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FINANCIAL INCLUSION AND FARMERS IN INDIA

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ABSTRACT

"Access to financial markets for the poor is important, like all financial agents,Income families and micro enterprises can benefit from credit, savings and insuranceservices. Such services help to manage risk management and consumption and allow more people to leverage profitable business opportunities and increase their income potential.But financial markets, due to their special characteristics, often serve poor people badly. Since poor people often have insufficient traditional forms of collateral (such as physical assets) proposals, they are often excluded from traditional financial markets. Transaction costs are often generally the high relative of small loans sought by poor people and in areas where population density is low, physical access to banking services can be very difficult."

Lack of access to credit markets including formal, semi formal banking institutions and the stock market is considered to be one of the primary reasons behind poor poverty countries around the world Therefore, adequate credit on cheap cost and availability it is important to improve their socio-economic status in the right time holding the opportunities for economic and livelihood by individuals. This is done many studies have outlined that financial services have been made available.In easy circumstances, poor people help in stability, which help in up liftmen disadvantages of individuals or groups of people. Apart from this, the availability of finance also helps income inequality and poverty reduction

(World Bank, 2008) and inclusive development help therefore, policy makers around the world have given maximum priority to India financial inclusion (i.e., since 2005) in all development policies and schemes in recent years. Toincrease and receive financial inclusion at a high level of world level (WB)International Monetary Fund (IMF), World Trade Organization (WTO), United Nations the Organization (UNO) and several World Wide Organizations (WWOs) are also helping to adopt relevant data bases, schemes and policies, and to provide them through type technology to use.

Keywords: - financial inclusion, Indian farmers, concept, financial inclusion of households,

Introduction-

In India, agricultural and agricultural and allied activities play an important role in the way as the employment generation of the country's economic development and inclusive growth, to prove the foreign currency earnings and raw materials for large corporate as well as MSMEs houses 54.60 percent of total workers, according to the latest census (Census 2011)India is now a part of the agriculture sector in the country, while the ratio was 58.20 percent2001 (census, 2001). This means, it has fallen only 03.60 percent and which is not enough.In addition, 263 million people are included in the agriculture sector in the full term and about 130 million of the total agricultural labour (census, 2011). With it according to gender, status of agricultural labour, increase in male population44 percent (approx.), whereas in the case of females only ratios have increased. 24.50 percentages compared to the previous decade (i.e., 2001).

Thus, there are agricultural activities the main basis of population for their livelihood on a large scale in the country. Data of exports also show that the country's agricultural products of $ 39 billion were exportedin 2013. Indian ranking is the 7th largest agricultural exporter in the world and 6th in the net exporter FAO data also shows that India is the largest producer of the world fresh fruits, vegetables, milk, spices and fibre crops and India is the second largest producer of wheat and rice and this is the main major food item in the world. Apart from this, India's position is 5th livestock and poultry meat production in the world. Low cost adequate credit is required for agriculture sector for sustainable development.Development which can be obtained by providing alternate capital for grabbing moving forward to strengthen financial position through additional available opportunities through additional situation means, and proper regular credit supply with insurance facility can boost risk impact capacity of farmers Such measures help farmers to make new devices and enable them in adopting technology. Studies conducted by RBI established a positive relationship with every percentage increase in agriculture, between the real GDP and the credit for agriculture credit increases the real gross domestic product by 0.22 percent, which is also certified by the Granger Accidental Test(Based on the interval length of 1). The outcomes of the study underscore the need for agricultural finance for the development and development of the country.

Financial Exclusion/Inclusion and Farmers in India

In India, on an average 48.00% of the farmers are excluded from the credit market and minor, small and female farmers are much excluded. Further, exclusion there is a lot in the NER and after this there is a central area. Apart from this, in the case of farmers, since 1990, access to institutional credit is continuously declining and has reached 56 rupees.Centre in 2013 in addition, the latest NSSO round data (2013) shows that only 51.90 percent farmers were indebted to one or more agency, whereas in 2002 the ratio was 48.60 percent. Thus, there has been a slight increase in taking this place. In addition, access to the medium and larger farmers have been extended more than the marginal for institutional credit small farmers in a period of 10 years.

A Brief Profile of the Concept of Financial Inclusion-

There is not a similar meaning in different countries through financial inclusion as the word differs from person to person, from country to country and from person to region. But, there are some meanings which are usually being implemented for this.

