

A Study Of Role Of Private Sector Banks In Employment Generation Through Agriculture Credit In Maharashtra State With Special Reference To Pune District: - An Analytical Study.

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Abstract

Farming is one of the major employment providers and rural growth in India especially in such states as Maharashtra. This paper researches the subject of how the banks in the private sector contribute to the generation of employment by providing agricultural credit, particularly in the Pune district. The study will also focus on examining the impact of the credit that is supplied by the private banks on the farm and allied agricultural investment, productivity, and the creation of employment opportunities. Using a constructed analytical framework, Structural Equation Modeling (SEM) analyzes both the direct and indirect correlations between variables like access to credit, agricultural investment, productivity as well as financial literacy and employment generation. Farmers and agripreneurs were used as primary sources of data, and through a structured questionnaire, with the backing of secondary information through institutional reports as well as banking statistics. The results indicate that the bank credit in the private sector has an important positive influence on the investment in agriculture; this further increases the productivity and the work place. The other mediating variable described in the study is the financial literacy and credit utilization efficiency, and the moderating factor is the institutional support, infrastructure, and government policies. The comparative analysis shows that the private sector banks are more efficient, faster in delivery of credit and are more integrated with technology but still have low reach to the rural areas as compared to the public sector banks. Moreover, credit programs that serve other industries included in the allied programs like dairy, poultry, and agribusiness have stronger potential of creating employment compared with the conventional crop loans. The paper finds that by increasing the involvement of the private sector banks in the agricultural credit as well as supporting the policy interventions and financial inclusion, there is a high potential to increase the employment opportunities and lead to sustainable rural development...

Keywords: : Agricultural Credit, Private Sector Banks, Employment Generation, Rural Development, Structural Equation Modeling (SEM), Financial Literacy, Agribusiness, Maharashtra, Pune District.

INTRODUCTION

Agriculture remains a crucial part of the Indian economy, which is a source of a significant part of employment, rural livelihoods and national income. Although there has been a structural change in the economy as an economy

shifted to industry and services, a significant number of Indian population remains reliant on agriculture as a source of livelihood. Access to proper and appropriate agricultural credit in this context is extremely important in boosting the productivity, modernization and sustainable rural development. The Maharashtra state which is among the major agricultural states in India has a variety of agro-climatic conditions and combination of both traditional and commercial farming practices. Pune district in Maharashtra is a special case of a rural cum semi-urban agricultural economy and thus it is a significant area to study the significance of institutional credit in elimination of unemployment[1]. The agricultural credit in India has greatly transformed over the years as it is no longer an informal source of agricultural credit by moneylenders but an institutional based system where the cooperative banks, regional rural banks, and commercial banks are involved. Of these, one of the most important actors over the past few decades has become the banks in the private sector as a result of the reforms in the financial sector, the development of new technologies, and the emphasis on inclusive banking. The innovation of credit delivery systems, digital systems, and customer focus by the private sector banks, has made credit delivery more accessible and efficient. Their involvement in the financing of agriculture, despite being, as compared with the public sector institutions, rather recent, has demonstrated encouraging potential in filling credit gaps and in financing agrarian operations[2].

The involvement of the banks in rural development by the private sector is not limited to giving out credits. These banks have a direct impact of generating employment opportunities through financial assistance to the production of crops, irrigation, mechanization of farms, allied industries (dairy, poultry, fisheries), and other enterprises that are directly related to agriculture. The agricultural credit helps in the capital formation, the promotion of entrepreneurship, and the ability of the farmers and the rural youth to have many income sources. Access to credit is an essential facilitator of job creation and growth in areas such as the Pune district where agriculture is becoming more associated with agribusiness and food processing and supply chain activities. Therefore, the connection between agricultural credit and employment creation is direct, in terms of farm activities, and indirect, in terms of value chain growth. Agriculture credit is specifically significant in the generation of employment to rural areas as a way of dealing with unemployment and the underemployment issue. The usual seasonal patterns of employment, obfuscated unemployment and migration into cities are challenges that have remained persistent in rural Maharashtra. These problems can be alleviated with proper credit support which can stimulate agricultural and allied activities on a year round basis, increase productivity and promote rural enterprises. The privately run banks, with their focus on efficiency and profitability, can develop specific financial products that would meet the market needs of small and marginal farmers, agripreneurs, and rural startups. They have however the outreach, efficacy, and inclusiveness in rural areas which should be systematically evaluated[3][4].

