Accessibility of Rural Credit among Weaker Section of the Society: A Case Study of South Tripura District of Tripura

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ABSTRACT

Agriculture is the main source of livelihood for the majority of the people of India despite rigorous industrialization in the last six decades. Agriculture and allied sector is the major contributor to the India's national income, therefore, it s said that agriculture is the backbone of the Nation. Although great development took place in the field of agriculture in the form of green revolution during the last few decades in India but, it was limited to few areas and to a few crops. In fact, Indian agriculture is associated with lots of limitations and problems and lack of access to credit facility is one of the most important. Lacks of access to the credit facilities hamper rural population, especially the weaker section, from growth and prosperity. To overcome with the problem associated with the accessibility of rural credit, organized segment constituted by cooperative banks, regional rural banks, commercial banks, and non-banking financial companies need to establish appropriate procedures and processes. Rural credit is not only the critical input in agriculture but also an effective means for overall development of rural economy. It serves as a tool for providing a sustainable livelihood for millions of rural Indians who do not have a means of income.

Keywords: Agriculture, livelihood, rural credit, weaker section, bank

Agriculture is the main source of livelihood for the majority of the people of India despite rigorous industrialization in the last six decades. Agriculture and allied sector is the major contributor to the India's national income, therefore, it s said that agriculture is the backbone of the Nation. Although great development took place in the field of agriculture in the form of green revolution during the last few decades in India but, it was limited to few areas and to a few crops. In fact, Indian agriculture is associated with lots of limitations and problems and lack of access to credit facility is one of the most important. Lacks of access to the credit facilities hamper rural population, especially the weaker section, from growth and prosperity. Hence, to sustain the growth in agriculture, credit plays a crucial role. Credit serves as a catalyst that accelerates the process of development in the rural area. In India credit sector is giving continues services to excluded people for upgrading their standard of living and economic status. India's rural credit system is divided into two segments: an unorganized or informal system of money lenders, traders, and input suppliers; and a formal, organized segment constituted by cooperative banks, regional rural banks, commercial banks, and non-banking financial companies. Keeping this in background the paper is divided into eight sections. Present is the introductory one followed by review of literature in the second section. Objectives, research methodology and statistical tools are discussed in the third section. Fourth and fifth sections elaborately discuss the socio-economic status of surveyed households and accessibility of rural credit in the study area among the weaker section of the society. Section sixth and seventh is for finding and discussion respectively. The concluding remark is given in eighth section.

REVIEW OF LITERATURE

In order to make easy understanding of the problems related to rural credit and the need for follow-up measures, some of the available literature in the field ware reviewed here.

Agriculture is the backbone of Indian Economy, it provides livelihood for the majority of the masses in the rural area. Agricultural sector is associated with non availability of the adequate financial assistant in time. It is one of the major problems faced by the farmers in the North Eastern Region of India (Nath *et al.*, 2013) and (Nath, 2016). Explosion of rural credit institutions resulting in costly and wasteful system and insufficiency of staff compared with the volume of lending operation under mass loaning program. Again the lack of staff motivation is resulting in poor quality of action and contributing to financial weakness and danger of loss to the institution (Shivamagi, 2000).

It was found that the course of action for receiving loan was not simple and credit-deposit ratio of the surveyed banks of the Rangia sub-division of Assam was very low. It was suggested that the flow of credit needs to be doubled to lessen the gap between demand for and supply of credit in the rural area especially for the agricultural sector (Barman, 2003). Among all the institutional agencies in the rural areas in India the role of co-operatives was quite commendable followed Regional Rural Banks (Mishra, 2005).

Objectives, Research Methodology and Statistical Tools

The present study is based on the two important objectives i.e., (1) to know the socio-economic characteristics of the surveyed beneficiaries in the study area and (2) to understand the accessibility of rural credit in the study area among the weaker section of the society.

The present study is an empirical in nature based on primary data. The data was collected with the help of detailed questioners based on multi-stage sampling technique. In the first stage, South Tripura district was selected by purposive sampling. In the second stage, two blocks namely *Rajnagar* and *Hrishyamukh* were selected by purposive sampling on the basis of extent of operation of rural credit pattern. In the third stage, five villages were selected

from each block, villages with large number of scheduled tribe and scheduled cast population. Finally households were selected on the basis of composition of population in various villages. The total sample sizes selected was 100 households.

Tabular and graphical methods are used to present the field data. Percentages are used to illustrate the scenario regarding the socio-economic indicators and the performance of rural credit in the study area.

