Mind and Society ISSN 2277-6907
Vol.5, No. I, March 2016, Page 28 -32

Income and Occupational Structure of Regional Rural Banks Borrower Farmers

(In special reference of Balaghat District of Madhya Pradesh)

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Received	Reviewed	Accepted
12 Feb. 2016	22 Feb. 2016	25 Feb. 2016

Regional Rural Banks are setup to take banking to door steps of rural households, to avail easy and cheaper credit to weaker rural section and to generate employment in rural areas. The banks are striving hard to provide best banking service in its command area. Indian economy is agricultural economy and real India lies in villages. Village economy is the backbone of Indian economy. Even after 60 years of independence, the rural economy in India is still handicapped in terms of infrastructure and other chronic problems of cultivators. In fact, economic progress and industrial development are determined by the rural sector. The present Study has been attempted to study, the income and occupational structure of borrower farmers. This Study only examined income and occupational structure of borrower farmers of Regional Rural Bank of Balaghat District at micro level. The study focused on reference period from 2006-07 to 2009-10, with selected branches of RRB from the 10 block of study area, total 400 farmers were selected randomly from each block, formers were selected on the basis of their proportion in the blocks of the district. The result reveled that agriculture and allied activities was the mainstay for 80.5 per cent of the borrowers and majority of the sample respondent were from the income category of *'30000 to '50000.*

Keywords: Regional Rural Banks, Occupational Structure, Annual Income, Borrower farmers, Agriculture Development.

Introduction:

Agriculture continue to be the most vital sector of Indian economy, contributing a share of 14.7 percent in 2009-10 to our national income and also provides employment to around 60 percent of the total work force in the country.[1] At the same time, several non-agricultural activities also provide opportunities for income and employment to the labour force belonging to both farming and non-farming households.[2] A strong base of agriculture growth is must for the overall economic development in a country like India. Agricultural growth depends on the growth of productivity, which in turn requires sustained infusion of finance. The growing tendency among the farmers to replace the traditional

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farming practices with scientific and modern technology has necessitated the increased use of capital both for improving farm infrastructure and for meeting the operational cost. Consequently, the need for cash in rural economy has increased manifold as one of the strategic inputs for agriculture development.[3]

Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on the 26th September 1975 and followed by Regional Rural Banks Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector. The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively. The area of operation of the RRBs is limited to few notified districts in a state.[4] At present area of the RRBs has been extended after amalgamation process started state wise in 2005. The RRBs mobilise deposits primarily from rural/semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural labourers, rural artisans and other segments of priority sector.

The rapid expansion of Regional Rural Banks has helped in reducing substantially the regional disparities in respect of banking facilities in India. Generation of additional sources of income and employment in rural population has been the main objectives of Regional Rural Banks.[5] Activities of modern economy are significantly influenced by the functions and services of banks. Banking sector constitutes the core part of economic system.[6]

Regional Rural Banks play an important role in meeting the growing credit needs of rural India, especially for small and marginal farmers. State and district of Balaghat economy mainly depends on agriculture, and major of the population lives in rural areas. Which is directly or indirectly dependent on agriculture and agriculture based Industries. Economic growth of the state has lagged behind compared to that of other states. Hence, the need and importance of regional rural Banks is much higher for the improving rural economy and living standard of the rural peasant population of the state.[7]

Keeping in the view of above facts the present Study has been attempted to study, the income and occupational status of borrower farmers. Study only examined income and occupational status of borrower farmers of Regional Rural Bank of Balaghat District at micro level.

Objectives:

1. To study the occupational structure of borrower farmers.
2. To study the annual income of borrower farmers.

Methodology:

RRB Bank (early known as Mandla Balaghat Kshetriya Gramin Bank) was selected due to bank is oldest bank in the district and its objective to bring economic development of weaker section, living in far flung rural/tribal area of districts, by extending credit assistance to them besides encouraging saving habits in rural area, Hence, the RRB Bank and its all 26 branches of the Balaghat district were selected for the purpose of Study.