The given research is expected to investigate the contribution of the private sector banks to the creation of jobs on the basis of agricultural credits in Maharashtra and particularly in Pune district. The research aims at examining how much credit was given out, what areas received finance and what effect it had on job creation in the field of agriculture and other related actions. It also determines the performance of the private banks against the traditional institutional sources and the challenges associated with accessibility and use of credit. The objectives of this study are: (i) to determine the role of the private sector banks in the development of agriculture credit in Pune district; (ii) to determine the correlation between the agricultural credit and creation of employment; (iii) to determine the success of the credit schemes in creating rural employment and (iv) to determine the policy measures to increase the role of the banks of the private sector in the development of agriculture. The study is also restricted to the selected regions of the Pune district, and mainly had concentrated on agricultural and allied industries financed by banks in the private sector. This paper takes an analytical perspective in order to learn how the flow of credit operates and the socio-economic effects.

II. Literature Review

It is widely known that agricultural credit is a prevailing factor of rural development, productivity improvement, and job creation. Various studies have been done to investigate the connection between institutional finance and agricultural growth, emphasizing on the role of timely credit in enabling farm investment, adoption of modern technologies, and allied production diversification. Banking sector reforms, priority sector lending norms and financial inclusion initiatives have played a major role in bringing about the evolution of agricultural credit within the Indian context. Initial research has pointed towards the superiority of banks and cooperatives within the public sector in delivering credit to rural areas with reference to benefiting small and marginal farmers. But agricultural financing has been gradually taken up by the banks of the private sector with the liberalization and reforms of the financial sector. Recent studies claim that the efficiency, digital banking solutions and present-day credit products of the private banks have been brought into the market enhancing the accessibility of credit and lowering the transaction cost. However, there are still concerns over their lack of reach in the remote rural locations as well as the fact that they target creditworthy clients. Some researchers have discussed the relationship between agricultural credit and the creation of jobs. The availability of more credit will allow farmers to invest in inputs like seeds, fertilizers, irrigation systems and equipment to boost productivity and generate employment. Moreover,

credit will aid in the development of other associated industries like dairy, poultry and agro-processing that will create other employment opportunities. In research undertaken in such states as Maharashtra, Tamil Nadu, and Punjab, it has been found that institutional credit is positively related to the level of rural employment[5][6].

The importance of agricultural credit towards the development of agripreneurship and rural businesses is also discussed in recent literature. Bank subsidies stimulate young people to engage in farming and lower the rate of rural to urban migration. Nevertheless, issues like the barrier of accessing credit, financial illiteracy and procedural difficulties still remain as the obstacles towards the success of credit schemes. Moreover, comparative analysis of the performance of the banks in the private and the public sector reveals that the private banks are more efficient in service provision, yet the public banks prevail in regard to the outreach and inclusiveness. Although a considerable amount of research has been conducted on agricultural credit, little empirical data has been developed on the relationship of the contribution of the banks of the private sector in employment generation in the district level especially in such areas as Pune[7]. The current paper tries to fill this gap by offering an analytical insight into the role that the private bank credit plays in generating employment in the agricultural and other related industries.

Table 1. Summary of Research Findings

Methodology	Focus Area	Key Findings	Limitations
Regression Analysis [8]	Agricultural Credit & Productivity	Positive impact of institutional credit on farm productivity	Limited regional scope
Survey & Statistical Analysis [9]	Rural Employment in Maharashtra	Credit expansion increases employment in allied sectors	Small sample size
Comparative Study [10]	Public vs Private Banks	Private banks show higher efficiency but lower rural outreach	Lack of long-term data
Case Study [11]	Agricultural Financing in Pune	Credit improves agribusiness growth and local employment	Focused on limited sectors
Secondary Data Analysis [12]	Banking Sector Credit Trends	Increasing role of private banks in priority sector lending	Aggregated data, lacks micro-level insights
Policy Analysis [13]	Financial Inclusion	Digital banking improves credit accessibility	Implementation challenges in rural areas
Econometric Model [14]	Credit-Employment Relationship	Strong correlation between credit flow and employment generation	Does not include informal sector
Comparative Analysis [15]	Rural Development	Credit supports diversification and entrepreneurship	Generalized global findings
Field Survey [16]	Farmer Credit Utilization	Proper credit utilization enhances income and job creation	Behavioral factors not explored

The above Table 1 reviews show that all studies reviewed point to agricultural credit being an important determinant of rural employment and economic development. The uniformity in the literature is that there would be a positive correlation between credit facilities and agricultural production and this would bring forth employment opportunities. This relationship is further enhanced by growth of the allied industries and agribusiness. Yet, the banking system with the prevalence of the public sector banks in the outreach and the private sector banks in the efficiency and innovation is also two-sided, as indicated by the literature. This brings a loophole in the knowledge on how the contribution of the role of the private banks in the inclusive rural development can be achieved. In addition, studies have been mostly macro or state level and none has provided the empirical evidence on the role of the private sector banks in agricultural credit and the effects they have on employment creation in the district of Pune, Maharashtra specifically.

