A STUDY ON BANKING HABITS AMONGST FARMERS IN RURAL AREAS OF SHIMOGA DISTRICT IN KARNATAKA STATE

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Abstract: *The study was conducted on the banking habits amongst farmers in the rural areas of Shimoga district . The main objective was to study the banking habits amongst farmers in general, with special reference to rural areas of Shimoga district and to analyse the deposits and borrowing habits amongst farmers. The study also analysed farmers' understanding of the various facilities made available to them by the government through commercial banks, co-operative banks and primary land development banks.*

The banking habits amongst farmers was examined using empirical data from stratified and area sampling, which covered over 80 households around the rural areas of Shimoga district.

Results of the present study indicate that although banks have been set up to provide finance, farmers do not have an easy access to these sources. Majority of the respondents opined that the interest rates charged by the banks are high. As a result of this , farmers prefer co-operative societies over banks. The cumbersome process of fulfilling documentary requirements for obtaining a loan acts as a deterrent to the illiterate farmers who are approaching these sources. Though the interest rates have been kept lower in banks, most of the farmers prefer informal loans through money lenders because of timely and adequate availability of loans. It is therefore essential to address these issues in order to improve the banking habits amongst farmers in rural areas. It is with this background that this research paper analyses banking habits amongst farmers in the rural areas in general and in Shimoga district of Karnataka state in particular.

Key Words: *Banking Habits, Farmers, Rural Areas*

1. Introduction

India has nearly 73% of its population living in the rural area. So it is therefore important to give due attention to the financial needs of the rural population. The financial inclusion of the rural India is vital to its economic growth. India has around 70% of its population depending on agriculture, which is the main occupation in the rural area. This therefore brings a need for understanding the banking habits in rural India so that financial needs of the rural India can be met.

The rural population in India [1] suffers from a great deal of indebtedness and is subject to exploitation in the credit market due to high interest rates and the lack of convenient access to credit. Rural households need credit for investing in agriculture and smoothening out seasonal fluctuations in earnings. Since cash flows and savings in rural areas are small, rural

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households typically tend to rely on credit for other consumption needs like education, food, housing and other needs. The contribution of the banking and financial sector to the current economic growth of the Indian economy is very significant.

Since independence, [2] the critical issue in respect of informal credit is the manner in which the linkages among the participants in the market operate and result in varying degrees of hidden costs. A study [3] observed that farmers recognised that there are a number of schemes to improve access to finance. Farmers are concerned about the major obstacles in accessing finance and the study concluded that the finance gap persists and access to education is an issue for farmers. Education was identified to be an issue; in a survey of farmers where 37% were below matriculation, 24% have done Matriculation, 18% have done higher secondary, 13% are graduates and only 8% are postgraduates. A study [4] in Punjab province of India and Pakistan concluded that formal credit institutions in both the states have a long way to go. Although a myriad of institutions have been set up to provide finance, yet farm households do not have an easy access to these sources. The 2001 census reveals [1] the low level of banking usage among Indian households in general (35.5%) and rural households in particular (30.1%). This reflects on the latent demand for general banking needs in rural as well as urban segments. The debt profile of rural households indicates that the major source of credit to rural households, particularly poor income working households, has been informal sector loans like money-lenders, which are usually at very high rates of interest. The terms and conditions attached to these loans affect the poor adversely.

In an article published by RBI [5] it was cited that factors affecting access to financial services like gender issues, age factor, legal identity, limited literacy, place of living, psychological and cultural barriers, social security payments, bank charges, terms and conditions, level of income, type of occupation, attractiveness of the product affect access to financial services in many countries. The Indebtedness [6] of farmers increases not only due to inadequate minimum support prices, but also because of faulty lending practices followed by the banks. Banks do not lend again if there is a default and the farmer does not repay (defaults) if he is not sure of getting a repeat loan. A NSSO report [7] on the indebtedness of farmer households provides important information on the extent and nature of cultivators' debt. Reports have suggested that the decline in access to institutional credit has driven more farmers back to potentially more exploitative usurious relations with traditional moneylenders or input dealers. Repayment problems, resulting from the greater difficulties of cultivation because of rising input prices and volatile output prices, have been compounded by the higher interest rates charged by these informal sources. The recent report of the National Sample Survey, based on the 59th round survey conducted in 2003, is particularly important, since it provides the first systematic evidence since 1992, on the causes, extent and sources of farmers' debt. A few initiatives (8) from the banks

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like in the arena of counseling the common man, to help him lead a decent and honorable life in the future days to come. The banks takes this as a privilege to shoulder social responsibilities as a noble service to mankind. The banks, with all the good intentions are helping individuals who are burdened with problems of debt to shape their future for the better.Financial education services are provided at these centres to all strata of the society in a friendly atmosphere and free of cost. In many cases, there is lack of awareness not only about products and services but also about where to go for help to get the information. Financial education goes beyond provision of information. It is a process of enabling the individual to educate himself so as to acquire the skills and access resources to make himself capable of dealing with financial intermediaries.