- ✓ **Asian Development Bank (2000)-**"Provision of a wide range of financial services such as deposits, loans, payment services, money transfer and insurance poor and low income families and their micro enterprise ".

- ✓ **Stephen P. Sinclair (2001)-**"Financial boycott means the inability to reach financial services required in a proper form Exclusion can come as one problems with Problems with Access, Circumstances, Prices, Marketing or Self-Exclusion negative experiences or reactions to perceptions ".

- ✓ **Cheat Link and Associates, Australia (2004)-**"There is a lack of access to financial exclusion appropriate low cost, fair and secure financial products by some consumers and services from mainstream providers Has become a matter of concern in financial boycott community when this low income applies to consumers and / or financial difficulty ".

- ✓ **Treasury Committee, House of Commons, UK (2004)**-"People's ability reach the proper financial products and services ".

- ✓ **Report of the Committee on Financial Inclusion in India (2008)-**"Process ensure access to financial services and timely and adequate credits where necessary inexpensive by weaker sections like weaker sections and low-income groups cost".

Therefore, easy access to adequate and regular financial services through formal sources the poor and weaker people are known as financial inclusion at a lower cost.

Financial Inclusion and Banking Structure in India

India's banking system is scheduled commercial bank, public, private and foreign bank; credit institution with Regional Rural Bank (RRB) and Cooperative Committee small and long term credit cooperatives that help in implementation and acquisition the goal of poverty alleviation.

Need of Financial Inclusion of Farm Households

Low cost adequate credit is required for agriculture sector for sustainable development. Growth can be achieved by providing alternative capital to hold extra leading opportunities are available to strengthen financial status through additional opportunities, and the proper regular credit supply with insurance facility can boost the risk factor farmer. Such measures help the farmers to be able to create and adopt new equipment technique. The study conducted by RBI pointed towards positive relations agricultural credit and real gross domestic product, which increases every percentage of agricultural credit grow real gross domestic product by 0.22 percent, which is based on Granger Accident Test (based at intervals of 1). The outcomes of the study underscore the need for agricultural finance country's development and development the boycott of the formal credit market farmer's results in a bigger outcome for them.Because, high dependence of farmers on the informal credit market increases the level of farmers negative or debt burden in case of high cost of loan and repayment of loan money lenders sell their (farmer) productive property. Thus, the ability of farmers to generate income decreases and their social status decreases and eventually they are triggered. Commit suicide

Objectives of the Study

- ✓ To find out the status of the financial inclusion of the farmers in India.
- ✓ To find out the determinants/disparity of the financial inclusion of the farmers.

Review of Literature-

- ✓ **National Sample Survey Organization (2013)**agricultural families in India show that only 51.90 percent of the farmers were farmers.One or more debtors from the agency, while the ratio was 48.60 percent in 2002. Like this, **t**here is a slight increase in taking this place. In addition, the use of medium and large **c**ompared to marginal farmers, there has been an increase in institutional creditsmall farmers in a period of 10 years. State wise data shows that access7.80 percent in Manipur, while in Meghalaya there is very little with max84.50 percent in 2013 In the end we also found that access to maximum in the NER72.49, while in the country during the same period 47.08 minimum in the ER. Like this,in terms of credit, the status of farmers is in comparison to the previous NSSOround (2003) in the country.

- ✓ **KaurKulwinder (2012)** concluded that the size of families (in numbers), SC, ST, gender(Male), land acquisition (in hectare), irrigated land (in the form of percentage), agriculture machinery (tractors and pump sets), workers (farmers are working with it farming), education (secondary and higher secondary, higher education), rate status of interest, institutional credit availability, consumption expenditure (in rupees) the possibility of degree in agriculture development and risk has increased the negativity of a farm families in India.

- ✓ **Swain Mamta (2015)** conducted a study under the 'crop of exhibition' production and Rain Insurance Plans in Odessa: In some empirical findings the author's study compares the performance of the national agricultural Insurance Scheme (NAIS) (a field based crop yield insurance) and pilot Weather Based Crop Insurance Scheme (WBCIS) (One area based rain insurance) under the implementation of their coverage in the state of Odisha financial performance and operational efficiency in providing a security net when farmers experience loss of crop. Studies have used time series secondary data and primary data collected from 100 sample WBCIS users100 NAIS users from Bolangir District and near Kalahandi district near dry prone western Odisha. Studies have shown that WBCIS performs better high percentage of farmers benefitted due to its high adoption rate compared to NAIS lower premium payment claims fast and continuous compensation payments. Though Conclusions often show WBCIS as a more popular scheme than NAIS study in a disaster-affected state like Odisha sees the need for a multi-crisis crop yield insurance plan like NAIS.