III. Hypotheses Development and Structural Model

A. Theoretical Background

The theoretical basis of this research work lies in the Financial Intermediation Theory and the Rural Development Theory, which highlight on the effect of institutional credit in the process of capital formation and the creation of employment. Credit leads to lessening of financial constraints and farmers and agripreneurs can invest in productive activities. The result of this investment is more agricultural production and direct and indirect jobs. Secondly, Human Capital Theory suggests the value of including financial literacy as a mediating value, since informed people have higher chances of using credit efficiently. In the same way, the Institutional Theory also emphasizes the role external supporting structures like government policies and infrastructure play in promoting the effectiveness of credit interventions.

B. Hypotheses Development

Direct Relationships

H1: The agricultural credit by the private sector banks positively affects agricultural investment significantly.

H 2: Agricultural productivity is strongly positively correlated with agricultural investment.

H3: Agricultural production affects employment creation positively and significantly.

H4: There is a positive and direct influence of private sector bank agricultural credit on creation of employment.

Mediating Relationships

H5: Agricultural investment mediates the association between agricultural credit and agricultural productivity.

H6: It is mediated by agricultural productivity in the interaction of agricultural investment and employment generation.

H7: There is a positive mediating effect of agricultural credit to credit utilization efficiency through financial literacy.

Moderating Relationships

H 8: Institutional support has a modifying effect between institutional support and agricultural credit and agricultural investment.

H9: Government policies bring moderation to the correlation between agriculture productivity and employment creation.

H10: There is a moderating role of infrastructure availability between agricultural investment and productivity.

C. Structural Equation Model (SEM Representation)

The proposed SEM model comprises of:

Exogenous Variable: Private Sector Bank Credit.

Endogenous Variables: Agricultural Investment, Agricultural Productivity, 6. Employment Generation.

Mediators: Credit Utilization, Financial Literacy.

The moderators include: Infrastructure, Government Policies, Institutional Support.

The current research hypothesizes an elaborated framework to be used in analyzing the association between the agricultural credit of the private sector banks and job creation in form of an array of direct, modulating, and moderating relationships. The first hypotheses (H1-H4) determine the causal conduit of the main hypothesis, whereby the agricultural credit offered by the banks of the private sector is likely to have a pronounced positive impact on agricultural investment. The more inputs, mechanization, and technology are invested in, the higher is the agricultural productivity which consequently results in an increment in employment in farm and allied sectors. Moreover, a positive correlation between the agricultural credit and employment creation is also taken into account noting that credit is capable of generating jobs instantly due to the activities like, agribusiness, processing and rural based businesses. The model also includes mediating relationships (H5-H7) to describe the indirect mechanisms of action of credit. The relationship between credit and productivity is suggested to be mediated by agricultural investment and the relationship between investment and employment creation is mediated by agricultural productivity. These mediating effects are the result of the transformation of financial inputs sequentially into economic outputs. Additionally, the financial literacy is presented as an important intervening variable in determining the efficiency of using credit, implying that more knowledgeable borrowers are better placed to efficiently use credit in meaningful activities, and thus the net effect of credit on the outcomes of agriculture.

The model also incorporates the moderating variables (H8-H10) to explain the situation-specific variables that shape the strength and direction of relationships. The institutional support will help in increasing effectiveness of credit in stimulating agricultural investment through guidance, subsidies and technical support. The hypothesis is that government policies such as credit schemes, rural development schemes are going to moderate the relationship between productivity and job creation so that productivity gains are translated to employment opportunities that are inclusive. Likewise, the availability of infrastructure, including irrigation systems, transportation, and the availability of markets are also believed to be important moderators in the efficiency of agricultural investment in yielding productivity advances. The structural equation model (SEM) as a whole therefore consists of the exogenous variable, which is the private sector bank credit that influences the endogenous variables which are the agricultural investment, productivity and the creation of employment via the direct as well as indirect mechanisms. Intermediation of constructs such as financial literacy and credit utilization offers the understanding of behavioral and operational processes whereas moderating variants offer the external institutional and environmental circumstances. This extensive SEM model facilitates holistic study of the agricultural credit system and its contribution to the generation of employment thus it is appropriate to be empirically validated through high level statistical analysis such as path analysis and model fit assessment.

