

A STUDY ON EMPOWERING TAMIL NADU'S GREEN STARTUPS AND SIVAGANGAI'S AGRICULTURE THROUGH MERGED PUBLIC SECTOR BANKS

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ABSTRACT

The consolidation of Public Sector Banks (PSBs) in India emerges as a vital financial reform to enhance banking efficiency and extend credit accessibility. This study investigates how the merged PSBs can empower green startups in Tamil Nadu and promote agricultural development in Sivagangai district by overcoming credit constraints and fostering sustainable practices. Employing a mixed-method approach that includes surveys among green entrepreneurs and farmers alongside secondary data analysis, the research reveals significant improvements in loan accessibility and processing efficiency post-merger. However, remarkable disparities persist in financial literacy and scheme uptake, especially among Sivagangai's agricultural communities. The study emphasizes the need for sector-specific financial products, digital literacy enhancement, and policy frameworks facilitating inclusive banking to stimulate environmentally sustainable entrepreneurship and resilient agriculture in Tamil Nadu.

KEYWORDS: Public Sector Bank Mergers, Green Startups, Agricultural Finance, Sivagangai, Financial Inclusion, Sustainable Development, Tamil Nadu, Entrepreneurship, Rural Economy, Digital Banking.

INTRODUCTION

The ongoing restructuring of Indian Public Sector Banks (PSBs) through mergers aims to consolidate resources, elevate operational efficiency, and bolster financial inclusion. Tamil Nadu's dynamic industrial landscape and robust agrarian sector, particularly in regions like Sivagangai, represent fertile grounds for leveraging these reforms to advance environmentally sustainable startups and modernize agriculture. Green startups contribute to the state's alignment with sustainable development goals by introducing innovative technologies that reduce environmental impacts. Conversely, Sivagangai's agriculture, influenced by semi-arid conditions and infrastructural challenges, faces persistent limitations in credit access and modernization. Studies acknowledge that credit availability and financial infrastructure play crucial roles in agricultural productivity and startup success. This paper explores how merged PSBs in Tamil Nadu can catalyze green entrepreneurship and revitalize Sivagangai's agriculture, aiming to bridge financial gaps and promote inclusive growth.

REVIEW OF LITERATURE

Financial consolidation through bank mergers has been positively associated with increased operational efficiency and tailored lending strategies—beneficial for MSMEs and agricultural sectors. Research on Tamil Nadu's startup ecosystem highlights a notable financing gap in clean technology ventures, underscoring unmet capital needs for green entrepreneurship. Agricultural productivity in semi-arid regions like Sivagangai is sensitive to credit constraints, impacting inputs procurement and crop management, as evidenced during COVID-19 disruptions where delays in input availability led to yield losses in key crops like rice and bananas. Digital financial inclusion post-merger has improved rural outreach, yet adoption is hindered by digital literacy deficits and complex loan processes among farmers. Indigenous farming practices and sustainable pest control, although underexplored, offer complementary strategies that could be integrated through financial support to enhance agricultural resilience. Collectively, the literature affirms that merged PSBs have the potential to underpin sustainable economic development by improving access to sector-specific financial products and fostering rural innovation.

Statement of the problem

Tamil Nadu's green startups and Sivagangai's farmers continue to confront credit inadequacies and limited banking service accessibility despite the merger of PSBs. Sector-specific credit schemes tailored to environmental entrepreneurship and small-scale agriculture

remain underdeveloped or poorly disseminated. Farmers face challenges due to financial illiteracy, insufficient awareness of government loan schemes (e.g., Kisan Credit Card and NABARD-linked loans), and slow digital adoption. Moreover, processing delays and collateral demands further constrain startup growth and farm modernization. This study addresses the central question: How can the merged PSBs optimize banking services and financial products to empower environmentally sustainable startups and agricultural communities in Tamil Nadu's underdeveloped regions?

Objective of the study

1. To analyze the effects of merged public sector banks on financial access for green startups in Tamil Nadu.
2. To assess the influence of merged PSBs on agricultural financing and operations in Sivagangai district.
3. To evaluate the role of digital banking and financial inclusion in rural and semi-urban Tamil Nadu.
4. To propose policy recommendations that support environmentally focused entrepreneurship and sustainable agriculture through banking reforms.

Research Methodology

A mixed-method approach was utilized, combining quantitative and qualitative data collection. Primary data comprised structured questionnaires administered to 50 green startup founders across Tamil Nadu and 100 farmers from Sivagangai district. Secondary data sources included Reserve Bank of India reports, Tamil Nadu Startup and Innovation Mission (TANSIM) publications, and government banking statistics. Quantitative data analysis involved descriptive statistics evaluating loan access changes pre- and post-bank mergers, while thematic analysis interpreted qualitative insights on financial literacy and scheme awareness. Triangulation of data sources enhanced the study's validity and reliability.

Effects of Merged PSBs on Financial Access for Green Startups in Tamil Nadu

Merged PSBs in India have undergone consolidation to realize economies of scale, operational efficiency, and expanded outreach. Empirical observations indicate that credit access for green startups—defined as enterprises engaged in sustainable technologies like renewable energy, water conservation, and sustainable agriculture—improved measurably post-merger. Survey data revealing a 64% increase in loan sanction rates for green startups post-merger underscore this trend. The reduction of bureaucratic delays and enhanced risk

assessment capacity through consolidated balance sheets contribute positively to this outcome.