Socio-economic Status of Surveyed Households

This section deals with socio-economic characteristics of the surveyed households of the study area. Socio-economic characteristics like gender, category, age, educational level, family size, economic group were discussed.

The heads of the households surveyed were categorized on the basis of gender i.e. male and female.
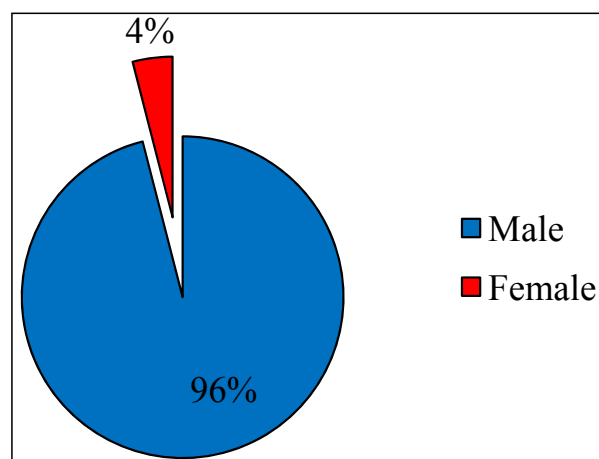

Fig. 1: Gender-wise Distribution of surveyed Beneficiary
Source: Primary Data.

Fig. 1 shows that the most of the surveyed households i.e., 96% were male and rest 4% were found to be female.

From the survey it was found that 22% respondents were from Schedule Tribe category, 64% were from Schedule Caste, Other Backward Class comprises of 7% of population and rest 7% were found to be General. So it was found that a majority i.e., 86% of the respondents were form weaker or marginalized section of the society. The details are given in Table 1.

Table 1: Category-wise Distribution of the Surveyed Beneficiary

Category	Percentage
Schedule Tribe	22
Schedule Cast	64
Other Backward Class	7
General	7

Source: Primary Data.

Beneficiary under the study area were grouped into five age group, i.e., (a) 30 years or less, (b) 31-40 years, (c) 41-50 years, (d) 51-60 years and (e) more than 60 years.

**Table 2:** Age-wise Distribution of the Surveyed Beneficiary

Age Group	Percentage
30 years or less	11
31-40 years	41
41-50 years	22
51-60 years	17
More than 60 years	9

Source: Primary Data.

Table 2 shows that 11% of the beneficiary belongs to very young age group i.e., 30 years or less. 41% of the beneficiary belonged to the young age group i.e., 31-40 years followed by 22% in matured age group i.e., 41-50 years. 17% belongs to 51-60 age group and only 9% of the beneficiary surveyed belongs to more than 60 years age group.

Education level of the surveyed beneficiary were analysed since it affects the knowledge level as well as exposure to the rules and regulations related to the credit market and banking institution etc. In order to examine the educational level of the beneficiary under the study area they are divided into four groups (a) illiterates, (b) primary, (c) Secondary and (d) higher secondary and above. It is clear that overall education level of the surveyed beneficiary is low.

More than half of the surveyed beneficiary have only secondary level education (52%). The number of illiterates were 11%. It was also observe that only 4% of the surveyed beneficiary were having educational level of higher secondary and above. The details are given in Fig. 2.
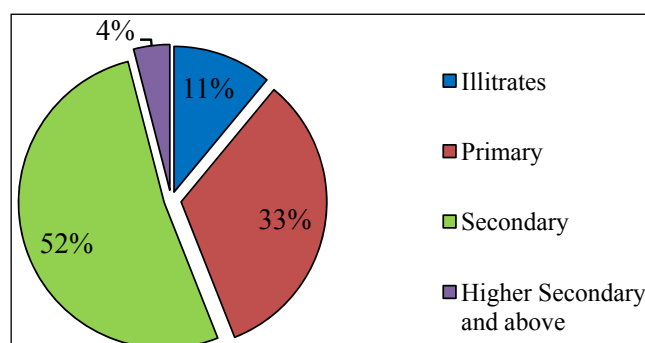
**Fig. 2:** Educational Level of the Surveyed Beneficiary
Source: Primary Data