A strong and responsive banking network is imperative for speedy harnessing of latent potential in agriculture and rural sector.

The banking habits amongst farmers with special reference to the rural areas of Shimoga district, both at individual and at household level were examined. The research takes up the question of whether households are constrained in any way from using banks. **This paper gives an insight into the banking habits amongst farmers in rural areas of Shimoga district and gives us an idea about the expectations of the farmers from the banks.**

Shimoga district [9] is the largest among 6 Malnad districts of Karnataka. The district has various resources like:

- Mineral based resources such as gold, iron ore, lime stone,
- Forest based resources such as sandalwood, teakwood, rosewood;
- Agricultural and Horticultural resources such as mango, banana, pineapple, ginger, sugarcane, paddy, and arecanut.

The main occupation of the people of Shimoga district is agriculture. The principal crop in the district is paddy. As per the cropping patterns, paddy covers 70 per cent of the total cultivated area, and it is the major crop in the district. Other important crops are maize, ragi, jowar, pulses, sugarcane, arecanut and cotton. Apart from this, major plantation crops like arecanut, coconut, rubber and banana are grown in the district. A strong and responsive banking network is imperative for speedy harnessing of latent potential in agriculture and rural sector. Shimoga district has good banking network. The per branch (CBs, RRB) population works out to 9310 which is better than the state average of 10,135. Specialized institutions like Karnataka State Financial Corporation and Karnataka State Industrial Co-operative Bank have also established their branches in Shimoga.

2. Statement of the problem

The banking habits amongst farmers with special reference to the rural areas of Shimoga district, both at individual and at household level, was examined using empirical data, which covered over 80 households around the rural area of Shimoga district. The research takes up the question of whether households are constrained in any way from using banks.

The research was undertaken to study

how a bank as a financial institution is being viewed and used by the farmers in the rural areas of the Shimoga district. Our research is restricted to farmers who are engaged in the cultivation of crops like paddy, maize and some other crops like arecanuts which are the major crops grown in the rural areas of Shimoga district.

3. Objectives of the study

The objectives of the study are as follows:

1. To study the banking habits amongst farmers in general and amongst the farmers with special reference to the rural areas of Shimoga district.
2. To study and analyse the borrowing habits amongst farmers in the rural areas of Shimoga district.
3. To know and anlayse the reasons for the recent rise in farmers' suicides.
4. To study and analyse farmers' understanding of various facilities made available to the farmers by the government through commercial banks and co-operative banks and primary land development banks.
5. To come out with conclusions based on analysis of primary data.

4. Scope of the study

This study on the banking habits amongst farmers is limited to the rural areas of Shimoga district and thus the findings of this study cannot be generalized. However, this study provides some insights with respect to the knowledge and role of banks in the rural areas in comparison with moneylenders and the cooperative societies. It also identifies critical factors which influence the farmers to choose other options of finance over banks. Also, in this study a humble attempt has been made to know the farmers' opinions on the recent rise in farmers' suicides.

The study helps to know the attitude of the farmers towards banks and an attempt is made to forecast the behaviour of the farmers about banking.

5. Research methodology

5.1 Nomenclature

M1	Market 1 (Honnali Area)
M2	Market 2 (Badravathi Area)
M3	Market 3 (Sagar Area)
M4	Market 4 (Mathur Area)
M5	Market 5 (Thirthahalli Area)
MRKT.	Market
NOR	Number of respondents

5.2 Research design

Exploratory research and descriptive research design have been used extensively for the present study. Since the population size was more, sample survey method has been adopted for gathering primary data. This research is about studying the banking habits amongst the farmers in the rural areas of Shimoga district. So the respondents are farmers who are involved in agriculture, mainly those who grow crops and depend on agriculture for their living. However, the agricultural

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labourers were not included as the problem was restricted mainly to the farmers' banking habits in rural areas.

5.3 Sampling plan

Sample unit: Rural Areas of Shimoga District in Karnataka State.

Sample size: 84

Sampling Method & Selection: Stratified Sampling, Area Sampling.

