SYNOPSIS OF THE THESIS

Factors influencing a Farmer's Decision to select a Bank for availing an Agricultural Loan with the bank

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By

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1. INTRODUCTION

Agriculture is a key sector of Indian economy in view of its contribution to livelihood , employment and GDP of the country. The GDP share of agriculture during 2018-19 was 15.96 per cent. (GDP of the country is around INR 200 trillion, hence Agri GDP is around INR 32 trillion in (32 Lakh crores) (Ref: RBI Report of Agri Internal group- Sept 2019).

Agricultural credit plays a vital role in the farm sector development. The farmers require money to keep the agricultural activity going, say for levelling the land, provide irrigation facilities, purchase of seeds, purchase of fertilizers and towards labour payments. Farmers get loans for agriculture purposes from many sources in the villages like local money lenders, cooperative societies, regional rural banks and other commercial banks. As the banks are governed by the rules and policies framed by the Government, RBI and NABARD in agricultural lending, these are the most trusted source of finance to the farmers in the villages.

Credit flow to the agriculture sector through the banking system was streamlined by the Central Government, RBI and various state governments since independence through various policy reforms. These included nationalisation of 20 banks, set up of NABARD to exclusively focus on agriculture and introduction of Priority Sector Lending (PSL) guidelines by RBI , digitisation of agri land records and many similar reforms.   With the implementation of the new economic policy by the central government year 1991, which brought many liberalization norms, many changes were introduced in finance sector. One of them was banking licenses provided to the new generation private sector banks. These new generation private sector banks (HDFC Bank, ICICI Bank, Axis Bank etc) adopted many best practices followed at different countries and brought improvements over the earlier banking practices, especially in the technology front and customer service delivery. In the field of agricultural lending also, these banks brought many improvements, used high end technology in loan processing, which saved time and

cost to the farmers. The other nationalised banks also followed the same and made many improvements in their lending practices and customer service to farmers. With the above changes and increase in the number of bank branches, competition amongst banks increased.

As per RBI norms all scheduled commercial banks are required to lend 40 per cent of their total loans outstanding to Priority sector and 18 per cent of the total lending (ANBC) towards direct agriculture activities. (RBI PSL Circular July 2021, latest). Till the year 2008, agriculture lending and Priority sector lending had a vast definition of the category of borrowers including large companies and traders who were involved in agriculture directly or indirectly. Hence till the year 2008, many banks used to fund the corporates linked to agriculture and thereby achieve their stipulated targets on agriculture. (Ref: Annual RBI Circular of PSL Lending July 2008 onwards). During the year 2008, RBI revised the PSL guidelines and reduced the scope of borrowers under Agriculture lending and made it strict to the banks that the loans given to the direct farmers only and funding to many corporates were removed under Agri lending category. Hence all the banks including private sector banks started focusing more on direct agri lending to the farmers since the year 2008, which increased the competition amongst banks towards lending the agriculture sector.

With this competitive environment, now it is advantageous to a farmer as he has a choice to take a loan with any bank he wishes to. There are many factors which influence the farmer to take loan with a particular bank. These include various bank induced factors like, benefits provided by the banks by product differentiation, advertisements various types including hoardings, and various digital advertisement, sales personnel and better service quality. The farmer is also impacted by factors like his family relationship with the bank agents and advisors, his specific requirements, his concern on the differential interest rates offered by banks etc. Under this situation, which are the factors which can significantly influence a farmer to take loan from a particular bank is the main theme of this study.

2. RESEARCH MOTIVATION

One of the key factors is that there is a competition amongst banks to lend to agriculture and the farmer has a choice to select any bank which gives him maximum benefits. There are many strategies and plans which banks make to increase their agri-lending business. During my various professional roles, I always had this question as to, when such strategies are adopted by banks, whether these strategies are effective which of them is more significant than the other and is the effectiveness is different between different customer strata etc. and these questions motivated me to conduct a study on these aspects. For example, as a banker, is it worth spending money on a TV advertisement, or whether a hoarding will work in a village and influence the customer to approach the bank to avail a loan, or is it that the bank can reduce his processing fees instead of placing and advertisement, these are questions to be answered. Through this research attempt is made to identify, which are the strategies of the banks which can be effective to induce the farmer to take an agriculture loan with the bank.