As agriculture was found to be the main source of livelihood in the study area, the family size was examined to have an idea about the supply of human labours. A comparatively large family is excepted to take care of agriculture and allied activities through family labour. The beneficiary family was divided into three categories according to the number of family members, i.e., (a) small family (less than 5 members), (b) medium (5-8 members) and (c) large (more than 8 members). The details are given in following figure.
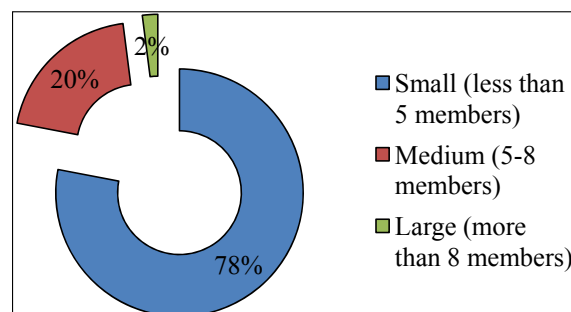
Fig. 3: Family Size of Surveyed Beneficiary
Source: Primary Data.

From Fig. 3, it was found that 78% of the surveyed households had small family, 20% had medium family and only 2% has large family.
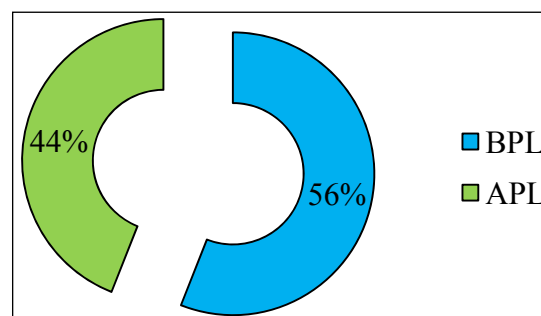
Fig. 4: Distribution of Surveyed Beneficiary on Economic Group
Source: Primary Data.

It was found that 56% of the surveyed household belongs to BPL (Below Poverty Line) category and rest 44% is from APL (Above Poverty Line) as given in Fig. 4. It shows that the economic condition of the surveyed area is not good.

Accessibility of Rural Credit in the Study Area among the Weaker Section of the Society

In this particular section an attempt is made to analyse the performance of rural credit in the study area. First the surveyed households were divided into two categories: (a) households having bank account and (b) households without account in any types of bank. It was found that 90% of the surveyed households are having bank account and rest 10% doesn't have account in any bank, as shown in Fig. 5.
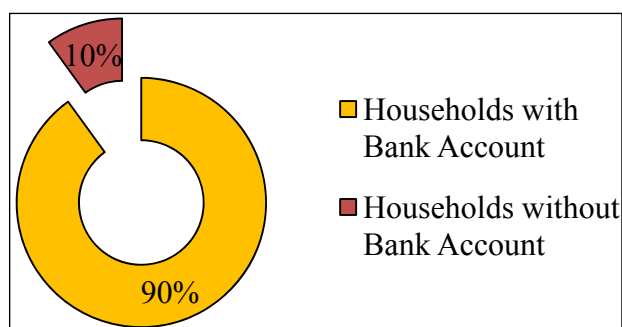

Fig. 5: Number of Surveyed Households with Bank Account
Source: Primary Data.

It was interesting to observe that 69% of the surveyed households having bank account in the Nationalized Bank and only 31% in the Rural Bank, as shown in Fig. 6.
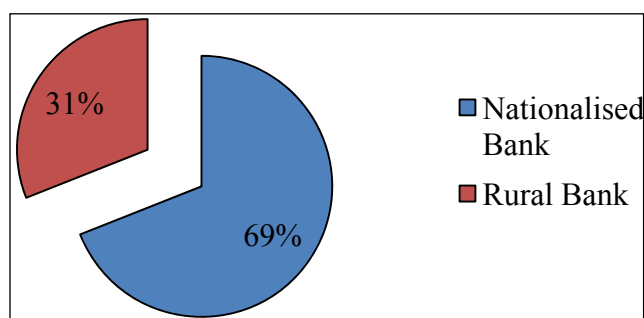

Fig. 6: Distribution of Surveyed Beneficiary as per Bank's Type
Source: Primary Data.

It shows that the outreach of the rural bank in the surveyed area is very limited, although the survey is done in the rural area of the State. It was further found that 31% of the surveyed households having

account in Tripura Gramin Bank (rural bank), 21% in United Bank of India, 18% in the State Bank of India, 15% each in UCO Bank and Canara Bank. The details are given in Fig. 7.
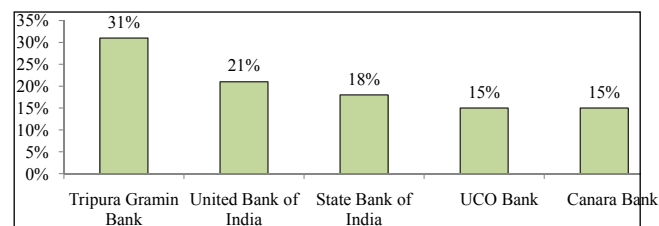

Fig. 7: Distribution of Surveyed Beneficiary as per Bank's Name
Source: Primary Data.

