of recommendations regarding the schemes but on the other segment beneficiaries of SHG have least recommendations towards the scheme. But the values of covariance and t-test have shown a common consensus of recommendations among both of the schemes for the improvisation (Table 9).

4. Conclusion

Farming community can have easy credit access from bank and after opting for Kisan Credit Card and Self-Help Group schemes. This has resulted in reduced financial crisis and improved financial situation. Elements like need based schemes, fast and efficient services, sufficient loan amount and timely availability were satisfactory. However, dissatisfaction showed over elements like security problem, interest rates,

repayment period. Financial schemes of NABARD for rural upliftment are quite beneficial in improving living standards of rural farmers to some extent but need improvements.

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