3. REVIEW OF LITERATURE

Literature study done is grouped under 3 categories as below

1. Literature about Agri Lending, Competition amongst banks. Various reports, RBI and NABARD circulars, various articles and relevant literature

2. Literature on customer decision making models and theories . Research papers and articles on consumer decision making with specific reference to customers who select a bank for their requirements

3. Literature on Factors which influence a customer – farmer specific, Various literature on the specific influencing factors

Following is the gist of few of the key literature review done on the concept of consumer decision making and with specific to customer preference to select a bank:

- *A Stankevich (2017) "Explaining the customer decision making process- a study"* Study interprets few customer decision making models. Starts from the funnel model where customer narrows down on a product and also additional models of pre-purchase factors and post purchase factors which influence a customer

- *H. V Kumari (2011) "Customer Selection of Banks – A Biographic Segmentation* .This study has examined the factors considered as important in selection of a bank by customers in Chennai and conclude that branch location and reputation and competitive rates are the most important

- *LA Alamode & J Faleel (2011) "Bank Selection Criteria of a Businessman".* This study has examined the selection criteria of banking for businessman in Saudi Arabia & concludes that the bank's product offerings, ATM network & availability of internet banking are the most important as per this study.

- *M Sayuti and others (2013) "Bank Selection Criteria in Customer's Perspective".* This study Investigates the factors influencing customer's choice of a bank in Kelantan, Malaysia & finds that accessibility is the most significant criteria followed by reliability, responsiveness, value added services and convenience

- *R E Hinson & others (2013) "Determinants of Bank Selection ".* This research article has considered, convenience, relationship with bank employees and financial benefits of the bank as the 3 main factors as important and influencing students to select a bank

- *Z Iqbal and others (2018) "An Empirical Analysis of Customers' Preferences for Bank Selection".* This is a comparative study of the factors influencing an individual and a Business customer (SME) in selecting the bank This article brings out the factors in detail which influence both the categories to select a bank for their requirement.

- *J Ara & H Begum (2018) "Factors Influencing Customers in Bank Selection: A Study on Northern Region of Bangladesh".* This study examines the bank selection criteria for customers in the northern region of Bangladesh and concludes that security, use of technology and trustworthiness of staff are the most important factors
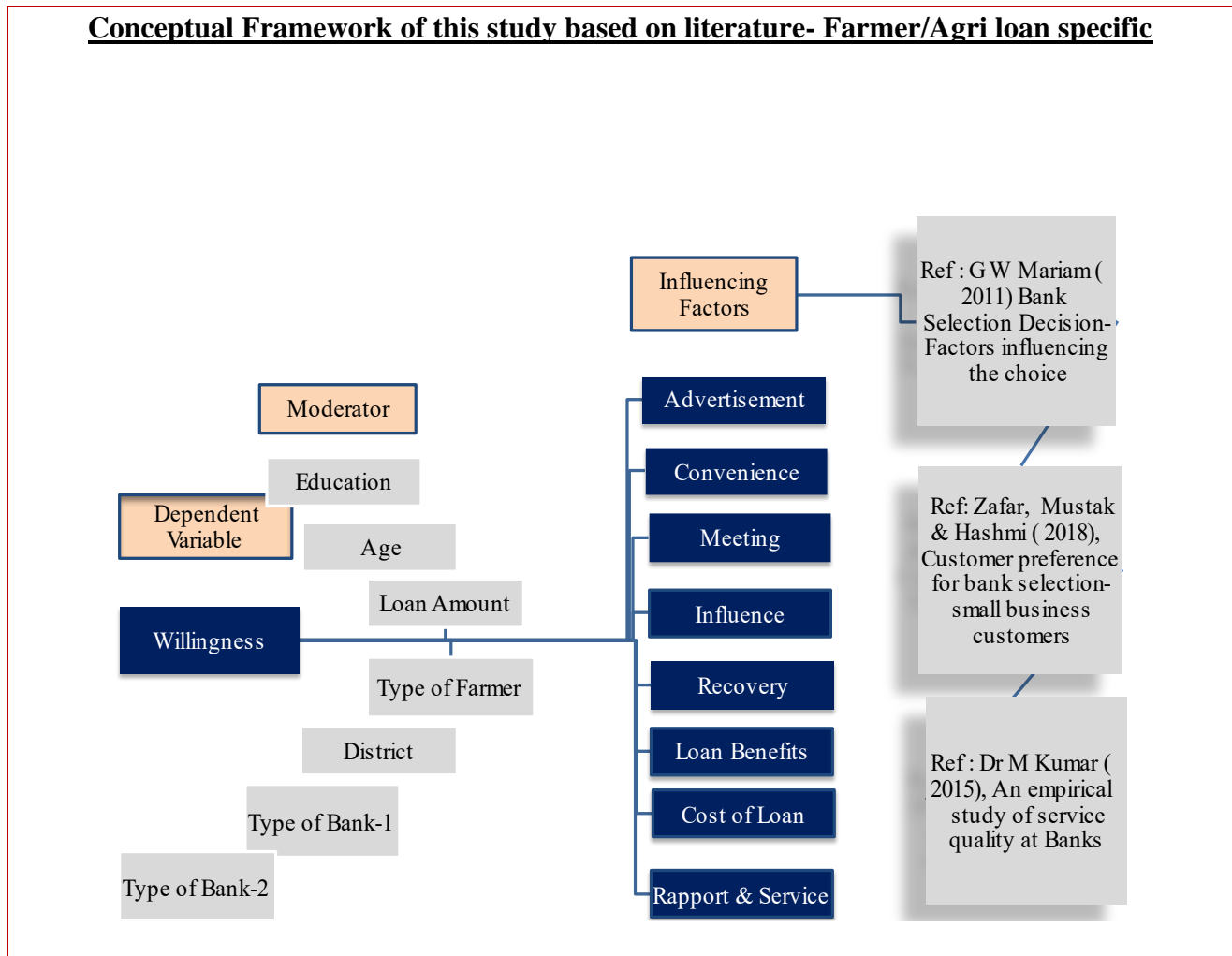
- *J C Toth & others (2019) "Bank Selection Criteria When Borrowing a Personal Loan".* This study has examined the bank selection criteria for personal loans in Hungary & concludes that interest cost is the major influencing factor.