In the present research the stratified and area sampling are used for collection of primary data. Also the sample is divided into five areas around Shimoga district, that is Bhadravathi area, Sagar area, Thirthalli area, Honnali area and Mattur area. The sample size of 84 respondents divided amongst these five markets has been considered for the study. The respondents were chosen randomly from each of these markets. 5.4 Sources of data

In the present research the stratified and area sampling are used for collection of primary data.

Primary Data: Primary data were collected using structured questionnaire. The research team interviewed 84 respondents around the rural areas of Shimoga district. A personal interview method was adopted with the help of a questionnaire. The questionnaire contained 30 questions with both open ended and closed ended questions (Format of the questionnaire has been enclosed for reference). The respondents were requested to give their opinions on all the questions in the questionnaire.

Secondary Data: Secondary data were collected using many sources such as newspapers, journals, magazines, reference books and the Internet.

5.5 Data analysis plan

The process of analysis begins after the data has been collected. During the analysis stage several interrelated procedures are performed to summarize and rearrange the data. The research steps related to processing and analysis are as follows

Editing: Editing makes the data ready for coding. All the incomplete and contradicting responses within the questionnaire were checked and verified before the coding process.

Classification and coding: The total market was classified into five areas that is Honnali area, Badravathi area, Sagar area, Mathur area and Thirthalli area, coded as M1, M2, M3, M4 & M5 respectively. Within each market, further coding of the respondents is done serially and systematically. Each respondent is given a code number of four characters containing two digits for the market and two digits for the respondent.

Tabulation: In this research, a simple frequency table with percentages and cumulative percentages has been used for analysis.

Interpretation: The interpretation of this research is based on the descriptive analysis of the collected data from the respondents and also based on summary of findings.

6 Limitations of the study

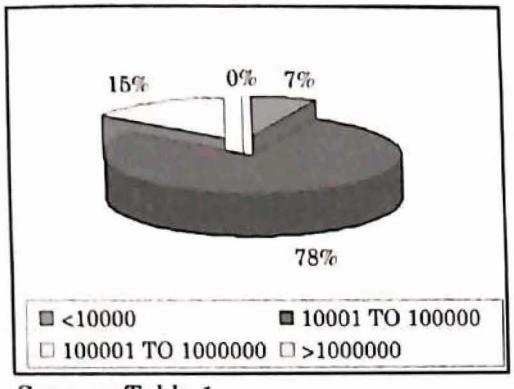
Primary data through a structured questionnaire could not be obtained rapidly from the farmers as they are usually available in the evening at their

residence and this study is limited only to Shimoga district because findings are based on the data obtained from Shimoga district.

MRKT	Particulars				NOR	Percentages			
	<10k	10K to 1 lac	1 lac to 10 lac	>10lac		<10k	10K to 1 lac	1 lac to 10 lac	>10lac
M1	0	13	0	0	13	0	100	0	0
M2	5	17	5	0	27	19	63	19	0
M3	0	6	2	0	8	0	75	25	0
M4	1	21	0	0	22	5	95	0	0
M5	0	8	6	0	14	0	57	43	0
Total	6	65	13	0	84	7	77	15	0

Source : Primary Data

Graph :Income distribution

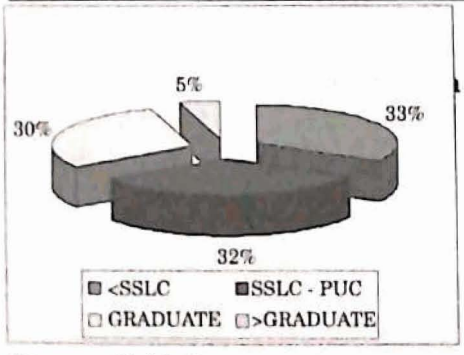


Source : Table 1

It is observed from the above table 1 that around 77% of the respondents have a income between Rs.10K and Rs1 lakh. and 15% of the respondents have an annual income between Rs.1 lakh. to Rs 10 lakh. Therefore, it is evident that credit plays a vital role in aiding the farmers financial needs.