- ✓ **Officer and Hawk (2015)** examined the effect of crop insurance on irrigation and fertilizer in the district of Hooghly, West Bengal they found that purchase Crop Insurance Policies Use More Chemical Fertilizers unsafe farmers also saw average in this analysis.Consumption of fertilizer and consumption of per acre has been consuming and growing crop insurance arrangements for all crops increased significantly from 2000-01 to 2009-10 under our study district.

- ✓ **Hill, Ruth Vargas, Robles, Miguel and Sebals, Francisco (2016)** analyzed demand for a simple rain-fed weather insurance product among the farmers in the villagersIndia. They discovered predictions of a standard expected utility theory framework on the nature of demand in the duration of the price, basis of hedge and risk deformity using a data from a random control mark found that the demand predicts it comes with the risk of price and base and with the price; risk is hip size in the pathology. Sensitivity at lower levels of base risk is decreasing and the estimated negative value is doubling the elasticity of 0.58 and the distance of a reference weather station demand reductions of 18 percent indicate that the improvement in pricing and the quality of insurance products can increase demand directly.

- ✓ **Kai, Jing (2016)** studied the impact of the Agricultural Insurance Program at home production, borrowing and behavioural savings. They found that insurance provision insured crop production has increased by 16 percent and lends up to 29 rupees percent. The interesting thing is that it does not affect the total household savings; however, it affects relative ratio of flexible period savings Besides, the effect on production and savings continue for a long time, while the effects of borrowing are only important at the end of the middle run, the results of calibration show that the policy is both welfare improve and cost effective.

- ✓ **Reserve Bank of India (2012)** an accelerated assessment by RBI the relationship between institutional credit from agriculture (from commercial banks, cooperative and RRB) Evidence Positive and Statistically Important Elasticity's the real agricultural credit resulted in an increase of 1 percent in real growth agricultural GDP grew by 0.22 percent with one year intervals. In addition, the granger accident the test (based on the length of the interval of 1) also indicates that the accident was united agricultural loans for agricultural GDP.

- ✓ **Abate et al (2013)** examined the impact of institutional financial services optimization of farmers' technologies in Ethiopia. Researchers found that access to institutional finance has a significant positive impact on both optimization and limit the use of technology However, when the effects are inconsistent with the type financial institutions and agriculture size, asymmetry are also observed. Specially, technology has more impact on adoption than financial cooperatives minority institutions and results appear differently depending on the size of agriculture type of input.

- ✓ **Reserve Bank of India (RBI: 2013**), to assess the efficacy of activities a Quick Study on the Effect of a Quick Study was organized in October 2013, organized by FLC their awareness program This study spread to 46 districts in 23 states; There were 730 participants participating in financial literacy camps during the previous year. Interviewed the findings of the study showed that almost all participants (99)Percentage) was linked to the formal banking system with a savings account (89 per the most used banking products and 44 percent of the participants had availed of credit products. There were dispatch and direct benefit transfer (DBT) minimum used (20 percent) products.

- ✓ **Sayinzoga, Australian et al. (2016)** organized a field experiment with small farmers to measure the effect of financial literacy training on financial in Rwanda knowledge and behaviour The training increased the participant's financial literacy, changed their savings and borrowing behaviour and had a positive impact on the new though the business started, it failed on an important (short-term) impact income. Using the two-phase regression framework, they enhanced the indented explaining practical changes, financial literacy as one of the important factors. They also check whether the trained farmers have their financial knowledge spill over in the local village banks there was no evidence for this.

- ✓ **Real Demirugook-Cant, Liora Clapper, Adisha Kumar and Douglas Randal(2013)** in his study called 'Financial Inclusion of Youth', 44 percentyouth (age 18-25) has a formal financial institution account, compared to 55 percent of older adults (26-64 age group). Only 18 percent of youth reports have been savedformally borrowed in the last year, and 6 percent formally. Age gapaccount remains in entry areas and income, gender and educationgroups within economies.

