

## Process of Advancement of Loan and its Adoption in Faizabad district Of Uttar Pradesh.

Rohit Jaiswal<sup>1</sup>, Sunil Kumar<sup>2</sup>, Anjali Verma<sup>3</sup>

<sup>1</sup>Research scholar, Department of Extension Education, N.D.U.A.T., Faizabad,

<sup>2</sup>Assistant Professor Department of Agriculture, IAST, Integral University, Lucknow, Uttar Pradesh, India

<sup>3</sup>Institute of Agricultural Sciences Department of Agricultural Extension, Bundelkhand University Jhansi 284128 (U.P.)

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### ABSTRACT

*Agriculture sector provides employment to nearly 52% of the work force. Lead Bank is a unique model formulated by the RBI to reduce regional and sectorial imbalances existing in the economy in terms of loan advancement. The present study was conducted in Masodha block of Faizabad district (U.P.) on 100 beneficiaries selected through proportionate sampling from five sample villages on the basis of majority of beneficiaries. The respondents were contacted personally for data collection and interviewed with structured schedule. The impact of government sponsored scheme on beneficiaries before and after utilizing the bank credit in terms of income, asset and employment generation was examined and evaluated. The finding shows that out of 17 variables like age, education, extent of contact, risk orientation and knowledge extent of process of loan had highly significant and positive correlation with adoption of process of advancement of loan. The findings of the study are eye opener for extension policy makers and government to frame suitable policy for upliftment of rural people.*

### Introduction

As per 2011 census rural population of India constitutes 68.5% of total population and around 62% of Indian population depends on agriculture for a living. The agriculture and allied sector contributed 17.3 percent to the Gross Domestic Product (GOI, 2016-17). India's economy is an agrarian, planned mixed and developing in character. The five year plans, recent structural adjustment programmers and the economic reforms involving Liberalization, Globalization and Privatization have successfully been transforming the social economic and commercial aspects in India. The banking sector has a crucial role to play in all economic and commercial pursuits. It serves as the engine of growth and development. A number of novel and innovative schemes and programmers have been designated and implemented. Among them, Lead bank scheme of 1969 plays a strategic role

in the Indian economy. Lead bank scheme was introduced by Reserve Bank of India in 1969 in pursuance of the recommendations of the study group headed by Prof. D. R. Gadgil (Gadgil Study Group) on the organizational framework for implementation of the social objectives and the committee of bankers on branch expansion programme of public sector banks chaired by Shri F. K. F. Nariman to have an area approach for targeted and focused banking. Lead bank scheme is giving priority to rural and semi urban areas. District credit plan is an essential part of a lead bank scheme which covers particularly the priority sector activities in rural areas. The lead bank scheme implements the credit plans with the help of various financial agencies including commercial banks and monitors the overall performance of several types of commercial banks like public sector banks, private sector banks and regional rural banks. The advances made by commercial banks under the lead bank scheme to government

<sup>\*</sup>Corresponding author.

E-mail address: [skumar7816@gmail.com](mailto:skumar7816@gmail.com) (Sunil Kumar)

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sponsored programmes with reference to priority sector, and the collection and recovery conditions are scrutinized. The impact of government sponsored scheme on beneficiaries before and after utilizing the bank credit in terms of income, asset and employment generation need to be examined and evaluated. Hence, the present study to study the role of lead bank in agriculture development was conducted in district Faizabad (U.P.)

## Methodology

The Lead Bank Scheme is implemented in Faizabad district located in the eastern plain zone of Uttar Pradesh also which was selected purposely. Out of 11 community development block in Faizabad district, the Masodha block was selected purposively for study because of the criteria of nearer to lead author's institute and its easy accessibility. Out of 94 villages 5 villages namely; Khanpur, Barwa, Birauli, Madhopur and Shivdaspur were selected on the basis of maximum number of loan borrowers. The total numbers of borrowers in the villages were 317, out of which a sample of 100 farmers was selected through purposive random sampling technique following the proportionate to the population. Primary data was collected through personal interview using structured schedule and secondary data was collected through the official record of district and block levels. A structured schedule for data collection was designed and exercised by interviewing with few respondents for pre-testing. Standard deviation and correlation coefficient was used for statistical measurement. The information collected was scored, tabulated, computed and analyzed has necessary interpretation.