It was found that 91% of the beneficiary have borrowed loan in last five years and rest 9% didn't borrow in last five years, as shown in the figure below:
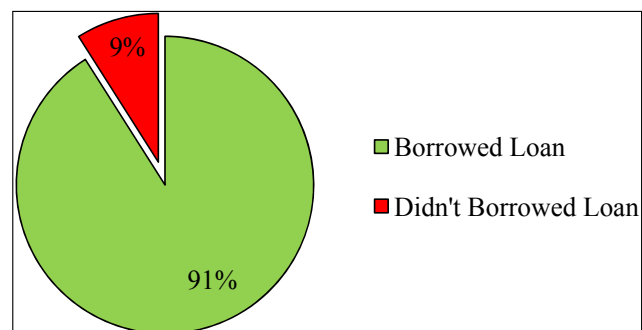

Fig. 8: Classification of surveyed Households on the basis of Loan
Source: Primary Data.

If we classify the beneficiary on the basis of the source of loan or borrowing we found that majority (59%) of the surveyed household borrow from MFI (Micro Finance Institutions) followed by loans from various banks (16%). It was interesting to observe that a good number of surveyed borrow form village money lenders i.e., unorganized segment (13%). The details are given in Fig. 9.
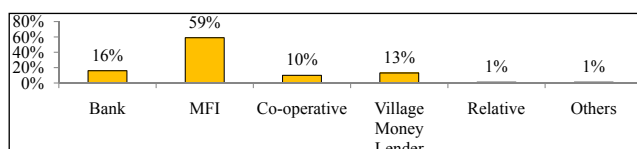

Fig. 9: Classification of Surveyed Households on the basis of Source of Loan
Source: Primary Data.

From Fig. 10 it was found that 85% of the surveyed households borrow an amount of less than INR

50,000, 8% of surveyed households taken loan between INR 50,000 - INR 1,00,000 and only 7% of surveyed households taken loan more than INR 1,00,000. So it is clear that most of the surveyed households were small borrower of loan i.e., less than INR 50,000.
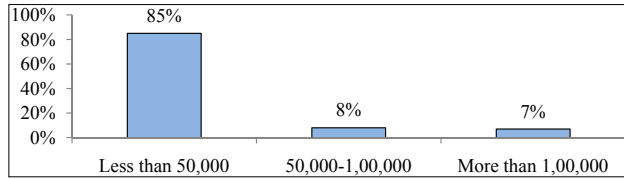

Fig. 10: Classification of Surveyed Households on the Basis of Amount of Loan *(In INR)*

Source: Primary Data.

It was also found that 23% of borrowing is for agriculture, 10% is for fishery related activity, 8% for forestry task and 12% for animal husbandry. The detail is given in Fig. 11.
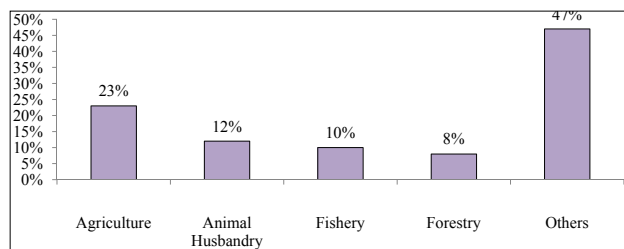

Fig. 11: Classification of Purpose of Borrowing

Source: Primary Data.

The rate of interest for borrowing loan varies significantly, it was found to be very high in the case of borrowing from village money lenders and lowest in case of bank and post office. To get a clear picture regarding the rate of interest, we divide the beneficiary in two segment i.e., (i) less than 30% per annum and (ii) 30% or more per annum. The result is represented in Fig. 12.
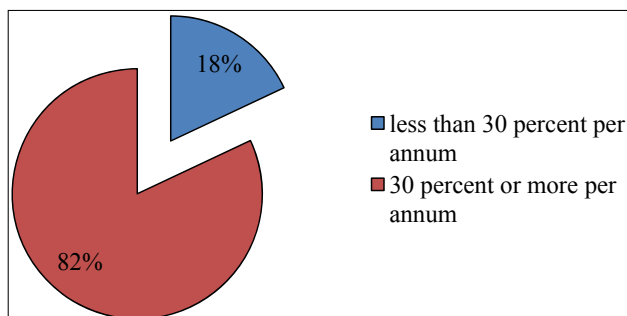

Fig. 12: Classification on Rate of Interest

Source: Primary Data.