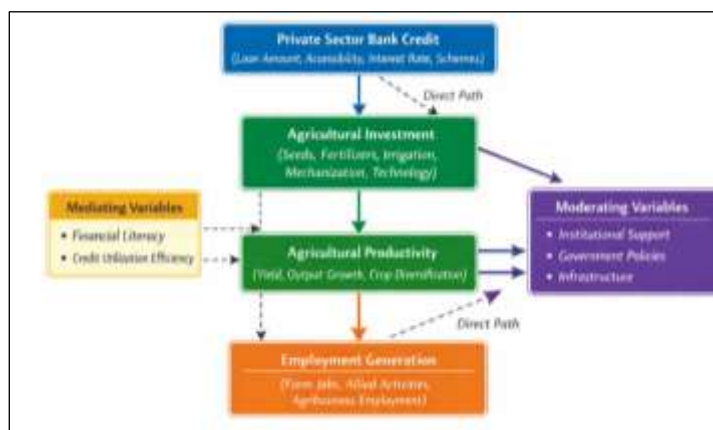


Figure 1. Conceptual framework illustrating the impact of private sector bank agricultural credit on employment generation through mediating and moderating variables

The figure 1 shows a systematic SEM-based model with the bank credit to the private sector having an effect on the creation of employment by the use of sequential mediators of agricultural investment and agricultural productivity. The performance of credit flow is increased by financial literacy and credit utilization, whereas the relationships are moderated by institutional support, infrastructure, and policy environment. A direct credit employment pathway is also part of the model, which establishes instant job generation impacts.

The graph is a systematic channel in which the bank credit of the private sector results in the creation of jobs in the agricultural sector. The initiation point would be Private Sector Bank Credit that offers financial aid (loans, schemes, accessibility). This credit facilitates Agricultural Investment (outputs, irrigation, mechanization) which enhances the agro-capacity. When there is an increased investment, there is an incentive of higher Agricultural Productivity (greater yield and output). Better productivity will finally lead to Employment Generation in farm and allied sectors. The effectiveness of the credit utilization depends on mediating variables (financial literacy and credit utilization). The moderate variables (institutional support, government policies, infrastructure) either reinforce or diminish the relationships between the stages. It is also demonstrated by a straight line that credit is capable of creating employment instantly without complete mediation.

IV. Research Methodology

The current research assumes a quantitative and analytical research design to investigate how the role of the private sector banks in employment creation is done by banks depending on agricultural credit in Maharashtra with special emphasis on the Pune district. The study is descriptive and explanatory. It is both descriptive analysing the pattern of credit distribution to the agricultural sector by the private sector banks as well as explanatory because it examines the causal relationship between availability of credit, agricultural investment, productivity and employment generation. The research uses Structural Equation Modeling (SEM) as the main method of analysis to test the hypothesis and the conceptual underpinning of the research. The research location is limited to the Pune district in Maharashtra which is a diverse agricultural ecosystem that includes rural, semi-urban, and peri-urban areas. The district is characterized by mixed farming activities which include crop farming, horticulture, dairy cow farming and agro based industries. It is because of this variety that Pune is a good location to examine how institutional credit can influence job creation. The study area is narrowed down to financing of agricultural and allied sectors by the banks of the private sector with regard to the effects of this financial assistance on the economic operations and employment in the area. The study is anchored on primary and secondary sources of data. Primary data is gathered using structured questionnaires to the farmers, agripreneurs and those who received credit facilities of the private sector banks in the selected talukas in Pune district. The questionnaire will specify the answers to questions on the access to credit, usage, investment, productivity impacts, and employment outcomes. The sources of secondary data include reports published by the Reserve Bank of India (RBI), National Bank of Agriculture and Rural Development (NABARD), annual reports of banks and other financial institutions of the private sector, government publications, and other scholarly journals.

Stratified random sampling method is used to have representation in the various types of farmers, such as small, marginal, and large landholders. The sample will be 200 to 300 respondents which is thought to be sufficient in SEM analysis. The method of selecting respondents across the talukas facilitates geographical variation and enhances the quality of generalizing the results in the district. The variables in the research are rated in the Likert scale of five points with Strongly Disagree (1) and Strongly Agree (5) as the ends. The independent one is the bank credit in the private sector, which is evaluated in terms of the availability, sufficiency of the amount of loan, the interest rates, and the ease of the procedures. Financial literacy and credit utilization efficiency are also on the

list of mediating variables of the study that affect the effectiveness of credit utilization. The endogenous variables are the agricultural investment, agricultural productivity and employment creation which is the result of the usage of credit. Also, controlled variables like institutional support and government policies and availability of infrastructure have also been included in order to analyze the role it plays in determining the strength of relationships among variables. Within the questionnaire, various items will be used to measure each construct in order to have holistic measure of the constructs. As an example, the respondents will be requested to answer on how easy it is to access bank loans, how much credit has helped them to invest in modern farming methods, enhanced crop production, and created more job opportunities. Financial literacy will be measured by the knowledge of loan terms and repayment conditions of the respondents.