## Result and Discussion

The table 1 indicates the respondent's adoption of lead bank scheme, which focused that maximum respondents (68%) were observed in the medium category (9 to 11) followed by (20%) and 13% for low (up to 8) and high ( 12 and above) category respectively. So, the majority of the respondents were found having medium category of the adoption of lead bank scheme.

Table 2 focused that out of 17 variables studied, the three variables *i.e.* education, extent of contact, economic motivation were found highly significant and positively correlated with knowledge extent. The variable like material possession was found significant and positively correlated. The variable like type of family, land holding, occupation, annual income, pattern of loan utilization, social participation and adoption extent of lead bank scheme were found positively correlated with knowledge extent. The variable like age was found highly significant and negatively correlated with knowledge extent. The variable type of family was found significant and negatively correlated with knowledge extent. The variables like size of family, housing pattern, risk orientation and opinion of borrowers were found negatively correlated with knowledge extent. Those variables which showed the positive and significant relationship had direct influence over knowledge extent about lead bank scheme. It means

**Table 1** Overall adoption of lead bank scheme of the respondents

S.No.	Categories (score)	% age of Respondents
1.	Low (UP to 8)	20.00
2.	Medium (9-11)	68.00
3.	High (12 and Above)	12.00
	Total	100.00

Mean=9.8, S.D.=1.49, Min.=6, Max=13

**Table 2** Correlation coefficient (r) between different variables and extent of Knowledge regarding lead bank scheme

S.No.	Variables	Correlation Coefficient
1.	Age	-0.28040**
2.	Education	0.42632**
3.	Caste	0.00437
4.	Type of family	-0.20497*
5.	Size of family	-0.09394
6.	Housing pattern	-0.09027
7.	Land holding	0.03398
8.	Occupation	0.00128
9.	Annual income	0.03688
10.	Pattern of loan utilization	0.01872
11.	Social participation	0.10480
12.	Material possession	0.23385*
13.	Extent of contact	0.30057**
14.	Economic motivation	0.27880**
15.	Risk orientation	-0.11208
16.	Opinion of borrowers	-0.04288
17.	Adoption extent of lead bank scheme	0.02745

\*Significant at 0.05% probability level (0.197), \*\* Significant at 0.01% probability level (0.257)

that if the values of those variable increases, the knowledge extent of lead bank scheme will also increase.

From table 3 it seems to be clear that the variable like education had highly significant and positive correlation with adoption of lead bank scheme. Thus, it can be concluded that if the value of variables increase the adoption extent of lead bank scheme will increase. Over all adoption of the respondents about lead bank scheme, maximum respondents (68%) were observed in the medium category (9 to 11) followed by (20%) and 12% for low (up to 18) and high (12 and above) category respectively. So, the majority of the respondents were found having medium category of the adoption of process of advancement of loan. Out of 17 variables like age, education, extent of contact, risk orientation and knowledge extent of process of loan had highly significant and positive correlation with adoption of process of advancement of loan. In overall adoption of process of advancement of loan by the respondents, maximum respondents (38%) were observed in the low category (up to 6) followed by 32% and 30% for medium (7 to 12) and high (13 and above) category respectively. So, the

**Table 3** Correlation coefficient (r) between different variables and extent of adoption of lead bank scheme

S.No.	Variables	Correlation Coefficient
1.	Age	-0.19910*
2.	Education	0.30940**
3.	Caste	-0.01305
4.	Type of family	-0.15329
5.	Size of family	-0.06540
6.	Housing pattern	0.149013
7.	Land holding	0.11401
8.	Occupation	0.10830
9.	Annual income	0.15389
10.	Pattern of loan utilization	0.07842
11.	Social participation	0.13980
12.	Material possession	0.22098*
13.	Extent of contact	0.02501
14.	Economic motivation	0.03303
15.	Risk orientation	0.02329
16.	Opinion of borrowers	0.09657
17.	Knowledge extent of lead bank scheme	0.02745

\*Significant at 0.05% probability level = 0.197, \*\* Significant at 0.01% probability level = 0.257

majority of the respondents were found having low category of the adoption of process of advancement of loan.

## Conclusion

It may be concluded on the basis of finding that the majority of the respondents were found having medium category of the adoption of process of advancement of loan. Age, education, extent of contact, risk orientation and knowledge extent of process of loan had highly significant and positive correlation with adoption of process of advancement of loan. Over all adoption of the respondents about process of advancement of loan, maximum respondents were observed in the low category. The majority of the respondents were found having low category of the adoption of process of advancement of loan. It was also concluded that there was direct effect of the adoption of lead bank scheme on the education.

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