Table :Education Qualification

MARK	Particulars				NOR	Percentages			
	<SSLC	SSLC- PUC	GRADUATE	>GRADUATE		<SSLC	SSLC-PUC	GRADUATE	>GRADUATE
M1	0	8	4	1	13	0	62	31	8
M2	11	5	10	1	27	41	19	37	4
M3	2	2	4	0	8	25	25	50	0
M4	14	6	2	0	22	64	27	9	0
M5	1	6	5	2	14	7	43	36	14
Total	28	27	25	4	84	33	32	30	5



Source : Table 2

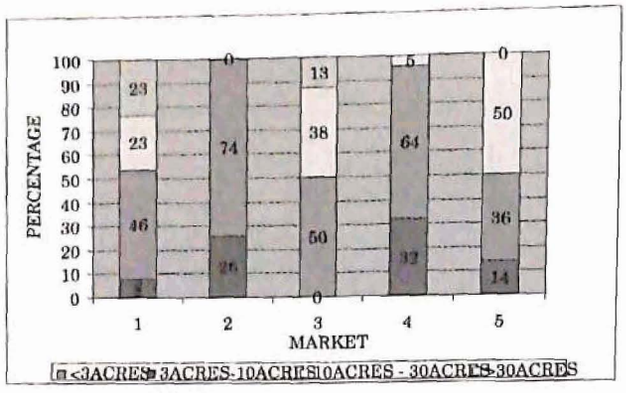
Table 2 shows that respondents education qualification is evenly distributed.. About 65% of the respondents are with SSLC & PUC qualification.This highlights the need for education in rural area

Table 3: Land Owning Pattern

MRKT.	Particulars				NOR	Percentages			
	<3ACR ES	3ACRE - 10ACRE	10ACRE - 30ACRES	>30ACRE		<3ACRES	3ACRES - 10ACRES	10ACRE - 30ACRE	>30ACRE
M1	1	6	3	3	13	8	46	23	23
M2	7	20	0	0	27	26	74	0	0
M3	0	4	3	1	8	0	50	38	13
M4	7	14	1	0	22	32	64	5	0
M5	2	5	7	0	14	14	36	50	0
Total	17	49	14	4	84	20	58	17	5

Source : Primary Data

Graph : Land Owning Pattern



Source : Table 3

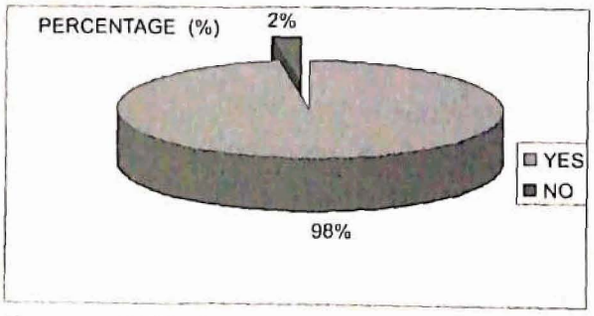
In Table 3 it is seen that the average land holdings of the respondents are between 3 acres to 10 acres. Around 58% of the respondents have the land holdings between 3 acres to 10 acres and only 5% of the respondents have the land holdings more than 30 acres

Table 4: Usage of banking facilities

Source : Primary Data

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	12	1	92.3	7.7	13
M2	26	1	96.3	3.7	27
M3	8	0	100.0	0.0	8
M4	22	0	100.0	0.0	22
M5	14	0	100.0	0.0	14
Total	82	2	98	2	84

Graph 4: Usage of banking facilities



Source : Table 4

As seen in Table 4 more than 98% of the respondents were having bank accounts. Therefore, we can positively say that the respondents have basic awareness on the banking system.

Table : Sources of information

MRKT.	Particulars				NOR	Percentages			
	Family	friends	Media	Others		Family	friends	Media	Others
M1	8	2	0	3	13	62	15	0	23
M2	14	7	2	4	27	52	26	7	15
M3	2	5	1	0	8	25	63	13	0
M4	12	5	1	7	25	48	20	4	28
M5	7	5	1	1	14	50	36	7	7
Total	43	24	5	15	87	49	28	6	17

Source : Primary Data

Graph : Sources of information

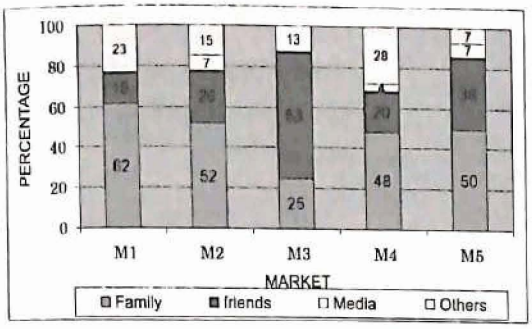


Table 5 shows that 49% of the respondents get to know about the bank through their families and only 6% got to know about the bank through media. So there is need for the banks to increase the awareness amongst people through awareness programs in rural areas.