- *Dr. C Abraham (2020) "Factors influencing choice of banks in a millennial customer perspective".* This study examines the factors influencing bank selection with reference to customers in the age group of 21 to 30 years (millennial) in Kerala and have shortlisted the key factors which influence the millennial (ATM etc)

- *Dr N Barwal (2019) "Factors affecting choice of banks for agriculture lending in rural areas".* This study conducted at HP state with customers of 2 co-operative banks as to why they chose co-operative banks, have considered quick loan and low interest are critical factors to select the bank

- *G W Mariam (2011) "Bank selection Decision Factors Influencing the Choice of Banking Services"* Study includes many types of customers of a bank like businessmen, salaried employees, and students. This is a more generic study and most common factors influencing customers are considered in the study.

4. RESEARCH GAP

- There are several studies carried out on the consumer behavior in selecting a product or service. Specifically in banking and finance industry also studies are conducted on customer behaviour and his choices to select a particular bank to avail banking services

- In Banking specific there are research and study done on the customer behaviour and the factors which influence a customer to avail banking services in general or in specific to any type of loan or a particular financial product.

- This research focusses specifically on the farmer when he wants to select a bank for availing an agriculture loan. The research gap identified is as below which is the study topic "In-depth

study on the choice of a 'Farmer' taking a decision to select a bank to avail an 'Agricultural Loan' and the factors influencing the decision."

Conceptual Framework of this study

Conceptual Framework of this study based on literature- Farmer/Agri loan specific

Influencing Factors

Ref : G W Mariam (2011) Bank Selection Decision- Factors influencing the choice

Moderator

Advertisement

Convenience

Education

Meeting

Dependent Variable

Age

Influence

Ref: Zafar, Mustak & Hashmi (2018), Customer preference for bank selection- small business customers

Loan Amount

Willingness

Recovery

Type of Farmer

Loan Benefits

District

Cost of Loan

Ref : Dr M Kumar (2015), An empirical study of service quality at Banks

Type of Bank-1

Type of Bank-2

Rapport & Service

Source: Drawn by researcher

5. RESEARCH OBJECTIVES

After a thorough review of literature, the undertaken study proposes to achieve the objectives as indicated below:

1. To identify the significant factors which influence the decision making of a farmer to select a bank to avail an agriculture loan and study these factors in detail.

2. To help the banks in building suitable strategies in agriculture finance using the results and outcome of this research, which can be used as a reference.

3. To add to the existing literature this specific content which is specific work in the field of agriculture finance

The Research questions are defined as follows in tune with the objectives

1. Which are the factors considered by a farmer to be important and significant for selecting a bank to avail an agricultural loan?

2. Whether any of these factors also have an indirect effect but significant effect the decision making by any of these factors?

3. Whether these influencing factors are impacted by various demographic variables like age of the farmer, category of the bank etc?

6. RESEARCH HYPOTHESIS

Based on the objectives and research questions the following hypotheses were tested. Null Hypothesis is stated below:

Hypothesis 1: Significance of Influencing Factors:

H0: There is no significant impact of the Influencing Factors on the decision making of a farmer to avail an agriculture loan with a bank.

Hypothesis 2: Indirect Impact of Factors (Mediation impact):

- H0: Mediating variable (MV) does not mediate the relationship between an Influencing factor (IV) and Willingness of the farmer to avail loan with the bank (DV).

Hypothesis 3: Effect of Demographic Variables (Moderation Impact):

- H0: Moderating variable (MV) does not moderate the relationship between an Influencing factor (IV) and Willingness of the farmer to avail loan with the bank (DV).

7. SCOPE OF THE RESEARCH

- The study is conducted in 2 districts of Karnataka (Chitradurga and Koppal). There are 30 districts in Karnataka and agricultural activity is observed across all the districts in the state. Two districts selected for this study are Koppal and Chitradurga which contribute around 9% of the total agriculture production of the state as per the SLBC report (2017). Also, farmers at these 2 districts grow almost all the types of crops and conduct other agricultural activities and hence, these are representative districts for the state for agriculture.

