

FINANCIAL INCLUSION OF SMALL SCALE PADDY FARMERS

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ABSTRACT

Rice production in India is an important part of the national economy. India is one of the world's largest producers of rice, most of the productions are from eastern and southern parts of the country. Rice is one of the Chief grains of India. Moreover, country has the largest area under rice cultivation, as it is one of the principal food crops. Rice contributes more than 40 % of the country's total food grain production. According to this data released by the government of India, the total rice production in India stands at 104.32 million for the year 2015-2016. This paper evaluates the significance of financial Inclusion and Investment Avenue of rural economy in promoting agriculture development. The main objective of the study is to access the small scale paddy farmers' development in rural area. The sample size used in this study was 50 and the sampling technique is convenient sampling. The study reveals that Government of India has taken many steps for the development of small scale paddy farmers but these are not sufficient to attain the maximum level of production. Because, their income level is very low for further cultivation so they are depending financial support from the government. Hence, the government has to take necessary measure to solve this.

Keywords: Small scale paddy farmers, Farmers Investment Avenue, Banking sector, financial inclusion.

INTRODUCTION

Agriculture is the backbone of Indian economy. Rice production is one of the most cultivated grain crops in India as well as in Asian countries and a staple diet of a major part of India. India stands in the second position after China in the production of rice. Methods of growing rice or paddy differ greatly in different regions, but in most of Asian countries including in India, adopted the traditional methods of cultivating and harvesting rice are still practiced. Modern farming of rice started in most of the countries which considerably reduced the labor problems and cost of cultivation. Machines are available from planting to harvesting the rice crop. It is the application of machineries, equipments and implements in day to day farm activities to increase marginal output in food production. Adopting modern rice cultivation practices can only produce higher yield of production. Paddy can be grown widely varying conditions of altitude and climate. Rice crop requires hot and humid climatic conditions for its successful cultivation. The ideal temperature required throughout the life period of the crop ranges from 20^o to 40^o Celsius. Rice can be cultivated on a wide variety of soils such as silts, loams and gravels and can tolerate acidic as well as alkaline soils. Rice can be cultivated on a various methods such as Broadcasting method, Drilling method, Transplantation method and Japanese method. Seed selection is the major role of paddy cultivation. The selected seed should belong to the proper improved high yielding variety, which is proposed be grown. Land preparation is main system followed in rice cultivation, it mainly prefer dry, semi-dry and wet. Basically, the dry and semi-dry systems of cultivation depends on rains and do not have supplementary irrigation facilities whereas, in wet cultivation system the rice crop is grown with assured and abundant water supply either by rain or by irrigation. Harvesting is the process of collecting the mature rice crop from the field. Harvesting system may vary depending upon location or region and can be done using a wide variety of traditional, Semi-traditional and mechanical tools. Drying is the process that reducing grain moisture content to a safe level for storage. It is most crucial operation after harvesting a rice crop. Selling of paddy is final task of farmers. Two way of selling pattern are available in our market, like as Private market and Govt market. Basically Farmers mainly prefer to "Civil Supply" under the control of government then only they get maximum return on their investment.

India is an agriculture-dominated country with around 70% of population depending directly or indirectly on agriculture and in the respect of world, 80% of people directly or indirectly depends on agriculture as their main source of revenue & employment (IFC 2011). According to UN estimates out

of India 1.34 billion total population about 32.8% stand to be Urban, no doubt ,we can say that farmers play a vital role in every country, but it is majority of farmers cannot avail maximum benefit of financial services. The term “financial inclusion” first implemented in April 2005 the Annual Policy Statement presented by Y.Venugopal Reddy, the Governor of India. In India financial inclusion has been an essential but aids to financial inclusion plan has seen a shift from importance on credit to a way towards financial services. In the Developing nations like India had main aim was promoting agriculture sector through the help of financial inclusion. Financial Inclusion for inclusive growth is central to the developmental philosophy of most of nations It is much needed for farmers as it helps in increasing amount of regular savings along with enabling farmer to pay for crop insurance & obtain credit.

OBJECTIVES OF THE STUDY

- To find out the small scale paddy farmers development in rural area.
- To know about investment Avenue of small scale paddy farmers.
- To measure the factor which motivate the small scale paddy farmers for cultivation.
- To attain the loan facility for cultivation through banks.