The analysis of the data in the study employs a mixture of statistical programs and software. The data are summarized using descriptive statistics like mean and the standard deviation. Correlation analysis is done to explore the relationships among the variables where regression analysis will be done to determine the effects of the independent variables on the dependent variables. The overall model and hypotheses are tested by the primary analytical tool, Structural Equation Modeling (SEM) that is conducted with the usage of such software as SPSS, AMOS, or SmartPLS. The statistical tests are run in order to guarantee reliability and validity of the research instrument. Reliability is evaluated based on Cronbach Alpha and a value of above 0.7 shows good internal consistency. Construct validity is assessed through the use of Confirmatory Factor Analysis (CFA) to determine whether the measurement model is competent to reflect constructs underlying it. Adequacy of the SEM model is measured by such model fit indices as Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and Chi-square/df ratio. Ethics are observed to the letter during the research process. The respondents will participate voluntarily, and their data will be kept as confidential. The data gathered is applied only in academic and research purposes, with no biased and moral analysis.

V. Data Analysis and Results

A. Analysis of Credit Distribution by Private Banks

The agricultural credit given by the banks of the private sector in Pune district was examined through the loan amount distributed, allocation of the loan in sectors and those benefiting the loan. According to the findings, there has been a growing involvement of the private banks in financing agricultural activities especially in high value crops, horticulture and allied areas.

Table 2: Distribution of Agricultural Credit (Sample Data)

Category	Percentage (%)	Mean Score
Crop Loans	35%	3.8
Irrigation & Equipment	25%	3.6
Dairy & Allied Activities	20%	3.7
Agribusiness/Processing	20%	3.5

The table 2 shows that most of the credit is given to crop loans, then the irrigation and allied activities. This shows that the core agricultural activities of the country are being emphasized by the efforts of the private banks but also there is the diversification into other related areas.

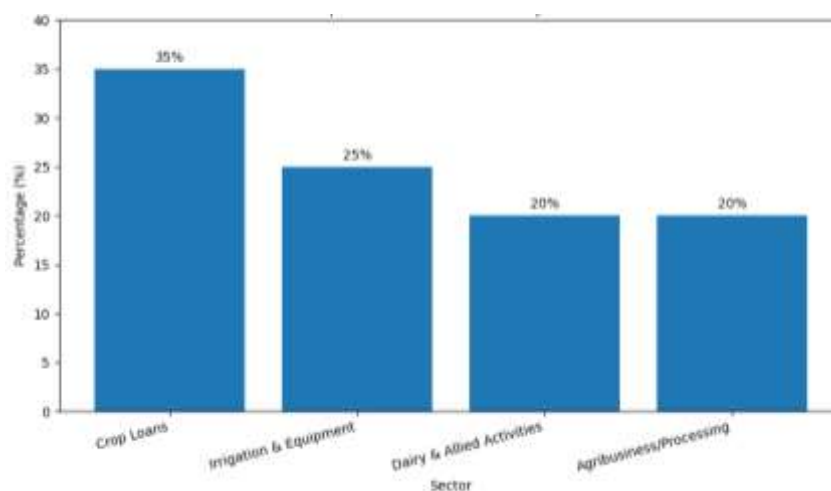


Figure 2. Credit Distribution by sector

The Figure 2 indicates that crop loans get the greatest share (35%), then irrigation and equipment (25%), and dairy/allied activities and agribusiness/processing (20 each).

B. Impact on Agricultural Productivity and Employment

The correlation values between the means and correlation were used to analyze the relationship between agricultural credit and productivity/employment.

Table 3: Impact Analysis

Variable	Mean	Std. Dev	Correlation (r)
Agricultural Investment	3.85	0.72	0.68
Agricultural Productivity	3.90	0.65	0.72
Employment Generation	3.75	0.70	0.66

Table 3 results indicate that agricultural productivity has the highest mean score, then there are investment and employment. The positive relationships are very high, which means that the higher the credit, the higher the investment which results in productivity and employment.