- It As per the data of SLBC Karnataka state data (FY 2017), the number of farmers who have taken agri loan from banks is 2.71 lakhs in Chitradurga district and 1.75 lakhs in Koppal district as at FY 2017, hence total number of farmers is 4.46 lakhs which is the population.
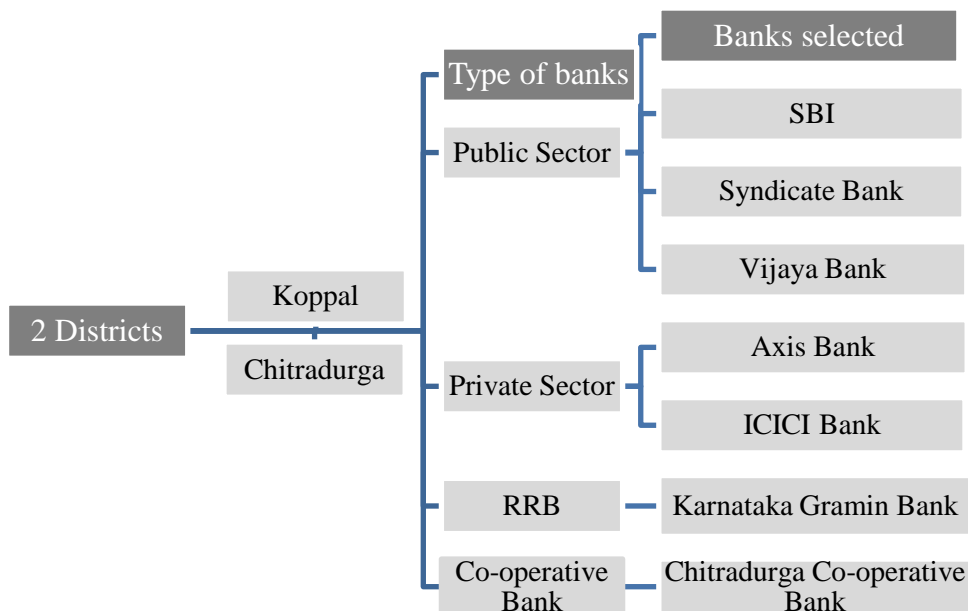
8. RESEARCH METHODOLOGY

- **Selection of Banks:** The respondents for this study are the farmers who have availed agriculture loans with different banks situated at Koppal and Chitradurga districts in Karnataka state. SBI contributes 27% of the agri business at Chitradurga followed by Syndicate bank and Vijaya bank at 16% and 14% each, while from the private sector banks,

Axis bank contributes 6% and ICICI bank contributes 4% of the share. Karnataka Gramin bank contributes 22% of the share. Similar is the share at Koppal also amongst these banks and hence these banks were selected for conducting the study.

- *Sample Size:* The population data at these districts being around 4.4 lakhs, for the study precision rate of 5% and Confidence level of 95% was considered.

  - The formula to calculate sample size (n) is n=N/1+n*e^2 Where, n= size of the sample, N= Size of the population, e= acceptable sampling error 5%). The required sample as above was minimum 400 as per formula

Representative samples needed from both the districts and from each category of bank. Hence the method of data collection planned was 'Stratified Random Sampling' based on volume of agri loans at the 2 districts and the types of banks

Sampling Plan is depicted below:

- **The Research Design** followed is *'The Quantitative Research'* (Ref : John W Creswell , 2007),

which measures the variables which can be analysed through statistical procedures .

- **The Research Method** adopted is the '*Survey Method'* based on questionnaire distributed and cross sectional study at a given point of time and

- **The Research Type** Is' *Descriptive research'* as it builds upon existing literature and derives the answers to the research questions through the study output

- **The Pilot study:** The main study questionnaire was validated after a pilot study using 40 respondents. The study results had a Cronbach alpha of 0.772 which was satisfactory.

- **Data collection:** Primary data collection was done between January 2019 to November 2019 at the two districts of Chitradurga, contacting farmers at villages on a face-to-face contact survey and collected the responses directly from them. Totally 453 farmers were contacted and obtained 430 valid responses which are used across for data analysis. Secondary data was obtained from various books on banking, RBI circulars, reports of government and publications and the websites of various commercial banks.

9. RESEARCH DATA ANALYSIS

The purpose of data analysis was to apply suitable statistical tools to facilitate examining, transforming and modeling data. As a part of the descriptive statistical analysis, the central tendency and variation of the data were analyzed using SPSS Software. After which, hypothesis testing was done using structural equation modeling (SEM).

