

## **INTRODUCTION**

Financial sector plays a vital role in the economic sector development of our country. Our economy is a mixed economy in which both the public and private sector enterprise co-exists. The financial services sector is pre-dominantly composed of public sector banks, development financial institutions, insurance agencies, private and foreign banks and private sector finance companies.

Finance is one of the important aspects in the modern corporate world. It is the pre-requisite for modern business and financial market and institution that the financial system of an economy works. It has been rightly said that business needs money to make more money. However, it is also true that money be gets money, only when it is properly managed. Hence efficient management of every business enterprise is closely linked with efficient management of its finance.

The Bank play many roles in the financial system. It is one of the fundamental issues in theoretical economics and finance. The efficiency of the process through which savings are channelled into productive activities is crucial for growth and general welfare.

Bank is the important institutions that help business activities. The success of trade and commercial activities, to large extend depends upon the availability of finance. Different types of banks facilitate varied financial requirements of business community. Besides helping business community, banks also aims at collecting savings of investing public. These savings are largely utilized for the national economic development.

Bank plays a major role in the economic development of our country. Nationalization of bank helps the overall development of each sector in the community of our country. It helps in the speedy growth in every segment and provides fast development in our country. Banks are the inevitable part of the economy. Banks have played a decisive role in the economic well-being of the nations throughout the world. They are usually called the life blood of modern commercial system.

The banking system is the backbone of the monetary system of the country. It procures funds from surplus sources in the form of deposits by encouraging savings, channelizes funds in the form of loans and advances to areas of production and services, especially priority sectors like agriculture. housing and industry. It serves as a centre for balancing the economy by pooling funds from surplus areas and distributing them deficit areas.

Consequently, the banking system helps in the economic development of a country by correcting economic imbalances.

Modern banking system is recent origin. It came into existence only after industrial revolution. Many financial institutions called joint stock banks were setup after industrial revolution. So joint stock bank or modern banks are recent development. The evolution brought about by the information technology and globalization of trade and commerce and financing resulted in the modern banking which facilitated banking activity round the clock across the world.

### **SIGNIFICANCE OF THE STUDY**

In countries like India, where agriculture is the dominant sector of the economy, the level and speed of economic development is determined to a great extent by the growth of the agricultural sector. This sector is composed of small, fragmented and subsistence farming families. Therefore, agricultural growth implies the growth of agricultural productivity from land augmenting technological change and appropriate economic incentives and assistance to these families. In most cases smallholder farmers have limited or no working capital to purchase inputs to improve their productivity and position in the market economy. The availability of farm credit, therefore, becomes a vital component of the modernization of agriculture. In considering this fact the government has extended credit facilities to farming households to narrow the gap between the required and the owned capital to use biological and mechanical technologies.

### **STATEMENT OF THE PROBLEM**

In India, mostly farmers depend on the credit facility provided by the banks to sustain their farming business. These credit facilities would help them to buy farm equipment for modernization and for constructing storage units. The farmers required the credit facilities in all stages of agricultural activities. The Indian government provides assistance to solve the financial problems and also facilitate to get the credit easily. Yet, the farmers are facing challenges to obtain credit facilities from the banks. This paper studies about the issues faced by the farmers to obtain the agricultural loans.

## **OBJECTIVES OF THE STUDY**

The most important objectives of the study are as follows:

1. To find the disbursement pattern of finance to the agriculturalists.
2. To study the debt of the farmers.
3. To find the mode of utilization of loans and its recovery positions.
4. Identify the problems faced by borrowers in getting agricultural loans.

## **SCOPE OF THE STUDY**

As the agricultural sector and the farmers are the vital part of the society, the study and the corresponding findings will be useful for the society. The society in general and the farmers in particular can be well understood in terms of the agricultural finance procedures, schemes and policies.

## **RESEARCH DESIGN**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure or efforts, time and money. Research design stands for advance planning of the methods to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money. Preparation of the research design should do with great cares as any error in it may upset the entire project.

## **SOURCES OF DATA**

For the present study both primary and secondary data has been used. Primary data required for the study has been collected by using a well-designed interview schedule prepared according to the objectives of the study.

### **Sources of primary data**

The primary data required for my study has been collected by using convenience sampling. For this purpose a sample of 200 farmers of Kannur Area. The 50 samples were selected based on the information provided by the District and ease of getting the information.

### **Sources of secondary data**

The secondary data has been collected from annual reports, reports of various studies and publications from various books, journals and internet.

### **SAMPLE SIZE:**

The sample size for the questionnaire survey will be 50 farmers. The scope of the sample was limited to Kannur Area.

### **SAMPLE TECHNIQUE:**

Convenient sampling was used to collect data.

### **STATISTICAL TOOLS USED FOR ANALYSIS**

Out of total respondents, respondent who respond logically were taken into account while going into statistical details and analysis of data. The tool that has been used for analyzing data and inferences drawing are mainly statistical tools like percentages

### **LIMITATIONS OF THE STUDY**

The study is completed with the following probable limitations:

1. Only one bank is selected to study. So, there is no comparative analysis
2. The scope is limited for Kannur Area.
3. The time available for the purpose is very limited. So, the accuracy of data collection has been affected to a great extent.
4. The farmers insist for giving information. More efforts had to be taken in order to convince them.