Source : Table 5

Table 6 :Purpose of using banks

MRKT.	Particulars				NOR	Percentages			
	Loan	Savings	Investment	All		Loan	Savings	Investment	All
M1	0	1	0	12	13	0	8	0	92
M2	18	3	1	6	28	64	11	4	21
M3	3	3	0	3	9.0	33	33	0	33
M4	18	8	0	2	28.0	64	29	0	7
M5	12	6	1	1	20.0	60	30	5	5
Total	51	21	2	24	98.0	52	21	2	24

Source : Primary Data

Graph 6 : Purpose of using banks

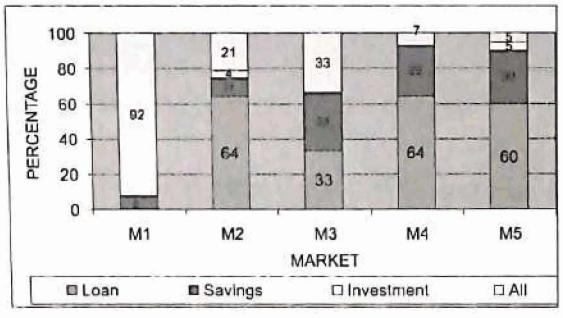


Table 6 indicates that the majority of the respondents use the banks for the purpose of loan 52% of the respondents are using banks for loans and other 24% were using for savings and investments. Therefore, it is evident that the saving habits of the respondents are poor.

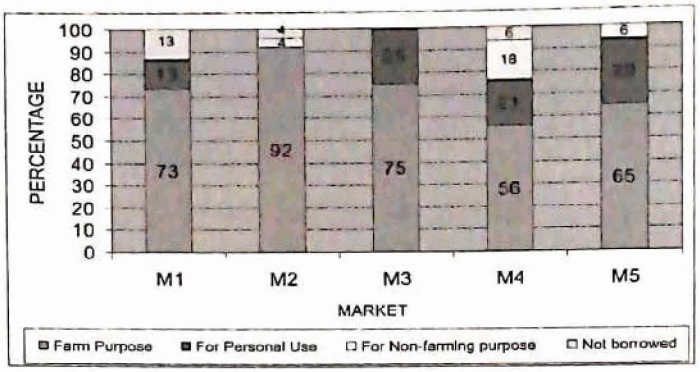
MRKT.	Particulars				NOR	Percentages			
	Farm Purpose	For Personal Use	For Non - farming purpose	Not borrowed		Farm Purpose	For Personal Use	For Non - farming purpose	Not borrowed
M1	11	2	0	2	15	73	13	0	13
M2	23	0	1	1	25	92	0	4	4
M3	6	2	0	0	8.0	75	25	0	0
M4	19	7	6	2	34.0	56	21	18	6
M5	11	5	1	0	17.0	65	29	6	0
Total	70	16	8	5	99.0	71	16	8	5

Source : Table 6

Table 7: Purpose of borrowings

Source: Primary Source

Graph 7: Purpose of borrowing



It is evident in table 7 that 71% of the respondents borrowed loans for farming purpose and only 5% of the respondents have not borrowed any loan from the bank. Therefore, there is a need to improve farmers saving habits.

Source : Table 7

Table 8: Preferred sources of credit

Source: Primary Source

Graph 8: Preferred sources of credit

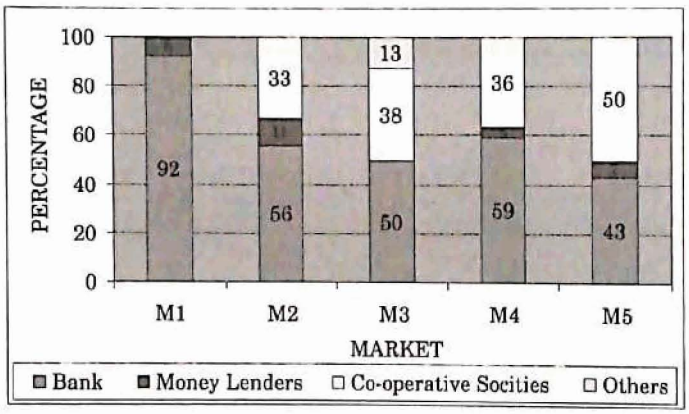


Table 8 shows that 60% of the surveyed respondents preferred bank as the source of credit and 32% preferred the cooperative societies. About 8% of the respondets are giving importance for the money lenders in the district.