Profile of respondents

Sl No	Parameter	Category	Count	Percentage
1	Type of Bank	Public Sector Bank	193	45%
		Private Sector Bank	97	23%
		Regional Rural bank	110	25%
		Co-operative bank	30	7%
2	District	Chitradurga	235	55%
		Kolar	195	45%
3	Age of Farmer - (Median age brackets of loan availed)	Up to 25 years	42	10%
		Above 25 to 45 years	161	36%
		Above 45 to 60 years	191	45%
		Above 60 years	36	9%
4	Loan Amount - (Upto Rs.1 lakh- limited collateral, upto Rs.3 lakhs - interest subvention)	Up to Rs.1 lakh	110	26%
		Abv Rs.1 lakh up to Rs.3 lacs	163	38%
		Abv Rs.3 lakhs to Rs.15 lakhs	111	26%
		Above Rs.15 Lakhs	46	11%
5	Farmer Type - (SF/MF as per RBI definition, PLS Circular- May 2020)	Marginal Farmer (2.5 acres)	100	23%
		Small Farmer (5 acres)	195	45%
		Medium Farmer (15 acres)	102	24%
		Large Farmer (abv 15 acres)	33	8%
6	Education of Farmer	Illiterate	95	22%
		Up to 10th Standard	180	42%
		Above 10th up to Graduate	115	27%
		PG/Professional	40	9%
7	Religion	Hindu	333	77%
		Muslim	74	17%
		Christian	23	5%
		Others	0	0%
8	Caste	General	249	58%
		SC/ST	60	14%
		OBC	121	28%
		Other caste	0	0%
9	Main Loan	KCC (Crop Loan)	314	73%
		Land Development Loan	59	14%
		Tractor Loan	29	7%
		Dairy Loan	28	6%
10	First time borrower	First time borrower	69	16%
		Seasoned borrower	361	84%

Factor analysis and Hypothesis Testing:

Exploratory factor analysis (EFA) yielded 8 components with items loadings among the 26 factors. Confirmatory factor analysis (CFA) determined the model fit and enabled the hypotheses to be tested. Mediation and moderation analysis was carried out along with bootstrapping to yield results as discussed below:

Hypothesis 1

- The significance of the elements of Influencing Model (Influencing Factors) on the willingness of the farmer is tested with the significance level kept up to 0.05 p value. If p value is greater than 0.05 the null hypothesis is accepted. Results tabulated below:

| Hyp No	Hypothesis	B - Value	T-value	P - value	Result	Significant*	Interpretation
H1.1	Advertisement -> Willingness	0.342	6.217	0.000	Rejected	Yes	Advertisement has a significant impact and positive relationship with willingness
H1.2	Convenience -> Willingness	0.052	0.997	0.319	Accepted	No	Convenience does not have a significant impact on willingness
H1.3	Cost -> Willingness	0.215	4.688	0.000	Rejected	Yes	Cost has a significant impact and positive relationship with willingness
H1.4	Influence -> Willingness	0.382	7.122	0.000	Rejected	Yes	Influence has a significant impact and positive relationship with willingness
H1.5	Loan Benefits -> Willingness	0.169	2.596	0.010	Rejected	Yes	Loan Benefits has a significant impact and positive relationship with willingness
H1.6	Meeting -> Willingness	0.033	0.503	0.615	Accepted	No	Meeting does not have a significant impact on willingness
H1.7	Rapport & Service -> Willingness	0.074	1.346	0.179	Accepted	No	Rapport & Service experience does not have a significant impact on willingness
H1.8	Recovery -> Willingness	0.183	3.064	0.002	Rejected	Yes	Recovery Process (farmer friendly process) has a significant impact and positive relationship with willingness

*Source: Primary Data from output of bootstrapping, Smart PLS-3) (*Significant at p-value<0.05, where Ho is rejected and Ha is accepted)*

To conclude out of the 8 factors, 5 factors have significant impact on the willingness of the farmer to

avail a loan with the bank, with a positive relationship and 3 factors have insignificant impact.

Hypothesis 2 – Mediation Analysis:

Mediation is depicted in the figure below:
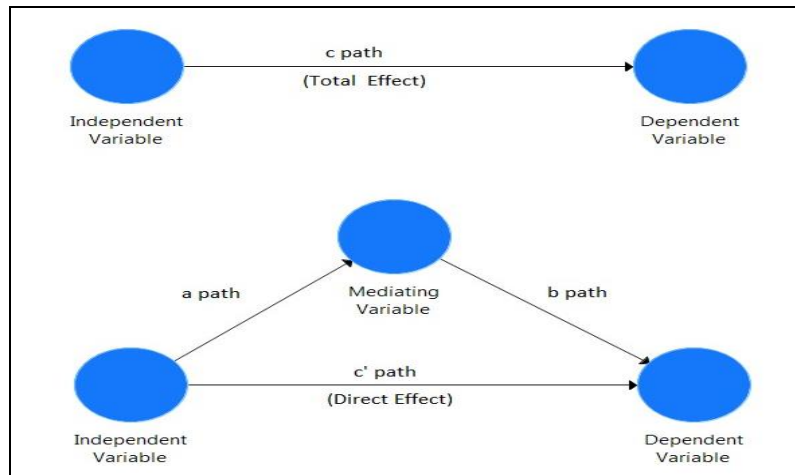
The relationship between an independent variable and Dependent variables without mediation is reflected under Total Effect, which is denoted through - c path. When the relationship between IV an DV is mediated by another mediating variable, the relationship between IV – MV is denoted through - a path, the relationship between MV-DV is denoted through - b path and direct relationship effect between IV-DV post mediation is denoted by c' path