Nonetheless, green startups face persistent challenges stemming from the lack of tailored financial products that accommodate the high initial risk and longer gestation periods typical of this sector. Nearly half of surveyed green entrepreneurs highlighted that loan terms remain insufficiently calibrated to their risk profile or cash flow patterns. This gap suggests an opportunity for merged PSBs to innovate by designing sustainability-linked loans, credit guarantees, and concessional interest schemes specifically for green startups to close financing gaps.

Influence of Merged PSBs on Agricultural Financing and Operations in Sivagangai District

Sivagangai, being characterized by semi-arid agro-climatic conditions and reliance on smallholder farming, benefits from improved access to formal credit facilitated by the merged PSBs. Post-merger reductions in average loan processing time by 35% and a 20% uptick in awareness and uptake of Kisan Credit Card (KCC) schemes illustrate more responsive banking services. However, practical on-ground constraints impede maximal impact: farmers report limited availability of loan officers with agricultural expertise and difficulties negotiating collateral requirements.

The COVID-19 pandemic further exposed vulnerabilities in agricultural input supply chains, driving farmers toward more local and organic inputs due to chemical fertilizer shortages (46%) and biofertilizer scarcity (30%). This shift indicates that access to customized credit allowing investment in indigenous sustainable practices, such as tribal pest control documented in Tamil Nadu, could improve agricultural resilience. With merged PSBs holding enhanced financial capacity, integrating such targeted credit schemes with advisory services could improve yields and income stability.

Role of Digital Banking and Financial Inclusion in Rural and Semi-Urban Tamil Nadu

Digital banking adoption stands at 71% among green entrepreneurs but lags at 39% among farmers in Sivagangai, reflecting infrastructural deficits and digital literacy barriers in rural zones. The inequities in digital inclusion hampered the uptake of government schemes and financial benefits during crises such as the COVID-19 pandemic, as microfinance borrowers in Tamil Nadu turned to informal financial systems when formal infrastructures

faltering. Financial inclusion is positively influenced not only by access but also by quality and awareness, with studies highlighting that literacy and demographic factors significantly impact uptake.

In addition, community-specific barriers—such as linguistic diversity, age-related technology adoption gaps, and infrastructural deficits like inconsistent internet connectivity—substantially constrain the digital banking divide. Overcoming these requires comprehensive financial and digital literacy programs tailored for rural farmers and entrepreneurs, alongside physical infrastructure investments.

Policy Recommendations

Develop Sector-Specific Green Financing Products

Merged PSBs should innovate loan portfolios to include sustainability-linked loans, credit guarantee facilities for green startups, and concessional terms for startups demonstrating environmental benefits. Collaboration with government and multilateral agencies can subsidize initial credit risk.

Strengthen Agricultural Credit with Technical Integration

Introduce credit products supporting indigenous sustainable agriculture, including organic inputs and tribal pest control methods proven effective in Tamil Nadu. Training loan officers in agricultural best practices and deploying agri-finance specialists at the branch level will foster trust and better risk assessment.

Enhance Digital Infrastructure and Literacy

Invest in expanding rural broadband infrastructure and design financial literacy schemes tailored to farmers' socio-economic contexts. Mobile banking training and simplified app interfaces with vernacular support can improve digital banking uptake.

Streamline Banking Procedures and Outreach

Simplify documentation processes, reduce collateral burdens by adopting alternate credit risk assessment tools, and employ mobile banking vans or rural financial literacy camps to actively engage remote communities.

Facilitate Public-Private Partnerships

Leverage partnerships among merged PSBs, startups, NGOs, agricultural extension services, and government programs like Tamil Nadu Startup and Innovation Mission (TANSIM) to build integrated ecosystems supporting sustainable enterprises and farming communities.

Data Analysis and Interpretation

Indicator	Before Merger (%)	After Merger (%)
Easy Loan Disbursal	38	67
Collateral-free Credit Access	22	55
Average Loan Processing Time (days)	45	20

Green startup respondents reported a significant acceleration in loan approval and disbursal after the PSB mergers, facilitating access to funds such as the SIDBI Green Fund, which supports environmentally sustainable entrepreneurship. Improved customer relations and branch digitization contributed to these gains.

Financial Scheme Awareness among Sivagangai Farmers	Heard of Scheme (%)	Availed Scheme (%)
Kisan Credit Card (KCC)	78	62
PM Kisan Samman Nidhi	91	89
NABARD Linked Loans	36	17

Despite relatively high awareness of flagship government schemes, the actual uptake was comparatively lower, especially for NABARD-linked loans due to procedural complexity and low financial literacy. Challenges such as cost of inputs during COVID-19 also negatively influenced profitability and investment willingness among farmers.

CONCLUSION

The amalgamation of Public Sector Banks in Tamil Nadu has enhanced financial infrastructure, enabling easier loan access and faster processing, which critically benefits green startups aiming for sustainable innovation. Nonetheless, the agricultural community in Sivagangai continues to face substantial barriers related to financial literacy and scheme utilization, indicating that merger benefits have not been fully realized in rural sectors. Enhancing awareness programs, simplifying application procedures, and introducing sustainability-linked credit products tailored for smallholder farmers could bridge these gaps. Further, leveraging digital banking with targeted financial education campaigns is essential to foster inclusiveness. Policy reforms encouraging collaboration among banks, government bodies, and private stakeholders can effectively promote green entrepreneurship and

agricultural modernization, thus driving Tamil Nadu's transition to a sustainable rural economy.

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