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Understanding and overcoming financial barriers faced by women owner/managers of marginal farms in Churu, Rajasthan

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Abstract

This research paper sheds light on the intricate issue of financial exclusion faced by female owner/managers of marginal farms in Churu, Rajasthan. By delving into demographic characteristics, economic disparities, educational barriers, and the consequences of informal finance dependence, this study seeks to provide a nuanced understanding of the challenges experienced by these resilient women. The research uncovered a significant proportion of female farmers, predominantly widowed and facing economic disparities compared to their male counterparts. Strikingly, 81% of female farmers were denied bank loans, leading to a reliance on informal finance sources with higher interest rates, exacerbating financial distress. The research uncovers significant challenges for female farmers in Churu, Rajasthan, including economic disparities and an alarming 81% bank loan rejection rate. This highlights the critical need for targeted interventions to overcome systemic barriers, empowering female farmers and fostering economic growth in the region.

Keywords: Agriculture, economy, farmer

Introduction

In the heart of Rajasthan's agricultural landscape, a crucial but often unexplored challenge persists – the financial exclusion of female owner/managers of marginal farms. Despite agriculture being the backbone of the state's economy, these women find themselves navigating a complex financial journey^[1]. Often thrust into farming due to unforeseen circumstances, such as the loss of a spouse or the absence of a male partner, these resilient individuals turn to agriculture as a last resort, aligning with the "pecking order" theory of entrepreneurial behavior^[2-3].

Initially relying on family and friends for financial support in the early stages of their journey, female owner/managers face hurdles as these informal networks diminish. This prompts them to explore alternatives, including moneylenders, before considering formal financial institutions. Cooperative societies, often inaccessible without substantial land ownership, push these women towards informal lenders at higher costs.^[4] Formal bank financing, the next stage in the journey, remains elusive due to stringent collateral requirements, leaving many dependent on informal sources^[2, 5].

The failure of banks and the formal financial sector to meet the unique needs of female marginal farmers perpetuates a cycle of heavy indebtedness and poverty.^[6] This research aims to uncover the intricacies of their financial journey, exploring the barriers rooted in individual characteristics, gender dynamics, family structures, and market-related conditions. By doing so, the study seeks to provide insights that can inform policy recommendations and interventions, ultimately empowering these marginalized women to regain

control over their finances and break free from the cycle of poverty and exploitation^[7].

Methodology:

The research will unfold in the agricultural landscapes of Baliya, Godas, and Indasi villages in the Churu District of Rajasthan. Recognized for their active engagement in agriculture, these locations provide a fitting backdrop to study the financial challenges encountered by marginal farmers.

Sampling for the research will employ a combined strategy of purposive and snowball techniques, ensuring a diverse and representative sample. The objective is to include 25 female and 25 male marginal farmers, capturing a comprehensive spectrum of perspectives. Additionally, the study will encompass bank managers from both commercial banks and cooperative societies operating in the region, providing crucial insights into the financial inclusion landscape.

Data will be collected through two semi-structured surveys. The first survey will be directed towards the marginal farmer community, encompassing aspects such as demographics, backgrounds, patterns of loan utilization, perceptions, motivations, and challenges faced in the pursuit of financial inclusion. The second survey will target bank managers, seeking their perspectives on the financial inclusion of female marginal farmers. This dual-pronged approach aims to ensure a holistic understanding of the issue from both the recipients and facilitators of financial services.

Analysis of data will adopt a mixed-methods approach. Quantitative data will be subjected to statistical methods to derive patterns and trends, while qualitative insights will be drawn from open-ended survey responses and interviews. This approach allows for a nuanced interpretation of the research findings, enriching the overall understanding of the challenges associated with financial inclusion among female marginal farmers.

Ethical considerations in the research process will be paramount. Informed consent will be obtained from all participants, emphasizing transparency and respect for the participants' autonomy. Confidentiality measures will be rigorously maintained to safeguard the privacy and comfort of the respondents. Additionally, research findings will be

shared with participants, fostering transparency and ethical conduct throughout the study.