There are 3 measures of the effect of Mediation:

1. Complete Mediation: In case the significance of the independent variable on the dependent variable becomes in-significant post mediation by the impact of mediating factor, then the mediation impact is considered as 'complete mediation' (Significance level: p-value<0.05).

2. Partial Meditation: In case the significance of the independent variable on the dependent variable remains significant post mediation even with the impact of the mediating factor, however the

indirect effect of mediation is significant (Significance level: p-value<0.05; T-Stat>1.96), then the mediation impact is considered as 'partial mediation'

3. No Meditation: In case the significance of the independent variable on the dependent variable remains significant post mediation even with the impact of the mediating factor, however the indirect effect of mediation is non- significant (p value >= 0.05 & T-Stat < 1.96), then the mediation impact is considered as 'NO mediation'

Results of Hypothesis Testing-2 :

Following table summarises the result of hypothesis -2. Of the 56 mediations, 7 were complete mediations and 7 partial mediations. The rest were No mediations

Sl ,No	Independent Variable	Mediating variables	Complete Mediation	Partial Mediation	No Mediation
1	Advertisement of Bank	7	0	0	7
2	Meeting with Bankers	7	0	2	5
3	Convenience to farmer	7	2	0	5
4	Influence from others	7	0	1	6
5	Recovery Process of Bank	7	2	1	4
6	Loan specific benefits	7	0	0	7
7	Cost of Loan	7	2	3	2
8	Rapport & Service	7	1	0	6
	Total	**56**	**7**	**7**	**42**

Hypothesis 3: Moderation Analysis

Hypothesis 3 studies the impact of the moderation of 6 demographical/categorical variables on the relationship between the influencing factors (independent variables) and 'willingness to avail a loan with the bank (dependent variable). The moderating variables considered are Age of the farmer (upto 45 years and above 45 years), Type of the Farmer (SF/MF/ others), District of the farmer (Chitradurga or Koppal), Loan amount availed (Upto Rs.3 lakhs, Above Rs.3

lakhs) Type of bank-1 (private sector bank, public sector bank), Type of bank-2 (Regional rural bank, Cooperative bank and Education of farmer (upto 10th std and above 10th std). The moderation impact was tested using Structured equation modelling (Smart PLS-3) with a significance level for moderation of p value <0.05). The results of the testing of hypotheses yielded the following results:

Sl. No	Moderating Variable	IV-DV Path	Diff	t-Value	p-Value	Result
1	Upto 45 years and above 45 years	Advertisement -> Willingness	-0.163	2.18	0.030	H0 Rejected
2		Recovery -> Willingness	-0.308	2.931	0.004	H0 Rejected
3	Small & Marginal Farmers and Large Farmers	Convenience -> Willingness	-0.493	2.508	0.013	H0 Rejected
4		Rapport -> Willingness	-0.339	3.177	0.002	H0 Rejected
5	Chitradurga District and Koppal District	Advertisement -> Willingness	0.165	2.283	0.023	H0 Rejected
6		Convenience -> Willingness	0.485	3.288	0.001	H0 Rejected
7		Influence -> Willingness	0.18	2.008	0.045	H0 Rejected
8	Loan amount upto Rs.3 lakhs and above Rs. 3 lakhs	Meeting -> Willingness	0.223	2.557	0.011	H0 Rejected
9		Recovery -> Willingness	0.431	2.29	0.023	H0 Rejected
10		Cost -> Willingness	-0.435	2.559	0.011	H0 Rejected
11		Rapport -> Willingness	-0.348	2.766	0.006	H0 Rejected
12	Private Sector Banks and Public Sector Banks	Convenience -> Willingness	0.398	2.375	0.018	H0 Rejected
13		Meeting -> Willingness	0.283	2.27	0.024	H0 Rejected
14		Cost -> Willingness	-0.486	2.222	0.027	H0 Rejected
15	Regional Rural Banks and Co-operative banks	Advertisement -> Willingness	-0.918	2.848	0.005	H0 Rejected
16		Convenience -> Willingness	0.995	2.299	0.023	H0 Rejected

*Out of the 48 moderations, 16 cases moderation is noticed, and 32 moderations have no impact

