ANALYSIS OF AGRICULTURAL FINANCE AT CANARA BANK

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Abstract: Agricultural Finance is one of the major advances identified by commercial banks in priority sector. Most of the other advances involves collateral securities where as there is no such provisions or scope for getting collateral securities from the farmers community as major farmers are in the Below Poverty Line. It is one of the challenging task for the commercial bank to make a balance between lending and recovery. Unless banking organization understand the financial data with regards to agricultural loan and its impact on banking performance, it is not possible to form regulations for agricultural financing.

In the present study an attempt has been made to understand the various factors to be considered, structure of agricultural schemes, eligibility criteria, NPA with respect to Canara Bank. These facts may help the bank authority to formulate suitable regulations.

INTODUCTION

Canara Bank is one of the enormous public area banks claimed by the Government of India. It is settled in Bengaluru. The Bank likewise has workplaces abroad in London, Hong Kong, Moscow, Shanghai, Dubai, Tanzania and New York. Canara Bank throughout the years, it has a notoriety for being a top-quality asset management and specialist organization to its clients and the assurance of its clients. Canara bank has 10,403 Branches, 13,406 ATM's and has a system of 6310 branches, spread more than 4467 focuses in entire India. It has administrative center in Bangalore alongside 34 circle workplaces.

Agribusiness is a spine of Indian economy in context of its donation to occupation and Gross Domestic Product. Cultivating has principle influence in ranch area improvement and works with reception of cutting edge mechanization. Be that as it may, any amount of advance giving at the most sensible rate can't guarantee more proficiency or satisfactory profit among the clients, as the accomplishment is subject to required components thinking about accessibility of farming sources of info, administrations and gainful business sectors of items.

In this paper I made an effort to understand factors to be considered by the Canara Bank for the various schemes of agricultural financing and to analyze the structure of various schemes of agricultural finance and its eligibility criteria. We have noticed that farmers are finding it difficult to repay the loan especially during summer time. For the major agricultural loan schemes are concerned except Hubli circle under DRI loan, Bengaluru circle is the highest in terms of target, sanctions and disbursement. In the five schemes of advances considered for analysis, KCC/Crop loan stands first in terms of huge amount sanctioned and DRI found the least. The management of Canara Bank failed to maintain the consistency of maintaining NPA percentage in last five years in Priority and Non-Priority sector. Standard asset tells about healthiness of the company and the asset decreased in the year 2018-19. The value of standard asset is Rs.181580.78 is highest when compared to all four years.

LITERATURE REVIEW

H N Atibudhi (2005) studied about the institutional credit flow to agriculture in Orissa. He made state wise comparison with respect to credit facilities and recognized the elements which is determining agricultural credit move in the state. The research was based on secondary information from agencies. In 2002-2003, credit flow was increased. When it was compared with commercial banks, regional rural bank, co-operatives showed higher growth. There were inadequate and unequal credit facilities in Orissa state when it was compared to supply of credit in India.

P S Rao and D P Singh (2005) made a study on the repayment of institutional loan to agriculture in India which is very deficient. The researcher estimated the growth of institutional credit and existing customers repayment performance. The research was limited to limited areas which was disclosed on availability of credit, availability of input, and irrigation

facilities are the main elements. It was observed that refund is very low. The primary justification the issue is credit authorized for useless reason, political impact. The low discount rate has showed that past due esteem was more than sum gathered by cash loaning organizations.

M Shah R Rao and P S V Shankar (2007) focused on agricultural credit in India. The problems faced by poor farmers were discovered. The creator centered nationalization of business banks and reacts on rural financial facilities and that leads to development of agriculture. The problem rectified is imperfect markets and exploitative money lenders. The study also highlights that self-help groups will be having a positive impact on availability of credit.

Ramesh Golait (2007) has analyzed the problems related to agriculture finance in India. He has given conclusion that credit distribution by commercial banks was not sufficient due to financial institutions were not willing to provide credit to small and marginal farmers. To overcome this challenge, he gave suggestion to increase designing of updated advancements of credit delivery methods. Agricultural loan facilities to agriculture will increase with help of the support of input dealers, Non-Government Organizations and contract farming.

S Deb and M Rajeev (2007) identified that farmers are dependent on informal loan facilities in rural West Bengal. The research was concluded that customers who belonged to rural background for their functioning capital only dependent on the brokers.

Objectives of the study
- To understand factors to be considered by the Canara Bank for the various schemes of agricultural financing.
- To analyse the structure of various schemes of agricultural finance and its eligibility criteria.
- To analyse the major agricultural financing schemes with respect to target, disbursement and sanction for various circles.
- To analyse the NPA status of Priority and Non-Priority sector.

METHODOLOGY

Sources of data:

The data is collected through gathering below mentioned data.
Secondary data are:
1. Website of Canara bank.
2. Newspaper, journals, and magazines.
3. Quarterly and annual reports of Canara bank.
4. Financial statements of Canara Bank.