REVIEW OF LITERATURE

Mary Joseph and Biju john (2016) made a study on conducted to examine and evaluate their level financial inclusion among small and Marginal farmers in state of Kerala. The study found that policy level initiatives are showing considerable progress in the process of financial inclusion. Das ,Senapathi , john(2009) studied the impact of agriculture credit on agriculture production using econometric tools. The analyses suggests that the direct agriculture credit amount has a positive & statistically significant impact on the puts and its effectiveness immediate.

RESEARCH METHODOLOGY

The present research design adopted in the study was descriptive nature. The study is based on primary data and secondary data. The data has been collected from small scale paddy farmers through the questionnaire. The secondary data was collected from the articles, journals, newspapers, and various website. The sampling technique used in this study is convenient sampling. Samples of 50 respondents are taken into account for the study. A structured questionnaire is used to collect the data. Questionnaire is a sought to be the best tool for data collection of reliable data. The questionnaire consists of multiple choice questions to achieve the objective of research.

ANALYSIS AND INTERPRETATION

Table Showing Analysis of Various Variables of the respondents

S.No	Characteristics	Distributions	Frequency	Percentage
1	Age	31-40	9	18
		41-50	28	56
		Above 51	13	26
2	Size of the family	Joint Family	33	66
		Nuclear Family	17	34
3	Educational Qualification	School Level	26	52
		HSE Level	15	30
		UG Level	6	12
		Others	3	6
4	Marital status	Married	31	62
		Unmarried	16	32
		Widow/widower	3	6
5	Monthly income	Below 10,000	32	64
		10,001 – 20,000	13	26
		20,001 – 30,000	3	6
		Above 30,000	2	4
6	Necessary amount for cultivation	Loan from Bank	33	66
		Subsidies from Govt	7	14

		Own Money	10	20
7	Harvesting time in an year	Once in a year	6	12
		Twice in a year	44	88
		More than twice in a year	0	0
8	Investment pattern	Banking investment	24	48
		Postal investment	18	36
		Gold Investment	5	10
		Chit funds	3	6
9	Loan facilities issued from bank	KCC without Gold loan	8	16
		KCC with Gold Loan	12	24
		Zero % Interest Loan	30	60
10	Perception about investment avenue	Safety	9	18
		Regular return	5	10
		Premature withdrawal facility	11	22
		Reinvesting for cultivation	25	50

Inference

From the above table it reveals that majority (56%) of the age respondents are under the category of age between 41-50. Size of the family respondent's shows that majority (66%) are joint family. Marital status shows that majority (62%) of the respondents are Married. (64%) of the respondents are under the category of monthly income of Rs below 10,000. Some of the respondents taken for the study, it is to be revealed that (66 %) are depended on loan from bank for their necessary cultivation. Harvesting time in a year shows that majority (88%) of the respondents comes under twice in a year (48%) of the respondents are invested in the banking sector. (60 %) of the respondents are attained Zero% interest loan from banks (50%) of the respondents are used their amount for reinvesting for cultivation.

Table showing the relationship between income and the pattern of investment

Monthly Income	Investment Pattern				Total
	Banking Investment	Postal Investment	Gold Investment	Chit Funds	
Below 10,000	18	9	2	3	32
10,001 – 20,000	3	8	2	0	13
20,001 – 30,000	2	0	1	0	3
Above 30,000	1	1	0	0	2
Total	24	18	5	3	50

Hypothesis: -There is no significant difference between the income and the investment pattern of the small scale paddy farmers

Significance Level : 5%
 Degree of freedom : 9
 Calculated Chi-square value : 20.763
 Table value : 16.919

Inference

The result of the chi-square test reveals that the calculated chi-square value (20.763) is greater than the table chi-square value (16.919) at 5% level of significance and therefore, the relationship between monthly income of respondents and investment pattern of product by the respondents is not significant. Thus the hypothesis is that the relationship between two factors not hold good. Hence the null hypothesis is rejected.

CONCLUSION

Financial inclusion has been promoted in India as it would help providing variety financial services to the populace and improves the financial conditions, living standards, enable to create financial assets and greater income. In the largest part of the populace foremost food grains is rice. Understanding of

Small scale Paddy farmers on Investment Avenue through the implementation of financial inclusion because of paddy cultivation is essential cultivation in our county. The study reveals that most of the farmers invested in banking sector because of trustworthiness towards their facility and services. Banking sectors prearranged to affordable loan facility for small scale paddy cultivation development in rural area. However these are not enough to attain the maximum cultivation. Because, their income level is very low for further cultivation so they are depending financial support from the government. Farmers are expecting more innovative facilities for cultivation and also financial services to attain the utmost level of production

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