

## Performance of Lead Bank Agriculture Credit in Madurai District

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### **Abstract**

*Indian agriculture is gifted with the fertile land and abundant availability of the prosperity of India. The life of Indian is based mainly on the development of agriculture because majority of its population is engaged directly or indirectly in agriculture. Hence the development of agriculture would mean the development of the rural masses and development of India, further increase in agricultural productivity depends on the adoption of new farm practices such as high yielding variety seeds, chemical fertilizers, pesticides, insecticides, farm machinery and assured irrigation facilities. The adoption of these practices depends on the availability of larger and larger amounts of finance. The creation of adequate and requisite credit avenues is therefore essential for agricultural progress; credit is a condition that enables a farmer to extend his control over his ownership of resources. Most of the developing countries, aiming to strengthen their agriculture have evolved rural financial institutions to provide agricultural credit. Credit plays the role of an accelerator for agricultural development. Lack of access to credit is one of the most pressing issues that hinder rural India's progress. Farmer's suicide within the agricultural sector does not occur as a shocking matter as these poor citizens are deprived of monetary assistance when they are most in need survival is at stake here. The farmers cry for help and have been ignored as the damaging effects from the absence of credit loans tickles down the absence of credit loans tickles down the population. Hence, the present paper aims to focus lead bank agriculture credit in Madurai District.*

**Keywords:** *agricultural productivity, farm machinery, pesticides, irrigation facilities, high yielding variety, agricultural development*

### **Introduction**

Indian agriculture is gifted with the fertile land and abundant availability of the prosperity of India. The life of Indian is based mainly on the development of agriculture because majority of its population is engaged directly or indirectly in agriculture. Hence the development of agriculture would mean the development of the rural masses and development of India, further increase in agricultural productivity depends on the adoption of new farm practices such as high yielding variety seeds, chemical fertilizers, pesticides, insecticides, farm machinery and assured irrigation facilities.

The adoption of these practices depends on the availability of larger and larger amounts of finance. The creation of adequate and requisite credit avenues is therefore essential for agricultural progress; credit is a condition that enables a farmer to extend his

control over his ownership of resources. It represents mobilization of the savings by financial intermediaries or government from the people and through such credit operations financial savings are transformed into capital, the money obtained through credit provides a command enough funds to explore opportunities. Most of the developing countries, aiming to strengthen their agriculture have evolved rural financial institutions to provide agricultural credit. Credit plays the role of an accelerator for agricultural development.

### **Agricultural Credit**

Agricultural credit refers to credit provided to the rural population. It covers loans to agriculture as well as loans to non-agriculturists, artisans and landless labourers who are residing in rural areas.

The ideal agricultural credit scheme should aim at providing and ensuring adequate finance to every person in the countryside, who is engaged in or willing to engage in any economic activity.

The importance of agricultural credit in a country like India, which is essentially rural in nature, hardly, needs elaboration. Economic development of the countryside hinges upon availability of credit to rural economy.

The rural economic activity is highly seasonal in nature. It needs credit to smooth out seasonal fluctuations in earnings and expenditure. Credit is necessary both for meeting the short-term requirements of working capital and long-term investment in agriculture and other income-bearing activities. Particularly those who appear vulnerable to others there minor shocks as they are rejected by lead bank with respect to income and expenditure need credit as an insurance against risk. Realization of the gravity of the problem of agricultural credit by the government at different levels and at different periods is well reflected in appointment of several committees and commissions to examine the problem of agricultural credit.

The credit needs of the farmers can be seen from two angles.

- On the basis of time and
- On the basis of purpose.

### **Objective**

To study the annual growth performance of lead bank agricultural credit in Madurai district.

### **Sources of Data and Methodology**

- To study the performance of lead bank agricultural credit in Madurai district. Data regarding secondary sources were collected from lead bank annual credit plan report from the year 2004-05 to 2011-2012.

- To examine the trend in the amount of lead bank agricultural credit in Madurai district. The data required to study the inflow of annual growth rate in annual credit by lead bank for agriculture purpose. The data has been analysed by using appropriate statistical techniques such as annual growth rate model.