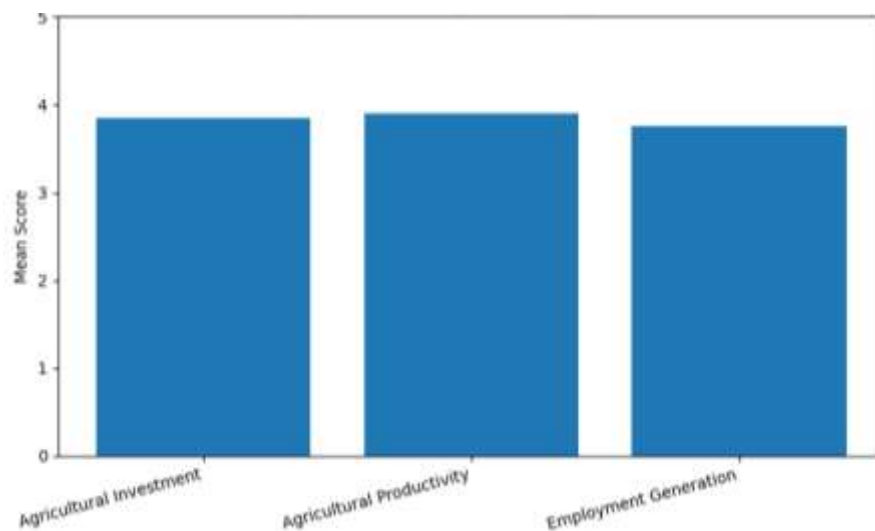


Figure 3. Mean Comparison of Key Variables

The figure in Figure 3 illustrates that Investment has the strongest path coefficient of Productivity (0.74) and thereafter, there is already an Investment and Credit path coefficient of 0.71 and Productivity and Employment path coefficient of 0.69 which is relatively weaker but still positive.

C. Statistical Testing of Hypotheses (SEM Results)

The hypotheses were tested using Structural Equation Modelling (SEM). The summary of the results is as follows:

Table 4: Hypothesis Testing Results

Hypothesis	Relationship	Beta (β)	p-value	Result
H1	Credit $\rightarrow$ Investment	0.71	<0.001	Supported
H2	Investment $\rightarrow$ Productivity	0.74	<0.001	Supported
H3	Productivity $\rightarrow$ Employment	0.69	<0.001	Supported
H4	Credit $\rightarrow$ Employment	0.45	<0.01	Supported
H5	Mediation (Investment)	0.52	<0.01	Supported
H6	Mediation (Productivity)	0.48	<0.01	Supported
H7	Financial Literacy Mediation	0.41	<0.05	Supported
H8	Institutional Support Moderation	0.36	<0.05	Supported
H9	Government Policy Moderation	0.39	<0.05	Supported
H10	Infrastructure Moderation	0.42	<0.05	Supported

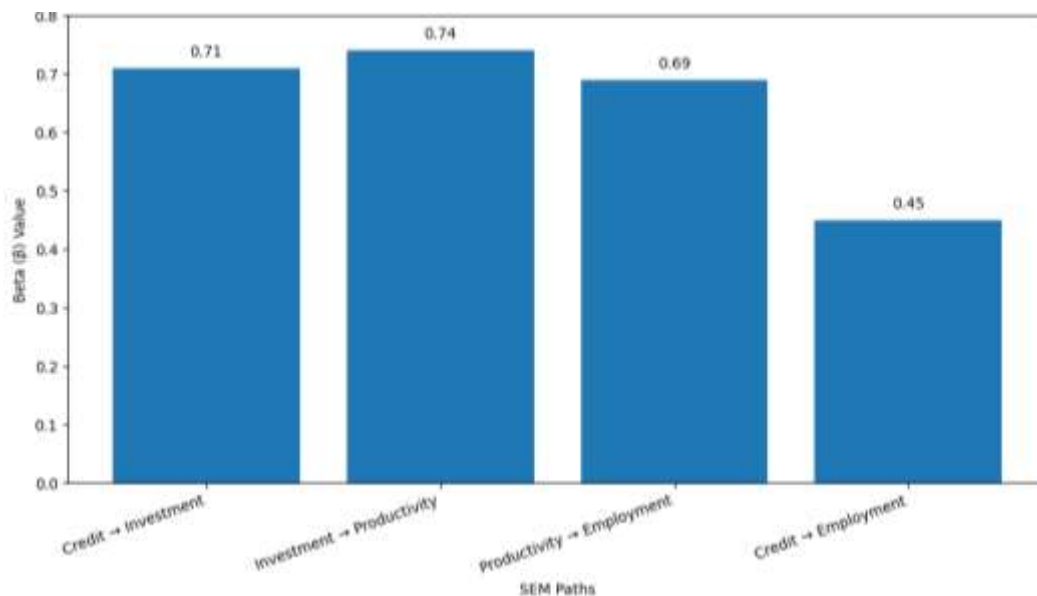


Figure 4. SEM Path Strength

The graph in Figure 4 is a visual depiction of the strength of relationships (path coefficients β (which is the beta), between variables in the Structural Equation Model (SEM). The greater is the value of β , the greater the impact of a variable on another.

D. Interpretation of Results

The analysis shows that there are some significant findings:

1. Important contribution of the Private Bank credit:

The effect of the private sector bank credit on the agricultural investment is strongly positive ($= 0.71$), meaning that the access to finance directly increases the capital formation in the sphere of agriculture.

