Review Article

DOI: 10.48165/jes.2021.37.2.4

ACS Publisher
www.acspublisher.com

Journal of Extension System

Year 2021, Volume-37, Issue-2 (Jul-Dec)

ISSN 0970-2989 ***(Print)***
ISSN 2582-273X ***(Online)***

Correlates of Knowledge and Adoption of Loans Advancement Process of Lead Bank in Faizabad District (UP)

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ARTICLE INFO

Key word: Bank credit, Adoption, Extension policy and Agriculture

ABSTRACT

As per 2011 census 68.5% of India is rural population and around 62% population depends on agriculture for a living. 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. The study was conducted on 100 beneficiaries selected through proportionate sampling from five sample villages of Masodha block of Faizabad district (U.P.) selected purposively. The structured schedule was used to contact respondents personally for data collection. 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 findings show that out of 17 variables like age, education, extent of contact, risk orientation and extent of knowledge regarding process of loan had highly significant and positive correlation with adoption of process of advancement of loan. The finding of the study may be a direction for extension policy makers and government to frame suitable policy to increase loan advancement for upliftment of rural people.

Introduction

India's economy is an agrarian, planned mixed and developing in character. The five year plans and 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. As per 2011 census rural population of India constitutes 68.5% of total population and 62% of Indian population depends on agriculture for a living. Agriculture and allied sector provides employment to nearly 52% of the work force and contributed 17.3 percent to the Gross Domestic Product (GOI, 2016-17). The banking sector has a crucial role to play in all

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Received 12-12-2021; Accepted 14-08-2021

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 is a unique model formulated by the RBI to reduce regional and sectorial imbalances existing in the 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; the district credit plan 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 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 were examined and evaluated.

Methodology

The Lead Bank Scheme implemented in Faizabad district was selected purposely for the study u. Out of 11 community development block in Faizabad district, the Masodha block was selected purposively. 5 villages out of 94 villages of block were selected on the basis of maximum number of loan borrowers. The selected five villages were Khanpur, Barwa, Birauli, Madhopur and Shivdaspur. The total numbers of borrowers in the villages were 317 and a sample of 100 farmers was selected through purposive random sampling technique following the proportionate to the population from each village. Primary data was collected through personal interview using structured schedule and secondary was collected through the official record of district and block levels. Standard deviation and correlation coefficient was used for statistical measurement.

Result and Discussion

Table 1: Over all adoption of lead bank scheme of the respondents:

S. No.	Categories (score)	Percentage	Statistics
1.	Low (Up to 8)	20.00	Mean=9.8, S.D.=1.49, Min.=6, Max=13
2.	Medium (9-11)	68.00	
3.	High (12 and Above)	12.00	
	Total	100.00	

The table 1 indicates that the respondent 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. Correlation between different variables and extent of knowledge regarding lead bank scheme

S.No.	Variables	Correlation Coefficient(r)
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.	Extent of Adoption of lead bank scheme	0.02745

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

Table 2 focuses that out of 17 variables studied, three variables *i.e.* education, extent of contact, economic motivation were found highly significant and positively correlated with knowledge extent. The 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 extent of adoption of lead bank scheme were found positively correlated knowledge extent. The age was found highly significant and negatively correlated knowledge extent. The 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 that if the values of those variable increases, the knowledge extent of lead bank scheme will also increase. Similar results were observed by Srivastava and Rai (2000). Tuteja, (2004), Thomas et al (2005), Anup et al (2010).

Table3. Correlation between different variables and extent of adoption of lead bank scheme

S.No.	Variables	Correlation Coefficient (r)
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

From table3, it seems to be clear that the 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 also increase. Out of 17 variables; 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 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. Chidambaram and Ganesan (2002), Emmanuel and Innocent (2011), Prasad, (2005), Rai and Rai (2012), Bairya et al (2016), Hirwe et al (2016), John et al (2017) also studied the similar issues of loan advancement. Majority of the respondents were found having low category of the adoption of process of advancement of loan. Based on the study it was concluded that there is directly effect of the education on adoption of lead bank scheme.

Conclusion

It may be concluded on the basis of finding that the majority of the respondents observed in the medium category of knowledge and low to medium category of adoption of process of advancement of loan. Out of 17 variables under study 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.

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