Fig. 12 shows that only 18% of the beneficiaries are

borrowing loan with less than 30% per annum of rate of interest and rest 82% have to pay 300% or more. This shows that the village money lenders are charging massive rate of interest from the rural population.
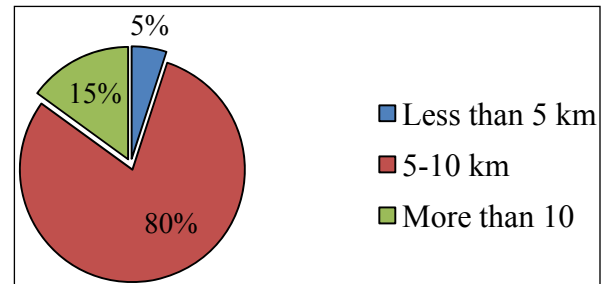

Fig. 13: Classification on the Basis of Distance of Bank from Household

Source: Primary Data.

From the survey it was found that there were only 5% households having banking services in the rage of less than 5 km. Majority of the surveyed household i.e., 80% having banking services in the rage of 5-10 km and rest 15% of respondents have to travel more than 10 km to avail the basic banking facility.

It was observed from the survey that 80% of the respondents have said that they faced problems in the official procedures for borrowing loan. The details are given in figure (Fig. 14) below:
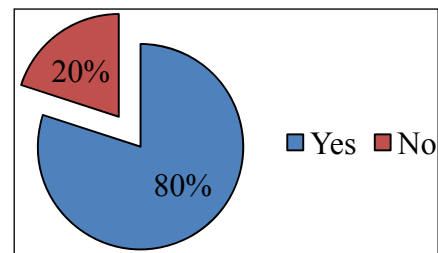

Fig. 14: Problems Faced by the Borrowers while getting Loan form Bank

Source: Primary Data.

Findings

The major findings are given below:

- Majority of the surveyed households are found to be male.

- It was found the most of the surveyed beneficiary belong to young and matured age group.

- Forty four percent of the surveyed households are found to be illiterates or having the educational qualification of primary level only.

- It was interesting to observe that more than three-fourth of the surveyed households has small family size.

- It was found that more than half of the surveyed household belongs to BPL category.

- It was found that still one in every tenth household didn't have bank account.

- It was found from the survey that two-third of the bank account holders have account in the nationalized bank, among which the United Bank of India is the highest contributor.

- Nine percent of the surveyed households didn't borrow any loan in last five years.

- MFI is the main source of borrowing in the study area and the contribution of unorganized sector in the form of village money lenders is quite high i.e., 13%.

- Majority (85%) of the surveyed household's loan amount is less than INR 50,000.

- It was found that the purpose of borrowing loan was basically for agriculture and allied activity.

- Eighty two percent of the surveyed households borrow loan at 30% per annum or higher rate of interest.

- It was found that the 80% of the surveyed household has to travel a distance of 5- 10 km to avail banking facility. While 15% have to travel more than 10 km.

- Eighty percent of the respondent generally face problem during the procedures related to the borrowing of loan form bank.

DISCUSSION

To overcome with the problem associated with the accessibility of rural credit, organized segment constituted by cooperative banks, regional rural banks, commercial banks, and non-banking financial companies need to establish appropriate procedures and processes. Banking and non banking institution should focus on opening of their branches in the rural areas. Loan facility should concentrate on agriculture and allied sector, as it is the backbone of the economy. There is need of financial literacy outreach programme in each and every village at frequent interval.

CONCLUSION

Rural credit is not only the critical input in agriculture but also an effective means for overall development of rural economy. It serves as a tool for providing a sustainable livelihood for millions of rural Indians who do not have a means of income. The present study makes it clear that the renovated banking services have not made a significant development in the process of meeting the accessible credit for the rural agricultural class. Hence the rural farmers still has to depend on unorganized sector of credit e.g. village money lenders, which charges high rate of interest compare to the organized one. The organized financial institutions should expand more flexible products and services to meet the diversified requirement of rural households. These institutions should be more practical in spreading financial literacy to overcome the hurdles posed by the level of education of the potential borrowers. Further simplification of the procedures of lending is also required.

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