

Impact of Bank Finance on Consumer Behaviour

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ABSTRACT – Financial constraints are economic limitations on behavior. This article is related to a survey to find the impacts of bank finance on consumer behaviour and its employment activities. For that we have collected the data from 17 families financed by the bank in 1984. This also contains the details of borrowing families according to their categories.

KEYWORDS -Impact, Inaccessibility of Finance, Financial Management, Bank Knowledge

INTRODUCTION-

For assessing the impact of bank finance on family incomes and on employment of the borrowing families primary data were collected from 17 families financed by the bank in 1984. Data for these families were collected for the year 1983 and 1985 (before

and after bank finance with a time- lag allowing for the proper use of the loan).

NO. OF BORROWING FAMILIES ACCORDING TO CATEGORY:

Table no.1 gives the no. of families according to economic and social categories. This table shows that of the 17 families 6 are scheduled caste families and 11 are non-scheduled caste families which respectively constitute about 35.29 per cent and 64.71 per cent of the total families. It is further revealed from the table that of the 17 families 11 are marginal and small farmers and 6 are land less families which respectively constitute about 64.71 percent and 35.29 per cent of the total. The extent of scheduled caste families is about 27 per cent in case of marginal and small farmers and 50 per cent in case of the land-less labourer.

TABLE 1. - Category-wise number of families of scheduled caste, scheduled tribe and non-scheduled caste financed by the bank during August 1982 to Dec. 1985.

CATREGORY	NO. OF SCHEDULED CASTE SCHEDULED TRIBE AND BACKWARD FAMILIES	NO. OF NON SCHEDULED CASTE FAMILIES	TOTAL NO.	PERCENTAGE OF S/C AND TOTAL
1.. Marginal and small farmers	3	8	11 (64.71)	27.27
2. Land less labourer	3	3	6 (39.29)	50.00
TOTAL	6 (35.29)	11 (64.71)	17 (100)	35.29

NOTE : (Figure in brackets indicates the percentage to total)

IMPACT ON INCOME:

The category-wise impact of bank finance on family income at two points of time is given in table no.2. This table shows that bank loan did enable to the borrowing families to increase their income both in case of marginal and small farmers, and land-less labourers. The over all increase in income came to about 30 per cent, while in case of marginal and small farmers being

about 27 per cent, and in case of land- less labourers it being about 38 per cent. Thus, the impact on income was more in case of land-less labourers as compared to small and marginal farmers. This is probably because that these families have been given more loans for non-agricultural purposes, which had a quite good returns as compared to agricultural purposes.

TABLE 2– Impact of bank loan on family income of borrowing families:

CATEGORY	TOTAL NUMBER OF FAMILIES	INCOME BEFORE FINANCE (1983) (Rs.)	INCOME AFTER FINANCE (1985) (Rs.)	INCREASE (RS.)	PERCENTAGE INCREASE
1. Marginal & small Farmers	11	58700.00	74740.00	16040.00	27.3
2. Land less labourer	6	18700.00	25800.00	7100.00	37.9
TOTAL	17	77400.00	100540.00	23140.00	29.8

IMPACT ON EMPLOYMENT:

The human labour employment in mandays at two points of time in given in table no.3. This table shows that the over all level of employment increased by about 36 per cent while in case of marginal and small farmers and land-less labourers it increased by 29 and 55 per cent respectively. Thus, the

extent of increase in employment is much higher in case of landless labourer as compared to mall and marginal farmers which may be due to more loan availability for non-agricultural activities which are more labour intensive.

TABLE –Impact of bank loan on employment.

CATEGORY	TOTAL NO. OF FAMILIES	EMPLOYMENT BEFORE FINANCE Mandays/year(1983)	EMPLOYMENT AFTER FINANCE Mandays/year(1985)	INCREASE	PERCENTAGE INCREASE
1. Marginal and small farmers	11	2450	3150	700	28.57
2. Land Less Labourer	6	1000	1550	550	55.0
TOTAL	17	3450	4700	1250	36.23

CONCLUSION:

The main object of bank finance is income generation of loanee because the bank nationalization came in execution with the motto of social welfare. After the analysis of data the bank under study shows increased employment as well as income through disbursement of credit.

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