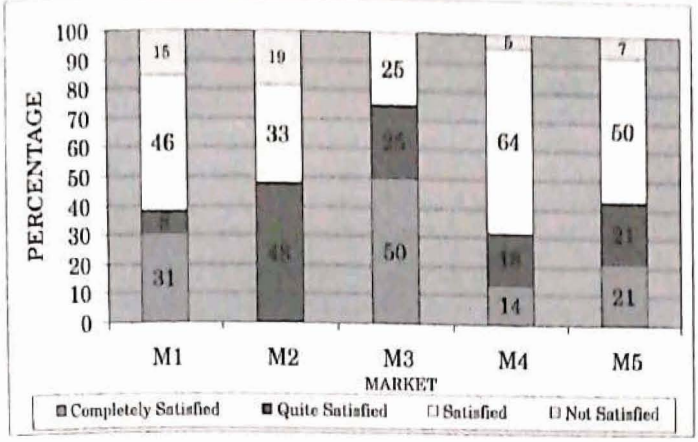
Source : Table 8

Table 9:Satisfaction with the bank service

Source: Primary Source

Graph 9: Satisfaction with the bank service

MRKT.	Particulars				NOR	Percentages			
	Bank	Money Lenders	Co-operative Societies	Others		Bank	Money Lenders	Co-operative Societies	Others
M1	12	1	0	0	13	92	8	0	0
M2	15	3	9	0	27	56	11	33	0
M3	4	0	3	1	8.0	50	0	38	13
M4	13	1	8	0	22.0	59	5	36	0
M5	6	1	7	0	14.0	43	7	50	0
Total	50	6	27	1	84.0	60	7	32	1



It is evident in Table 9 that 89% of the respondents were satisfied with the banking facility in their village, whereas only 11% were not satisfied. This data reveals that the farmers in rual areas in Shimoga district are satisfied with the baking services.

Source : Table 9

MRKT.	Particulars				NOR	Percentages			
	Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied		Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied
M1	4	1	6	2	13	31	8	46	15
M2	0	13	9	5	27	0	48	33	19
M3	4	2	2	0	8	50	25	25	0
M4	3	4	14	1	22	14	18	64	5
M5	3	3	7	1	14	21	21	50	7
Total	14	23	38	9	84	17	27	45	11

Table 10:Habit of attending awareness programs
Source: Primary Source

Graph 10: Habit of attending awareness programs

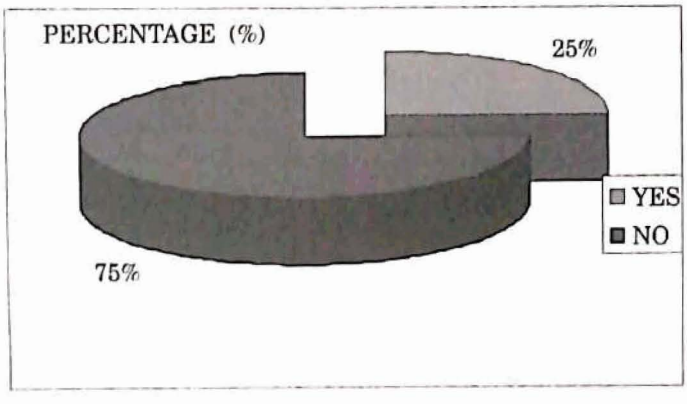


Table 10 shows that 25% of the surveyed respondent have attended awareness programs conducted by the banks. Therefore, it is evident that lack of awareness of the schemes provided by the bank is one of the main reasons for inefficient use of the provided facilities

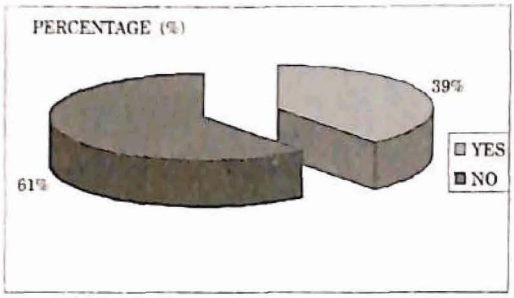
Table 11: Awareness about different schemes provided by banks

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	3	10	23.1	76.9	13
M2	5	22	18.5	81.5	27
M3	2	6	25.0	75.0	8
M4	6	16	27.3	72.7	22
M5	5	9	35.7	64.3	14
Total	21	63	25.0	75.0	84

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	4	9	30.8	69.2	13
M2	7	20	25.9	74.1	27
M3	3	5	37.5	62.5	8
M4	9	13	40.9	59.1	22
M5	10	4	71.4	28.6	14
Total	33	51	39.3	60.7	84