10. FINDINGS AND CONCLUSIONS

Of the 5 significant influencing factors, the ranking of the sub factors is as below

Factor	Rank	Sub-factors	Beta
Influence from others	1	Parents & Family having loan with this bank	0.307
	2	Agent/Advisor induced to take loan with this bank	0.089
	3	Friends / Neighbours recommended this bank	-0.024
Advertisement	1	Leaflets distributed on loans by the bank at villages	0.254
	2	SMS sent by the bank on the agri loan facility	0.095
	3	Hoarding of the bank in the Village on agri loans	0.094
	4	Media - TV/Movie theatre advertising & scrolling	0.069
	5	Info of Bank on loan facility on Internet websites	0.042
	6	Email sent by this bank on the agri loan facility	-0.002
	7	Info in radio /radio jingle about this bank loan	-0.059
Cost of Loan	1	Lower Rate of Interest	0.130
	2	Lower Processing fee & other costs	-0.023
Loan specific Benefits	1	Higher Loan amount per acre of Land	0.325
	2	All loans/services available at the same bank	-0.150
Recovery Process	1	Recovery: Pressure for repayment	0.074
	2	Follow Up: Advance follow up	0.054

Mediation impact was noted on 5 significant influencing factors. The tables below show the impact of mediating variable on significant influencing factors

Sl No	Significant Influencing Factor	Complete Mediation	Partial Mediation	No Mediation
1	Advertisement of Banks	0	0	7
2	Loan Specific Benefits	0	0	7
3	Influence from others	0	1	6
4	Recovery Process	2	1	4
5	Cost of Loan	2	3	2
	Total	4	5	26

Sl No	Significant Influencing Factor	Complete Mediation	Partial Mediation	No Mediation
1	Influence from others	nil	Recovery	6 factors
2	Recovery Process	Loan Benefits and Meeting	Influence	4 factors
3	Cost of Loan	Loan benefits and Rapport & service	Advertisement, Meeting and Influence	2 factors

The moderation summary shows 16 moderation impacts as below:

Sl No	Moderating Variable	Variables Significantly Impacted	Count
1	Loan amount (Upto 3 lakhs & above 3 lakhs)	Convenience, Rapport, Cost of Loan & Meeting	4
2	Districts - (Chitradurga & Koppal)	Convenience & Meeting & Influence from others	3
3	Age (Upto 45 years & above 45 years)	Advertisement & Recovery	2
4	Type of Farmer (SF/MF and Other farmers)	Convenience & Rapport	2
5	Type of Banks (Public Sector & Private Sector)	Convenience, Cost of Loan & Meeting	3
6	Type of Banks (RRB & Co-operative Banks)	Convenience & Advertisement	2
7	Education (Upto 10th std & abv 10th std)	Nil	0
Total			**16**

As per the study, 57% of the farmers have shown inclination towards taking the loan as per table.

Category showing highest inclination to avail loan under each demography is given below.

Willingness to avail Loan (DV)	Number of Farmers		% Of Farmers	
	Count	Cumulative	Count	Cumulative
Not Take	33	67	8%	16%
May Not take	34		8%	
Neutral	116	116	27%	27%
May take	161	247	37%	57%
Take	86		20%	
Total	**430**	**430**	**100%**	**100%**

Sl No	Demographic Variable	Highest Inclination
1	Age	Upto 25 years
2	Education	Postgraduates
3	Type of Farmer	Marginal Farmers
4	Loan amount	Upto Rs.1 lakh
5	District	Koppal District
6	Type of Bank	Regional Rural Bank

Comparison of findings with Existing literature:

J C Toth (2019) in the research article 'Bank selection criteria when borrowing a personal loans has examined the critical factors for selecting personal loans, concludes that interest cost is the major factor, in tune with the current study where cost is a significant influencing factor.

M Sayuti (2013) in the research article 'Bank Selection Criteria concludes the factors influencing customer's choice are accessibility and proximity of the bank and followed by reliability, responsiveness,

value added services, to some extent similar to current study.

L A Alamoudi & others (2011) in the article 'Bank Selection Criteria of a Businessman (2021), concludes that the bank's product offerings, ATM network & availability of internet banking are the most important to some extent similar factors related to the current study.

J Ara & others (2018) in their Research article 'Factors Influencing Customers in Bank Selection: and concludes that security aspects and the bank, customer service and trustworthiness of staff are the most important factors, which are not considered as significant factors in the current study.

G W Mariam (June 2011) in their study "Bank selection Decision – Factors Influencing the Choice of Banking Services has derived 7 key influencing factors – Cost & other benefits, Service, Influence, Bank Reputation, Promotions, and Ambience and ranked them in the order of preference, other than customer service other factors are considered relevant in the current study as well.