The anticipated outcomes of this research encompass valuable insights into the challenges faced by female marginal farmers in accessing formal financial resources. The study aspires to shed light on the consequences of their financial exclusion, providing a foundation for informed policy recommendations and targeted interventions. The overarching goal is to contribute to the enhancement of financial inclusion for this vulnerable group in the Churu district of Rajasthan.

Results

Demographic Variables	Male Farmers	Female Farmers
Gender	25	23
Average Age (years)	20-70	22-50
Caste		
- Jat	20	15
- Others	5	8
Marital Status		
- Married	23	21
- Divorced	0	1
- Single	2	1
Education		
- Below Matriculation	9	8
- Matriculation	5	3
- Graduate	1	0
- Technical Diploma	2	0
- Uneducated	8	12
Family Responsibilities		
- Main Earner	25	23
Reason for Farming		
- Main Occupation	25	0
- Economic Necessity	0	23

Customers	HP	P	N	NP	SNP	Total
Male with small agricultural land	8	5	2	Nil	Nil	15
Male with marginal agricultural land	9	6	Nil	Nil	Nil	15
Male with large agricultural land	14	1	Nil	Nil	Nil	15
Male farmer with ST/SC	8	3	3	Nil	1	15
Tenant farmer	3	6	3	Nil	3	15
Tenant farmer from ST/SC	6	2	4	Nil	3	15
Tenant with moderate bank balance	7	2	3	2	1	15
Female farmer	2	3	5	3	2	15
Female farmer with large land	5	2	8	Nil	Nil	15
Female with moderate bank balance	4	3	4	1	2	15
Female from SC/ST	Nil	2	7	3	3	15
Female with small land	2	3	4	4	2	15

Notes: HP = Highly preferred; P = Preferred; N = Neutral; NP = Not preferred; SNP = Strongly not preferred

A significant proportion of female respondents were engaged in farming, with most falling in the 22-50 years age group. The majority lived within extended family settings, and a notable 73% were widowed. Despite underreporting, females played crucial roles in decision-making within farming families. Male-headed households exhibited significantly higher earnings (on average 66%) compared to female-headed households (typically 32%). Landholding succession, social dominance, and networking contributed to these disparities. 65% of female respondents were uneducated, and 35% had only reached secondary education. This lack of education posed barriers to accessing formal finance and adopting advanced agricultural practices. A striking 81% of female farmers were declined bank loans, in contrast to 43% of male farmers. Female farmers relied more on informal finance sources, leading to higher interest rates and financial distress. Female farmers faced difficulties in securing loans due to strict collateral requirements. Bank managers often expected guarantees from husbands, blood relations, or village heads. Gender bias was evident in bank managers' lending decisions. Stereotypes and societal norms influenced their perceptions of female borrowers, with 11 out of 15 bank managers associating the term "Customer" with males. High costs of borrowing and lower income levels led to greater financial distress among female owner/managers. Moneylenders often took liquid assets as collateral, further increasing the marginal farm failure.

Conclusion

The research findings underscore the critical role of female owner/managers in marginal farming and reveal the numerous barriers they face in accessing formal financial resources. These barriers include limited education, lack of collateral, and gender bias within the banking sector. The consequences of these challenges are severe, as female farmers are left with limited options, resorting to informal lenders who exploit their vulnerable financial positions. High-interest rates and financial distress further perpetuate the cycle of poverty and indebtedness among female marginal farmers.

Efforts to improve financial inclusion for female owner/managers in marginal farming must address these systemic issues. Policymakers and financial institutions need to recognize the changing dynamics of rural households, where women increasingly take on the role of breadwinners.^[8-10] Strategies should focus on providing financial education, promoting gender equality, and adapting lending practices to better serve the needs of female farmers. Empowering female farmers with access to formal finance, education, and technology can not only enhance their productivity but also contribute to the overall development of India's agricultural sector and its economy.³ To achieve these goals, a comprehensive review of policies and practices is essential to promote financial inclusion and innovation within the farming community.

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