

Encouragement of Agripreneurship by Schedule Commercial Banks: A study with special reference to Cachar District of Assam.

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Abstract:

India is a developing country and Agriculture is the backbone of the Indian economy. The encouragement of Entrepreneurship in Agriculture can help in the development of the economy in a different of ways. However, the sector is faced with problems relating to credit, infrastructure, marketing, technology, legal formalities and regulations etc. among which insufficiency of finance being the most important one. With this background, this paper has examined the finance provided for Entrepreneurship in Agriculture by Commercial Banks (CBs) in Cachar district from 2009-10 to 2013-14. It is clear from the study that despite the continuous efforts, there exists a substantial gap between the requirement of credit and supply of agricultural credit in both the cases of farmers and Bankers. The findings suggest that Entrepreneurship should be provided finance at rates of interest and on easy repayment basis.

Introduction:

The world of farming is currently in a transitional period. Agriculture is transforming in this evolving environment, taking on new forms and extending its reach beyond simple agriculture, horticulture, sericulture, and animal husbandry to support urban development, rural population livelihood, and the creation of jobs. In recent years, there has been a lot of focus on crop diversification toward horticulture (fruits, vegetables, ornamental crops, medicinal and aromatic plants, and spices), plantation crops (coconut, cashew nuts, and cocoa), and related activities. The country, especially the rural common people, is plagued by issues with unemployment, underemployment, and disguised unemployment. Giving Indian agriculture businesses viable and sustainable business prospects is important because 2/3 of the country's workforce is working in the sector. Considering that 2/3rd of the Indian population is employed in the agriculture sector, providing viable and

sustainable business opportunities in Indian agriculture business is essential for generating employment in the country (Maniammal et.al. 2014)

Agriculture entrepreneurship is a tactic that can help rural residents become economically independent and create jobs. An entrepreneur in agriculture is someone who engages in a range of activities in the agricultural industry and its supporting industries. To succeed as an entrepreneur, a farmer must be proactive, curious, perseverant, visionary, hardworking, come up with ideas, communicative, have excellent management and organisational abilities, be able to manage the best resources, or be willing to take on risk. Three elements, including India's economic circumstances, educational system, and cultural traditions, have a significant impact on entrepreneurship. Various studies indicate that if the right environment is created and farmers are provided with good infrastructure, technology and timely availability of credit through financial institutions it can enhance food production and can ensure food security, income and quality of life for the farmers. (Meenakshi et.al., 2015)

Opportunity of Entrepreneurship in Agriculture in Cachar district of Assam :

The current study focuses on agricultural sector entrepreneurship by commercial banks in the Cachar district of Assam. The study examines how well commercial banks operate in terms of deposit mobilisation, credit deployment, credit deposit ratio, and commercial bank advances to the agriculture sector. Diverse Rate of Interest (DRI) Advances and Advances to Weaker Sections are also covered because they qualify as Advances to the Agriculture Sector. Recovery effectiveness and non-performing assets of commercial banks are also investigated as part of the study.

Additionally, the Cachar district's district annual credit plans limit the scope of agriculture-related entrepreneurship to just five categories: crop loans, agriculture term loans, allied activities, loans for horticulture, and other credit for the pisciculture industry. The study's investigation of improvements in the agriculture sector in relation to programmes promoting financial inclusion is its sole subject. The information sought consists of the total number of accounts opened by banks between 2010 and 2014 as well as deposits and advances made in the district by commercial banks during the aforementioned time period that are particular to population groups.

Statement of Problem

The study is limited to the operational performance of the commercial banks in Cachar district. As far as the study is concerned, there are no major limitations but some factors responsible for paucity of entrepreneurship in a country including agripreneurship. Among the various factors, access to capital is an important constraint. Government, banking and financial institutions have taken several steps for the efficient growth of entrepreneurship in agriculture. Though they provide various assistances, it is found that agripreneurs do

not avail these benefits of the government uniformly. It has been observed from the study of the Annual Reports of Lead Bank that banks always fail to achieve its target for financing agripreneurs. For the quarter ended March 2014, advances to agriculture sector accounts for only 26% to total advances by all SCBs. Again, the Govt. introduced various schemes for rural entrepreneurship development like KCC, SGSY, PMEGP, Kalpataru etc. But the progress under these schemes is not satisfactory. As on 31st March 2014, under KCC, the amount targeted for Cachar district was 502079 thousand while the amount sanctioned was only 432020 thousand (*Annual Credit Plan, Cachar District, March 2014*). Thus from the preliminary study it has been found that status of bank finance for agripreneurs in Cachar district is not satisfactory.