11. RESEARCH CONTRIBUTIONS

The contributions of this study are as follows:

For researchers

> ➢ This research is a continuation and addition to various studies on the consumer decision making process

> ➢ The study focusses specifically on the lending activity of the bank specific to lending in agriculture sector and hence this study has gone in depth into one segment in lending in banking.

> ➢ The study has analysed the impact of various demographical factors on the decision making of the farmer while selecting a bank and also the indirect impact of one factor over the other, which would be another addition to literature

> This is a specialized study on the customer choice under the farmer segment on bank loans, shall be a reference material for further studies

For Banks and Financial Institutions:

> This study has identified the significant influencing factors which impact the decision making of a farmer in 2 districts of Karnataka. This study will serve as a benchmark to the bankers to consider giving higher weightage to these factors while they develop the strategies on agriculture lending

> Basis this study, banks need to make similar survey with a larger population and a different demography as well. Using advanced data analytics and Artificial Intelligence techniques better models for marketing can be developed by the banks

> This study has also given the relative ranking of various channels of the bank for promoting the agri loan business in the given population Banks can plan to choose the more appropriate one suited for a population based on similar study.

> Also, the study has analysed the relative importance of external factors which influence the farmer like demographic factors, external agencies and influencers and personal requirements of the farmers like higher loan amounts etc. An in depth study on these factors will help the bankers to deploy the appropriate plan in that particular area with that particular segment of farmers

For Farmers & Agriculturists

> Going through this research gives an idea to the farmers on the various benefits available to them with the banks and their significance.

> The farmers are in an advantageous position to reap the benefits provided by the banks. They need to be aware of the competitive products by gaining information through participation in the village meetings conducting by banks, various advertisement channels

and visiting the bank for additional information.

➢ The farmer needs to be watchful before considering the advises of extraneous channels and friends who may always not give a proper advise to his benefit wherein this study can make an impact in getting right information

➢ Farmer clubs and other information dissemination groups can go through this research and can understand the benefits and share with the farmers

Research Specific findings:

While this study is an addition to literature and benefits the banker and farmers, following are few specific points derived out of this study:

❖ *Advertisement has emerged as a significant factor even in the rural areas. There was no mediation impact from other factors on advertisement. Amongst advertisement while the traditional – leaflets and hoardings at villages remain significant, advertisement through SMS message and bank website also have gained importance in rural areas. This is through the penetration of mobiles and availability of internet in the villages as well.*

❖ *Under Loan benefits- availability of higher loan per acre of land is another significant factor in the population. Even this is not mediated by any other variable. This is where the new generation banks get an upper hand in doing business as compared to traditional banks*

❖ *Under Influence – influence from family still holds good as a significant factor to take loan with the same bank. This follows the influence from agents*

❖ *Cost of loan – rate of interest is a significant factor amongst farmers. However based on mediation analysis, we find that it is mediated by Loan benefits Higher loan amount and Rapport with branch manager & service. Farmers are willing to let go rate of interest if they get higher loans or has a higher rapport with branch manager*

❖ *Recovery process of the bank being farmer friendly has remained another significant factor in inducing the farmers to avail a loan with the bank recovery process and advance follow up mechanism are appreciated by the farmers.*

❖ *The factors which are not considered significant in this study are Meetings conducted by bank, Rapport with branch team and service and convenience provided by banks. This is an eye opener for the banks in this area, to improve on these aspects on customer satisfaction*

12. LIMITATIONS OF THE RESEARCH

While the present study provides many key findings, it also suffers from some limitations.

1. This study was specifically towards the factors influencing a farmer while taking agri loans only. This study does not consider the factors influencing the farmer while he takes any other types of loans like personal loans, home loans, car loans etc

2. This study considers the factors influencing a farmer while taking agri loans from banks only. This does not consider the factors influencing the farmer while he takes loans from any other NBFC, Financial institution or any money lender, even for agriculture purpose.

3. The data collection was done using questionnaire method personally administered to the farmers. Where utmost care is taken in updating accurate data, there could be minor differences in understanding of the questionnaire, considering the education & age of the respondents

13. SCOPE FOR FUTURE RESEARCH

The suggestions for future research are given below:

1. This study has included the farmers in the 2 select districts of Karnataka only. Hence as study in other geographies where there can be additional influencing factors or demographic variables and comparison of the results of such studies with the present study may yield valuable insights.

2. An in-depth study on the influencing factors can be conducted for a particular type of bank only (Private banks or public sector banks etc), as these types of banks have different management and practices

3. This study is focused on the factors which influence the farmers in the agri-loan sector alone and from the banks. Similar study can be taken up for other loans also, in the semi urban and rural areas

4. This survey was done pre-covid and hence post that there are many developments which happened in the economy including, roll out of the new agriculture policy, digitisation of land records and online mortgages, deep penetration of mobile banking and UPI etc, which have impact on the influencing factors. There is a scope for analysis on the same subject keeping in view the developments and changing environmental factors

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