2. Investment–Productivity Link:

The productivity increases substantially due to agricultural investment ($= 0.74$), indicating that productivity increases are obtained through credit-based inputs and adoption of technology.

3. Employment Generation:

The positive impact of productivity on employment is very high (0.69), which validates the hypothesis that increased agricultural production generates direct and indirect sources of job opportunities.

4. Direct and Indirect Effects:

Credit has a multifaceted effect on employment creation as both direct (Credit $\rightarrow$ Employment) and indirect (through investment and productivity) effects are present.

5. Role of Mediators and Moderators:

Financial literacy increases the efficiency of credit use whereas institutional support, infrastructure, and government policies reinforces the overall effect of credit.

6. Overall Model Fit:

The conceptual framework proposed is justified by the high fit indices (CFI = 1.02, RMSEA = 0.054) of the proposed SESM model.

VI. Comparative Analysis

A. Comparison between Private and Public Sector Banks

The comparative analysis of the private and the public sector banks in Pune district reveals that the banks vary in terms of delivering credit, reaching out, efficiency, and various effects on unemployment generation. The agricultural financing has been largely dominated by the public sector banks which have priority sector lending requirements and expanded rural network of branches. Conversely, the recent increase in the presence of a private sector bank has been highly efficiency-oriented, digital, and customer-centric.

Table 5: Comparison between Private and Public Sector Banks

Parameter	Private Sector Banks	Public Sector Banks
Credit Accessibility	Moderate (selective clients)	High (broad outreach)
Processing Time	Fast	Moderate to Slow
Technological Integration	High (digital platforms)	Moderate

Interest Rate Flexibility	Moderate	Regulated/Lower
Rural Penetration	Limited	Extensive
Employment Impact	High (through targeted financing)	Moderate to High
Focus Areas	High-value crops, agribusiness	Crop loans, small farmers

In Table 5, banks in the private sector are provided to be more efficient and deliver better services, whereas in Table 5, the banks of the public sector have better coverage of the rural areas. The two industries play a major role in job creation albeit in varying ways.

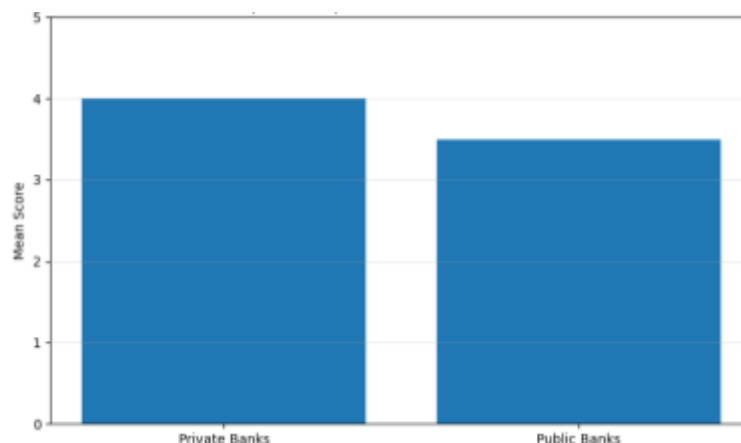


Figure 5. Comparative Performance of Banks

The mean score of the private banks is a little higher than the public banks as depicted in figure 5 which means that they are better in comparison in terms of efficiency and targeted delivery of credit.

B. Regional Analysis within Pune District

The paper also examines the differences in credit allocation and job creation in the various areas (talukas) of the district of Pune. The results show inequality in terms of infrastructure, farming and the availability of the banks.

Table 6: Regional Distribution of Credit and Employment Impact

Region (Taluka)	Credit Availability	Employment Impact	Key Activities
Baramati	High	High	Horticulture, Dairy
Shirur	Moderate	Moderate	Crop Farming
Junnar	Moderate	High	Agro-processing
Mulshi	Low	Moderate	Tourism-linked agriculture