Source: Primary Source

Graph 11: Awareness about different schemes provided by banks

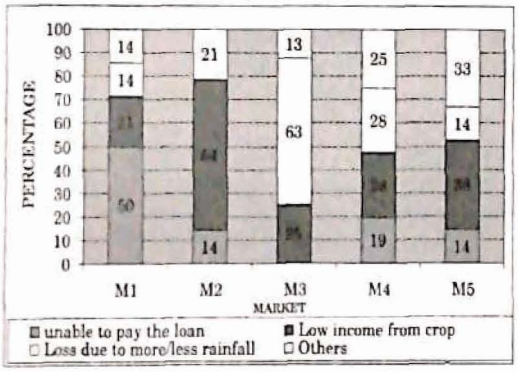


It is clear from Table 11 that 61% of the respondents are unaware of the schemes provided to the farmers. Hence, there is a urgent need to create awareness among farmers about the schemes available to them.

Source : Table 11

Table 12: Major reasons for farmers suicide

MRKT.	Particulars				NOR	Percentages			
	unable to pay the loan	Low income from crop	Loss due to more/less rainfall	Others		unable to pay the loan	Low income from crop	Loss due to more/less rainfall	Others
M1	7	3	2	2	14	50	21	14	14
M2	4	18	6	0	28	14	64	21	0
M3	0	2	5	1	8	0	25	63	13
M4	7	10	10	9	36	19	28	28	25
M5	3	8	3	7	21	14	38	14	33
Total	21	41	26	19	107	20	38	24	18



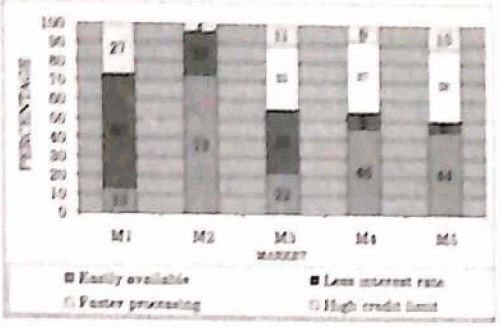
As seen in Table 12, arround 38% of the respondents felt that farmer's suicide is due to low income from crops and crop damage. 24% of them were of the opinion that it is due to unpredictable rainfall.This shows the need to insure the farmers against unforeseen circumstances.

Source : Table 12

Table 13: Reasons for preferring money lenders over banks

Source: Primary Source

Graph 13: Reasons for preferring money lenders over banks



As shown in table 13 it is observed that 46% of the respondents felt that the people go to the moneylenders because of easy availability and 23% of the respondents felt that the processing is faster. This highlights the need to simplify the documentation process and reduce the processing time.

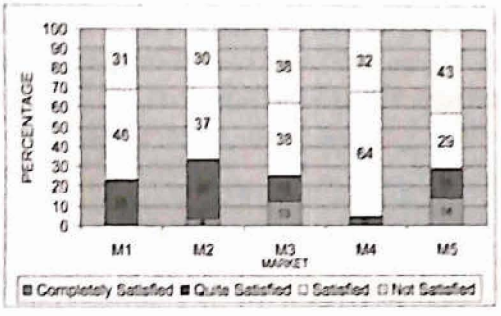
Source : Table 13

Table 14:Satisfaction level with subsidies

Source: Primary Source

MRKT.	Particulars				NOR	Percentages			
	Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied		Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied
M1	0	3	6	4	13	0	23	46	31
M2	1	8	10	8	27	4	30	37	30
M3	1	1	3	3	8	13	13	38	38
M4	0	1	14	7	22	0	5	64	32
M5	2	2	4	6	14	14	14	29	43
Total	4	15	37	28	84	5	18	44	33

Graph 14: Satisfaction level with subsidies



It is seen in table 14 that 44% of the surveyed respondents were satisfied and 33% were not satisfied with subsidies offered by the bank.. Therefore it is evident that the banks should look at providing some subsidies to improve banking habits among farmers.

Table 15: Analysis of customers satisfaction with interest rates

Particulars	Particulars		Percentages (%)		
	Satisfied	Not Satisfied	Satisfied	Not Satisfied	NOR
Commercial bank	34	41	45	55	75
Co -ope rative society	73	6	92	8	79
Money Lenders	6	63	9	91	69
Others	1	1	50	50	2

Source : Primary Data

Graph 15 : Analysis of customers satisfaction with interest rates

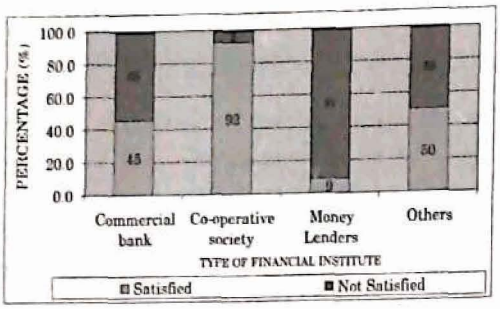


Table 15 indicates that the 45% of the respondents were satisfied with the bank interest rate and 93% with the Co-operative socities.Hence it can be concluded that the interest rate is one of the key factor for preferring cooperative socities.So there is a need to moderate bank interest rates.