Reference period: The data is taken for a period of 60 months of last 5 year i.e., from 1st April 2016 to 31st March 2021

ANALYSIS AND INTERPRETATION

Correlation (Karl Pearson Coefficient of Correlation):
It is one of the statistical tool used to analyze the relationship between two variables. A correlation which is positive indicates that both the two variables moves in same direction either both the variables increase or both the variables decrease. A correlation which is negative indicates that both the two variables move in opposite directions. If one of the variables increases the other variables decreases.
Table-4.30 Priority sector
Here we assume that Gross advances to be "X" and Gross NPA to be "Y"

Year	Gross advances(in lakhs)	Gross Non-Performing Asset (in lakhs)	Percentage of Gross NPA to Total Advances(%)
2015-16	57099.6	1835.40	3.21
2016-17	62967.15	2343.71	3.72
2017-18	71410.2	3273.18	4.58
2018-19	78066.05	4205.56	5.38
2019-20	82486.55	5101.81	6.18

$r = 0.99$

From the above correlation analysis it is proved that, there is highly positive relationship(r=0.99) exist between gross advances and gross NPA in the last five years in Priority sector

Table4.31

Non-Priority sector

Here we assume that gross advances to be "X" and gross NPA to be "Y"

Year	Overall advances (in lakhs)	Gross Non PerformingAsset (in lakhs)	Percentage of Gross NPA to Total Advances(%)
2015-16	1430	78	5.45
2016-17	1550	102	6.58
2017-18	1819	131	7.20
2018-19	1990	144	7.23
2019-20	2028	160	7.88

r = 0.98
From the above correlation analysis it is proved that, there is highly positive relationship(r=0.98) exist between gross advances and gross NPA in the last five years in non-Priority sector.

Regression Analysis:
It is also one of the statistical tool to measure the impact between two variables. The variables are independent variables and dependent variables. Regression indicates the change in variable (dependent variable) which depends on the change in another variable (independent variable).
Hypothesis:
Priority Sector:
H0: There is no significant impact in the size of the gross advance on gross NPA in Priority Sector.
H1: There is significant impact in the size of the gross advance on gross NPA in Priority Sector.

Table-4.32
Testing of Hypothesis using Regression co-efficient
Here we assume that Gross advances to be "X" and Gross NPA to be "Y"

Year	Gross advances (in lakhs)	Gross NPA(in lakhs)	Percentage of Gross NPAto Total Advances (%)
2015-16	57099.6	1835.40	3.21
2016-17	62967.15	2343.71	3.72
2017-18	71410.2	3273.18	4.58
2018-19	78066.05	4205.56	5.38
2019-20	82486.55	5101.81	6.18

P=0.0036
From the above regression analysis using SPSS the P value is determined for above hypothesis statement is 0.0036 which is less than the significant value of 0.05. Hence, null hypothesis is rejected and Alternative hypothesis is accepted. It is proved that there is significant impact in the size of the gross advances on gross NPA in Priority sector.
Non-Priority Sector
Hypothesis
Non-Priority Sector:
H0: There is no significant impact in the size of the gross advance on gross NPA in Non-Priority Sector.
H1: There is significant impact in the size of the gross advance on gross NPA in Non-Priority Sector.

Table-4.33
Testing of hypothesis using Regression Co-efficient
Here we assume that gross advances to be "X" and gross NPA to be "Y"

Year	Gross advances (in lakhs)	Gross NPA(in lakhs)	Percentage of Gross NPAto Total Advances (%)
2015-16	1430	78	5.45
2016-17	1550	102	6.58
2017-18	1819	131	7.20
2018-19	1990	144	7.23
2019-20	2028	160	7.88

$P = 0.00028$

From the above regression analysis using SPSS the P value is determined for above hypothesis statement is 0.00028 which is less than the significant value of 0.05. Hence, null hypothesis is rejected and Alternative hypothesis is accepted. It is proved that there is significant impact in the size of the gross advances on gross NPA in Non-Priority sector.

CONCLUSION

To conclude farmers are finding difficult to repay the loan especially during summer times. Bengaluru stands highest in terms of Sanctions, disbursements, target with respect to various loan schemes analysed in the project except Hubli for DRI loan scheme. Farmers capability of availing loan has been decreased. It is observed that growth is decreasing has there is increase in Non-Performing asset over the years.

SUGGESTIONS

i. The highest and lowest range of loan schemes which are analyzed will be very much useful for the bank authority to prepare the budget for the further years.
ii. The bank authority requires to adopt strict recovery policy in order to reduce doubtful assets.
iii. Required measures has to be taken to maintain NPA which has a greater impact on growth rate.
iv. The bank can come up with unique offers for the smooth recovery of agriculture loan so as to increase the growth rate.
v. For the development of bank, it is advisable to decrease the percentage of NPA by adopting suitable agricultural loan policy.
vi. Bank has to think of introducing short moratorium period to the agricultural customers in order to boost the confidence and recovering the advances wherever applicable.

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