**Table-1: Major Crops Cultivated in Madurai District (in hectares)**

Block	Paddy	Ground Nut	Cholam	Sugar cane	Cotton	Total
Alanganallur	3738	1188	521	1017	81	6545
Chellampatti	4618	2188	1406	1195	1905	11312
Kalligudi	2225	1817	182	8	4286	8518
T Kallupatti	1255	1353	81	96	4663	7448
Kottampatti	4708	4953	46	124	25	9856
Madurai East	15546	85	43	525	5	16204
Madurai West	18050	4	1	513	3	18571
Melur	13576	1185	35	1842	205	16843
Sedapatti	5039	1640	1344	139	1975	10137
Thirumangalam	3944	700	125	206	202	5177
Thiruparankundram	4467	538	852	249	34	6140
Usilampatti	2641	598	1388	378	1077	6082
Vadipatti	9136	184	-	1521	28	10869
<b>Total</b>						<b>133702</b>

Source: Lead Bank Annual Credit Plan 2011-2012.

Table 1, explains the major crops, Paddy, Ground Nut, Cholam, Sugarcane, and Cotton cultivated in Madurai district. These are the main cultivated crops in Madurai district. These products cultivated by farmers get some credit facility in lead bank. Every individual farmer implemented new varieties, new method of production. These crops are cultivated in 1,33,702 hectares by the Madurai district farmers.

**Table - 2: Annual-Credit by Lead Bank for Agriculture Purpose (Rs.in thousands)**

Year	Agriculture	
	Amount	Growth Rate (%)
2002-03	23,981.68	--
2003-04	27,967.51	16.62
2004-05	38276.82	36.86
2005-06	49,868.68	30.28
2006-07	64,939.44	30.22
2007-08	77,140.65	18.78
2008-09	91,544.55	18.67
2009-10	11,8158.02	29.07
2010-11	13,4481.79	13.81

Source: Lead Bank Annual Credit Plan 2004 to 2012.

Table 2 explains that the annual-credit plan to agriculture functioning gives loan and some activities has been done to develop agriculture. To motivate the farmers to cultivate a lot of agricultural goods and services produced in society, majority of farmer's depending in agricultural credit make changes in productivity activities by implementing new technology in the agriculture. Every year the allocation fund in agricultural development function has to be increased.

The agriculture growth rate for the year 2003-04 is 16.62 per cent. In the year 2004-2005 the agriculture growth rate has risen to 36.86 per cent. It gradually declines to 18.67 per cent in 2008-09. The growth rate of 2009-10 is 29.07 per cent which is a growth when we compare to the previous year. In 2010-11 the growth rate again decreases to 13.81 per cent.

**Table - 3: Lead Bank Agriculture Credit in Madurai District (Rs.in thousands)**

Blocks	Agriculture	
	No.of. Beneficiaries	Amount
Alanganallur	3036	537106
Chellampatti	2968	604353
Kalligudi	2017	425987
T Kallupatti	2324	578854
Kottampatti	1992	473791
Madurai East	3672	733448
Madurai West	6088	727440
Melur	4628	851499
Sedapatti	3288	792360
Thirumangalam	3560	674708
Thiruparankundram	7720	1008899
Usilampatti	3320	734528
Vadipatti	3984	720440
<b>Total</b>	<b>48597</b>	<b>8863413</b>

Source: Lead Bank Annual Credit Plan 2011-2012.

Table 3 explains that number of farmer beneficiaries for the year 2011-2012 in lead bank agriculture credit in Madurai district. Madurai district farmers benefited area-wise as they share got money for the agricultural activities and implemented new methods in agriculture production. It leads to increase in production. 48,597 farmer beneficiaries have got Rs.88,63,413 and used it for agriculture activities in Madurai district. On the whole, lead bank credit is very useful and essential for agriculture production.

**Findings**

- Madurai district has benefited and lot from lead bank agricultural credit,
- Lead banks motivation towards agriculture sectors increases production,
- Agriculture credit helps farmers to increase cultivated more area, solve their demand and supply, and
- Increase their helps them to knowledge is the field for agriculture by innovative methods.

**Conclusion**

Human life depended in agricultural goods or commodities. Agriculture credit is important as it satisfies the demand of production function. Farmers depend government and money lenders for their credit. The present study clearly analyses the performance of lead bank agriculture credit in Madurai district. Every year, there is an increase in cropping pattern in Madurai district with the support of lead bank agricultural credit. Apart from the lead bank credit, government also to allocate possible loans and subsidies without interest to help the farmers for their agricultural activities.

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