Source : Table 15

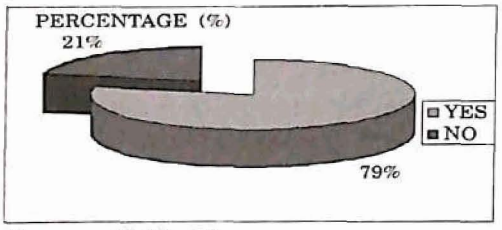
Table 16: Opinions on need to improve banking facility

Source : Primary Data

MRKT.	Particulars		Percentages (%)		NUMBER OF RESPONDENTS
	Yes	No	Yes	No	
M1	12	1	92.3	7.7	13
M2	20	7	74.1	25.9	27
M3	6	2	75.0	25.0	8
M4	17	5	77.3	22.7	22
M5	11	3	78.6	21.4	14
Total	66	18	79	21	84

It was also noted that the farmers prefer cooperative societies as priority is given to the cooperative societies during loan waivers.

Graph 16: Opinion on need to improve banking facility



As seen in Table 16 that 79% of the respondents felt the need to improve the banking facilities. So there is a need to look into the needs of the farmers to better their satisfaction level.

Source : Table 16

7. Summary of Findings

The survey shows that 98% of the farmers have a bank account. This gives us an insight on the farmers' basic awareness of banking facilities. However, although 98% of the farmers had a bank account, only 39% of the respondents knew about the different schemes being provided to them. So it can be said that awareness about the banking facilities in rural area is a major area of concern.

Although banks have been set up to provide finance, yet farmers do not have an easy access to these sources. Majority of the respondents opined that the interest rates charged by the banks are high. Although the government has reduced the rate of interest to 4%, the interest rate is still more than 4% in the rural areas. As a result of this, farmers prefer co-operative societies over banks. It was also noted that the farmers prefer cooperative societies as priority is given to the cooperative societies during loan waivers.

Another reason for inadequacy of banking in rural the areas is due to complex processes and procedures. The

cumbersome process of fulfilling documentary requirements for obtaining a loan acts as a deterrent to the largely illiterate farmers who are approaching these sources. About 46% of the respondents preferred moneylenders because of easiness. The lengthy procedures involved also raises the total cost of a loan, although rates of interest have been kept low as compared to the moneylenders. Farmers prefer to avail informal loans where the rates of interest are exorbitant but credit is timely and adequately available.

The survey results are consistent with a prior observations. It is quite clear that majority of the farmers involved in agriculture are not educated and those who have education give up farming, leaving the less qualified to undertake labour intensive work. There is not much foresight to introduce modern technology or high quality seeds. This is highlighted from the fact that 33% of the respondents have not even completed their SSLC. Further, lack of education is also a major factor or obstacle in the selection of right loan option for the right purpose.

8. Conclusion

The research on "Banking habits amongst farmers in rural areas of Shimoga district" was conducted by a group of 6 MBA students/researchers. During the research, the respondents' positive response helped researchers to do the study effectively. This research work helped the researchers to get an insight on the banking facilities available to the farmers.

It is found that the literacy level of farmers influenced the banking habits. Though the farmers are aware of the basic facilities being provided by the banks, there is a gap between the schemes available and the actual implementation of loan facilities. Due to lack of knowledge/education, they fail to avail the banking facilities. Educating farmers is one of the most important tasks to be taken up by the government, as farming is one of the primary sectors which acts as an anchor to India's growth.

Researchers found that there are certain grey areas, which need to be concentrated upon by the banks. Most of the farmers don't prefer banks to cooperative societies mainly because of high rates of interest and the cumbersome process of documentation . Amongst five different markets that the researchers studied, they found that the awareness and needs of each market varied, but their opinions about the rates of interest and documentation remained the same. Most of the farmers are reluctant to use the banking facilities for the fear of losing their property, in case of irregularities in repayment of loan due to unforeseen circumstances. So, this study clearly indicated the need to bring awareness about the banking systems among farmers in rural areas.

Most of the farmers are reluctant to use the banking facilities for the fear of losing their property, in case of irregularities in repayment of loan due to unforeseen circumstances.

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