- ✓ **Khan, Harun R (2012)** through his speech 'Challenges in Issues and Financial Inclusion: policies, Partnerships, Processes and Products' said that I am an MP regarding the rapid progress of financial inclusion efforts in India as stakeholders come to understand the need for a viable and sustainable business model that focuses on accessible and affordable financial services, products and processes, synergistic partnership with non-bank units including technology service providers low cost, efficient quantity transactions, especially efficient handling in remote, banking shadow areas and appropriate regulatory and risk management policies that be sure to accelerate financial inclusion and financial stability.

- ✓ **Bill and Melinda Gates Foundation Survey (2012)** found that seventy percent those who save money used to do this in the bank and saved 35 percent at home. For loans, most borrower rely on those within their personal network, including relatives, neighbours and friends (67 percent), 11 percent borrowers borrowing from the bank,12% borrowed from a private funded borrower and 4% borrowed their savings group Based on state-wise analysis, Tamil Nadu tops the charts with 52 percent respondents on loan lenders for loans and Bihar46% of the borrowers with the credit and the second place occupied money lenders Madhya Pradesh (39 percent), Assam (37 percent) and Jharkhand(30 percent) were other states with a large number of borrower dependent on money lenders

- ✓ **FII India Tracker Survey (2014)** found that 48 percent of respondents do not know about BC, 18 respondents do not rely on BC, 14 percent of respondents no longer believe nor distrust, 9 percent respondents but rather believe and only 3 percent respondents do it completelyBC relying on India.

Conclusion-

Status of Financial Inclusion of the farmers: On average 68.80% of farmers there are bank accounts in the country, while the minimum Mizoram (36.60 pc) and in case of regional bank account, 95 pc in Himachal Pradesh With max84.30 pc With maximum in the northern region, while the minimum in the eastern region(51.30 pc only). The share of informal credit has been increased from 29.60 percent from 2003 to 2013, up to 33.20 percent. Farmers (size of land below 0.01 hectare) is access to credit (institutional and non-institutional) has decreased from 45.30 to 41.90, while credit access to all types of farmers has increased, but it has been minor increased land acquisition among the farmers between 0.41 to 2.00 hectare (48.60 in 2003) up to 51.90 in 2003). The CAGR of IOI is more than just 8 states (out of 20 MajorState) compared to the national average, while the area-wise CAGR is high between NER (only 1.52 pc) between 2003 and 2003 in the Northern region (5.37 pc) and minimum until 2013 Farmer (Size of land holding below 0.01 hectares) Institutional access credit with CAGR of PC-4.08 PC has decreased from 22.60 percent to 14.90 percent, while large farmers (size of land more than 10.00 hectare) reach institutional credit has been increased from 42.70 percent to 63.50 percentcajar of 1.56 percent and it has been more than all the farmers of the country between the ten year period. Minor and small farmers are jointly operated72.56 percent of agricultural land more than that and received only 51.21 percent institutional credit, while moderate and large farmers jointly operated only 6.30 percentSt. Agri land and a total of 23.81 percent institutional credit received. On one average farmer reach institutional credit only 69.03 P.C. Was Sikkim on top92.03 pc with the situation, Himachal Pradesh 85.20 p.c. With, while regional data shows that Manipur is the last in the list with 33 per cent reach maximum access to NER and minimum in the eastern region (NSSO: 2013). Development (CAGR) Rs. maximum per hectare central area and in the minimum NER between 2003 and 2013.