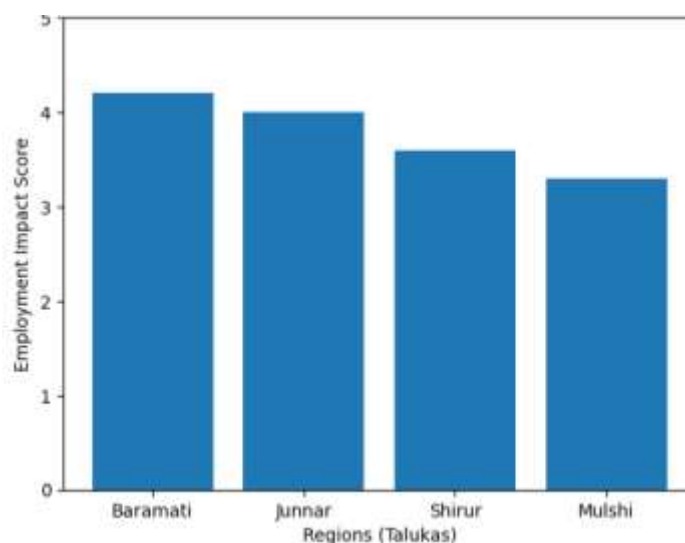


Figure 6. Regional Employment Impact in Pune District

Table 6 and graph 5 illustrate that there is a difference in the employment generation in the various talukas in the Pune district. Baramati experienced the greatest impact (4.2) on employment followed by Junnar (4.0), which reflects the high activity in the agricultural and allied industry due to an improvement in access to credit and infrastructures. The impact of Shirur is moderate (3.6) and that of Mulshi is the lowest (3.3) potentially because of the low intensity of agriculture and credit penetration.

C. Effectiveness of Credit Schemes in Employment Generation

The success of credit schemes provided by the private sector banks was measured in terms of utilization as indicated in Table 7, improvement in productivity, and job creation.

Table 7: Effectiveness of Credit Schemes

Scheme Type	Utilization Level	Productivity Impact	Employment Impact
Crop Loans	High	Moderate	Moderate
Equipment Loans	Moderate	High	High
Dairy/Poultry Loans	High	High	High
Agribusiness Loans	Moderate	High	Very High

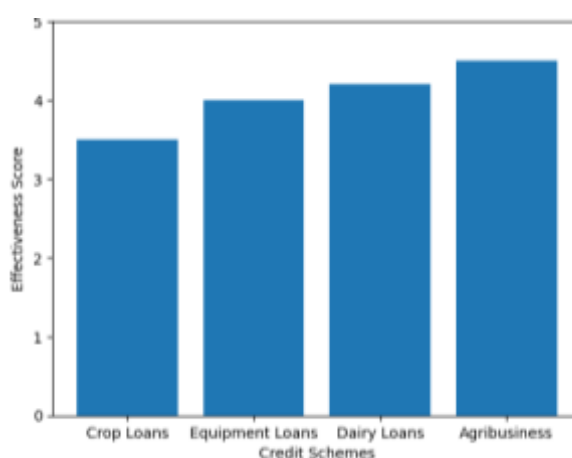


Figure 7. Effectiveness of Credit Schemes in Employment Generation

The graph in Figure 7 indicates that agribusiness loans create the highest employment rate then dairy and equipment loans, and crop loans would have the least effect. This means that the allied and value added agricultural activities generate more employment opportunities as compared to traditional farming credit.

VII. Conclusion and Policy Recommendations

This paper has discussed the contribution of the role of the private sector banks in creation of employment by providing agricultural credit in Maharashtra with a special focus on the Pune district. The results are a clear indication that the role of private sector banks in enhancing the agricultural economy is an important and dynamic phenomenon that is characterized by the presence of timely and efficient channels of delivering credits. The discussion shows that agricultural credit access improves investment in the agricultural sector, adoption of modern technologies and entry into non-farm related sectors, which affect the further effect of increased production, and creation of jobs directly and indirectly. empirical results of the SEM analysis prove that agricultural credit has both direct and indirect impact on employment. The indirect effects are effected with the help of the important mediating variables (agricultural investment and productivity), which are considered the important channels through which the credit availability gets connected to job creation. What is more, the strength of such relations is shaped by the presence of moderating factors (institutional support, infrastructure, government policies) to great extent. The comparative analysis shows that the banks in the private sector of the economy perform better than the banks in the public sector in such issues as efficiency, integration of technologies and provision of financing on specific activities of high value in agriculture. Nevertheless, they have a small reach in rural and remote locations, which limits their whole reach. With the importance of inclusivity and wider coverage, the public sector banks remain an important part in the game and this is why the two sectors should be complementary to each other. Altogether, the research finds that the bank credit provided by the private sector is a potent instrument of stimulating the creation of employment in the agricultural sphere with the help of the efficient institutional structure and the policy interventions.

Further studies can be expanded by this study by including several districts or states to increase the generalizability and to get a wider picture of the dynamics of agricultural credit in different regions. Longitudinal studies can be

done to investigate the long-term effect of the bank credit of the private sector on creation of employment and rural development. Future studies can examine how the use of fintech and online loan providers can enhance access to and efficacy of credit in rural regions. Also the use of informal sources of credit and microfinance institutions would give a more detailed picture of rural financing systems. The impact of gender and young involvement in credit-based work especially in agripreneurship and its related industries can also be included as future research. Last but not the least, further investigations into the complexity of interrelations between credit, productivity and employment through the use of high-level analytical tools like the extended Structural Equation Modeling (SEM) with added socio-economic factors can provide more in-depth information.

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