Objectives:

1. To observe the extent of financial assistance provided by the Commercial Banks for entrepreneurship in agriculture activities in Cachar District of Assam.
2. To evaluate the presentation of Commercial Banks with regard to agriculture sector advances in Cachar District.
3. To determine the challenges and offer suggestions for agripreneurship credit.

Methodology:

Research can be defined as a systematised effort to find out the solution of the problem. The study is descriptive and analytical and is based on secondary data. The secondary data were collected from the Annual Credit Plans of Cachar district published by United Bank of India which is the Lead Bank in the district. The study covers a period of 5 years from 2009-10 to 2013-14. The secondary data collected from Annual Credit Plans have been presented in suitable tables. Percentage analysis has been done to know the performance of scheduled commercial banks with regard to promotion of agripreneurship.

Findings and Discussion:**Target and achievement of advances to agriculture sector:**

The United Bank of India plans the sector wise target for priority sector lending to each participating financial agency in the district. Agriculture is one of the very important aspects of priority sector. The allocated share is called target. The following table-1 exhibits a comparative study of target and achievement reveals the performance for the study periods.

TABLE-1

Extent of financial assistance provided by the Commercial Banks for entrepreneurship in agricultural activities in Cachar District. (₹ in thousands)

As on 31 st March	Total Priority Sector Ad- vance (1)	Total Advances to Agriculture sector (2)	(2) as percent- age of (1)
2010	56,44,173	18,22,868	32.16
2011	62,69,087	20,71,569	32.58
2012	63,02,818	28,09,257	45.88
2013	82,70,512	35,47,949	42.90
2014	96,27,358	37,44,405	37.49

Source: Annual Credit Plan, Cachar District, 20009-10 to 2013-14

The table -1 shows that the proportion of agriculture credit in the total priority sector advances have increased over the periods but again little fall in 2014 in comparison of percentage . But the share to agriculture sector compared to total priority sector advances have shown a fluctuating trend during the period. The advances of total priority sector and advances to agriculture sectors were simultaneously going upward during the particular year from 2010 to 2014.

TABLE-2

Performance of Commercial Banks for agripreneurship advances (in thousand)

SL. No	Year	Target (Rs. in thousands)	Achievement (Rs. in thousands)	Percentage of Achievement
1	2009-10	640555	515522	80
2	2010-11	425858	326333	77
3	2011-12	917140	620114	68
4	2012-13	1509470	862570	57
5	2013-14	2051214	1010270	49
	Total	5544237	3334809	60

Source: Annual Credit Plan, Cachar District, 2009-10 to 2013-14 (Note: Percentages are calculated and figures are rounded off)

Table-2 shows that the percentage of achievement for agriculture sector advances varies between 80% and 49%. The table shown that the percentage of achievement gradually decreased for all the financial year which may indicate that lack of credit flow in the agriculture sector hampering encouragement of agripreneurs in the study region. The average percentage of achievement during the financial year is 60 and it conclude that the performance of commercial banks for advances of agriculture sector is not up to the satisfactory level.

Bank-wise Performance of Commercial Banks with reference to agriculture sector:

The below table shown the performance of all the commercial banks from 2009-10 to 2013-14. Most of the CBs have their branches in Cachar district. Bank wise target, achievement and percentage of achievement for five years from 2009-10 to 2013-14 have been depicted in Table3.