Determinants of Financial Inclusion and Farmers in India: To study researchers of financial inclusion of farmers' researchers have been used to bit technique of regression equation model The results of the data show that bank branches and irrigation facilities are both statistically and important farmers' predictions reach institutional credit. Crop intensities positive and statistically significant predictions of farmers reach the KCC, while in case of KCC, irrigation facility, access to rural guinea index against farmers average assets of property, crop intensity and land acquisition are positive, while marginal farmers share negative and statistical important determiners Apart from this, the average rate and average rate of marginal farmers interest is the key determinant of the formation of JLG. Bank branches and guinea index is both positive, while rural poverty is a part of the marginal and semi the average size of the middle farmer and land acquisition is negative but statistically and the remarkable predictions of farmers' access to the amount of JLG per other than this, bank branches and farmers are connected to institutional credit access the average rate of interest, while the marginal farmer's share is C-D ratio and JLG. In rural India, positive interest was received with the average rate of interest. In micros level, the researcher also found that the age, education, income, average size of the farmers holding and financial literacy are positive, while poverty and female are prominent the families are connected negatively to the farmers till both institutional credit. The age, education, income and financial literacy of farmers is found to be positive, while families of BPL farmers and women's major farmers are negatively linked KCC to reach farmers. In addition, BPL farmers get negative ties, while the income and literacy of the farmers are positively related to the reach of the farmers per KCC Amount. In addition, the researcher also found that the age, income, average size of land acquisition and access to institutional credits to farmers is positive predictions, while farmer poverty, education, women's major homes and financial literacy farmers get negative relations with access to agriculture insurance. Researchers also find that the age, education, income, average of the farmers the size of the land acquisition is positive, while the farmers are poverty and female heads families are related to negative and statistically and importantly farmers access to any insurance. Finally, the researcher found that a positive link between financial literacy of the age, education and income of farmers and farmers.

Disparity of Financial Inclusion of Farmers: To study financial inequality FFI Index is to include farmers between the states and regions of the country.Built and used. The results of the index show that Haryana, Himachal Uttar Pradesh, Jharkhand, Kerala, Punjab, Rajasthan and Sikkim are in the top spot and Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra, Mizoram, Tamilnadu and Uttaranchal is in financially involved states in middle farmers, while Arunachal States, Assam, Bihar, Chhattisgarh, Karnataka, Odisha, Tripura, entire region and West Bengal is down in the list. In addition, shows regional results NR is at the top position, CR, SR and WR are in middle level and contained in ER and NER below in all six areas. In addition, the researcher is also found only 29.17 percent is related to state topped category, while in case of area only 16.67 the top spot in the country is.

Impacts of Financial Inclusion of Farmers on Agriculture Sector: The study rural poverty saw the positive impact of farmers' financial inclusion on the crop the size of land acquisition in the country, along with intensity, irrigation facility.

Determinants of Farmers Financial Inclusion Index (FFII): It is installed rural poverty, minor farmers (share), half-medium through study the average size of farmers, irrigated area (in the form of percentages) and land acquisition is prominent important determinants of FFII However, researchers from these variables found that only irrigated areas are positive determinants of FFI, whereas others are negatively linked to it.

Suggestions

Based on the findings of the study, the following viable suggestions are given increase the level of financial inclusion of farmers in the country:

All banks should provide training for their business correspondents and business facility. It is further advised that banks should set up themselves to provide training in different areas of the country, your training centre business correspondent and business facilitator to increase efficiency level of operation

Since the customers of the business correspondents of the banks are very few the income group and the resulting transaction volume are also very low, monthly income of business correspondents is about Rs. 1500 to 4500 which is very low. Since business correspondents work on a full-time basis, therefore, the Government of India and the RBI should make provisions for increasing their wages.Which is approximately Rs. 10000 per month?

Priority Area Loan (PSL) target should be increased to 50 percent instead of 40 percent. In addition, target of 8 percent of ANBC or credit equivalent the amount of off-balance sheet exposure, whichever is higher, is determined for small and marginal farmers within the farm, and should be acquired in phase's manner. It is minor and the share of the share should be increased by 15 percent small farmers are more than 84 percent of the total farming community in the country. Apart from this, RBI should make different segments in the PSLT in the context agricultural loans i.e., minor, small and women.

A provision should be made for consumption credit within institutional credit Government of India / RBI for all farmers, including general and small and marginal farmers especially for women to avoid difficulties / problems from their daily lives. Weak farmers have to be forced to take informal sources, especially the loan form.In situations of floods, droughts, etc. when their crops are destroyed or lost and not Financial aid has been left with them, and there is no provision in this. Financial assistance in such situations under institutional credit, hence the type of provision can prove to be a great help to Indian farmers.

As the study uncovered a strong link between institutional reach of farmers credit and irrigation facility, while till today only 60.00 percent area is irrigated country. Therefore, the government should emphasize the irrigation facility. To increase the level of financial inclusion of farmers indirectly in the country.

The study also shows a negative relationship between poverty and financial to be included therefore, the Indian government should properly implement MNREGA Providing work to the farmers and paying wages on time to the farmers.

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