The total numbers of borrower farmers were 3117 during the reference period from 2006-07 to 2009-10 of the study. Tare Yamane mathematical formula was use ($N= n/1+n (e)^2$) for determining the sample size.[8] The total farmers were 3117 and confidence level is 95 per cent or (e) is 0.05 than the sample size would be 354 rounding of this figure it was decided to study 400 farmers in the district from selected 26 branches of RRB. List of the entire borrower farmers of the district was collected from 26 selected branches of RRB in the district to give proper representation to the all 10 blocks out of 10 block of the district were selected purposively.

From the 10 block of study area total 400 farmers were selected randomly restricted to three main category of agriculture Crop loan, Minor Irrigation and Farm mechanism other than these are excluded from the selection of farmers, from each block formers were selected on the basis of their proportion in the blocks of the district.

Period of study :

For collection of secondary data on the agricultural finance from Regional Rural Banks, the period of this enquiry was for four years, i.e., from 2006-07 to 2009-10 taken as reference period. This period is significant because it synchronizes with the restructured time of RRBs in India from 2005-06. Required Primary data were collected from the sample borrower farmers and actual own experiences in the field area and discussion with all concern during the field survey conducted in 2010-11.

Results and Discussion:

The fact that socio-economic background of the borrower farmers plays an important role in obtaining and making use of borrowed credit is well acknowledged. In the present study efforts have been made to throw light on their annual income and occupational structure.

Occupation:

An individual's occupation determines the stability and certainty of his earnings, which is turns influence the repayment behavior. Occupation also determines the individual's status in the social hierarchy. Table no. 1 presents the occupational distribution of the sample borrowers.

Table No. 1
Occupation-wise Distribution of the Sample Borrower Farmers

Occupation	Number of Borrower farmers	Percentage to Total
Agriculture and Allied Activities	322	80.5
Agricultural Labourers	37	9.2
Non-agricultural Labourers	18	4.5
Business	14	3.5
Services	9	2.3
Total	400	100.0

Source: Field Survey.

The table no. 1 reveals that agriculture and allied activities was the mainstay for 80.5 per cent of the borrowers. The agricultural and non-agricultural labourers represented 9.3 per cent and 4.5 per cent respectively. The small traders and businessmen formed 3.5 per cent of the total number of borrowers. Small portions (2.3 per cent) were government and private service employees.

Annual Income:

The income of the family is an important index of farmer's socio-economic status. The farmers earn different amounts of income that determine their standard of living. Table no. 2 shows the annual household income of the sample borrower farmers.

Table No. 2
Annual Household Income of Sample Borrower Farmers

Income Group	No. of Households	Percentage to Total
Less than 30000	24	6.0
30000-50000	81	20.3
50000-70000	63	15.8
70000-900000	52	13.0
90000-110000	35	8.8
110000-130000	57	14.3
130000-150000	14	3.5
150000-170000	05	1.3
170000 and above	69	17.3
Total	400	100

Source field Survey

The above table no. 2 reveals that 6.0 percent of the respondents had a family income below ‘30000. 20.3 percent of the respondents had a family income of ‘30000 to ‘50000. 15.8 percent of the respondents had a family income between ‘50000 to ‘70000. 13.0 percent of respondents had a family income of ‘70000 to ‘ 900000. 8.8 percent of respondents had a family income of ‘90000 to ‘110000. 14.3 percent of respondents had a family income of ‘110000 to ‘130000. 3.5 percent of respondents had a family income of ‘130000 to ‘150000. 1.5 percent of respondents had a family income of ‘150000 to ‘170000 and 17.3 percent of respondents had a family income of ‘170000 and above. Thus, it can be said that majority of the sample respondents belonged to the income category of ‘30000 to ‘50000.

Conclusion:

The real growth of Indian economy lies on the emancipation of rural masses from poverty, unemployment and other socio-economic backwardness. Keeping this end in view, Regional Rural Banks were established by the Government of India to develop the rural economy. In the present study, the income and occupational structure of borrower farmers has been deeply analysed and it can be concluded that agriculture and allied activities was the mainstay for 80.5 per cent of the borrowers and majority of the sample respondents belonged to the income category of ‘30000 to ‘50000. This finding may be considerable use to rural banking institutions and policy makers in developing and shaping the appropriate credit structure as RRBs are integral part of the rural credit structure in India.

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