TABLE-3

Bank wise performance of agripreneurship sector advances under annual credit plan in Cachar District (in thousands)

Name of	2009-10			2010-11			2011-12			2012-13			2013-14		
	Target	Achievement	% of	Target	Achievement	% of	Target	Achievement	% of	Target	Achievement	% of	Target	Achievement	% of
SBI	7599	1678	234	1070	9221	86	1642	1040	63	26498	96637	36	339541	51074	15
UCO	5933	5303	86	6257	5822	93	8862	7521	85	15200	84886	56	215993	48484	22
CBI	3726	2337	59	4067	3151	77	6104	1186	19	10776	59682	55	142624	39919	38
ALLAHA	2644	5486	21	3656	2538	69	5568	1705	31	75097	42901	57	131257	35081	15
PNB	1403	3172	23	1930	1532	79	3044	1960	64	54028	47203	87	57916	21819	32
UNITED	1545	1390	90	1382	1792	13	2155	2220	103	36825	65634	178	55533	8482	15
IOB	1425	1712	12	1490	8201	55	2314	2455	11	39544	4140	10	51335	5210	9
BOB	1191	2146	18	1076	8180	76	1703	7752	46	29642	9370	32	36366	4466	12
VJOYA	7090	1294	18	7110	5540	78	1356	1500	11	7284	1807	25	29217	282	1
INDIAN	1056	2842	27	9550	7168	75	1769	1019	6	34849	1855	5	35426	250	1
UNION	5875	3678	63	8145	5000	61	1588	2154	136	28217	5356	19	28302	750	3
BANK OF	0	0	0	0	0	0	2500	0	0	7543	2045	27	7062	415	6
BANK OF	0	0	0	0	0	0	0	0	0	10790	2960	27	6173	963	16
CANARA	0	0	0	0	0	0	0	0	0	10690	4616	43	5073	0	0

ORIENTA															
SYNDICA	0	0	0	0	0	0	0	0	0	0	0	0	5073	200	4
AGVB	1418	1227	87	1745	1750	10	2478	2240	90	46583	260402	56	619431	24060	25
FEDERAL	6580	4520	69	6030	4520	75	1049	337	3	17916	0	0	20237	0	0
HDFC	5620	0	0	3940	0	0	8315	1694	204	15154	14748	97	15816	64188	146
ICICI	4475	1001	22	3360	0	0	7100	433	6	19326	1114	6	13986	0	0
AXIS	3160	0	0	4670	0	0	1009	0	0	18267	0	0	18488	16971	39
INDUSIN	0	0	0	900	0	0	1940	4475	231	7543	55530	736	6219	66501	317
IDBI	0	0	0	0	0	0	0	0	0	6168	1684	27	5073	1200	17
TOTAL	4399	4137	94	5238	4542	87	7971	5304	67	14094	762570	54	185121	96627	52

Source: Annual Credit Plan, Cachar District, 2009-10 to 2013-14 Note: Percentages are calculated and figures are rounded off.

Table-3 shows that the amount allocated as target was steadily increased over the period in case of all banks. With regard to bank-wise performance of agriculture sector advances it is seen that the achievement percentage is not uniform over the five years. The performance of banks like SBI, UCO bank, CBI, PNB, UBI etc. are satisfactory while it is very poor for Indian Bank, Indian Overseas Bank, Vijaya bank etc.

Conclusion and Suggestions:

Agriculture is the backbone of the Indian economy. From the present study, it is observed that advances to agripreneurship sector are not up to the level. Considering this situation, the following suggestions may be considered relevant for the development of agripreneurship.

Awareness campaign should be arranged among the entrepreneurship those who opt for it or already exist. Through the programme they should be made aware of the various provisions available for them. It is necessary to make them understand that loans are advanced for undertaking agripreneurial activities. The agripreneurs should be provided finance at minimum rates of interest and on easy repayment basis. The cumbersome formalities should be avoided in sanctioning the loans to agripreneurs.

Banks may consider providing adequately qualified and trained personnel in rural and semi urban branches to accomplish the targeted mission. Banks should establish customer support relations with borrowers rather than simply lending to the agripreneurs. This will help to reduce the risk associated with lending to entrepreneurs.

Agripreneurship is the need of hours to make agriculture a more attractive and profitable venture. It is clear that there is a great scope for entrepreneurship in agriculture and this potentiality can be tapped only by effective support to this sector. The agriculture sector has large potential to contribute to the national income while at the same time providing direct employment and income to the numerically larger and vulnerable section of the society. Agripreneurship is not only an opportunity but also a necessity for improving the production and profitability in agriculture and allied sector (Bairwa et.al., 2014). Hence, adequate infrastructural support including credit is highly desirable for promotion of agripreneurship. The scheduled commercial banks can play a pivotal role to augment for promotion of agripreneurship.

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