



Constraint Analysis of Crop Loan System

Shashikant Divakar

M.sc (Ag) student, Department of Agricultural Extension, College of Agriculture, Rajendranagar, ANGRAU, Hyderabad 500 030

M. Jagan Mohan Reddy

Associate Professor, Department of Agricultural Extension, College of Agriculture, Rajendranagar, ANGRAU, Hyderabad 500 030

ABSTRACT

The present paper focused on enhancing the problems encountered by the farmers while obtaining and utilizing the crop loan. The study revealed that majority of the respondents (98.75%) had the problems like lengthy procedure to avail crop loan followed by insufficient crop loan amount (96.87%) and suggested to make provision of markets at village level (93.12%) followed by provision of crop loan in time (92.50%).

KEYWORDS : political party, Politics, Mobilization, Democra

INTRODUCTION

Agricultural credit has played a vital role in supporting farm production in India. Though the outreach and amount of agricultural credit have increased over the years, several weaknesses have crept in, which have affected the viability and sustainability of these institutions. Following the shift from cereal to non-cereal products, a silent transformation is taking place in rural areas calling for diversification in agricultural production and value addition processes in order to protect employment and income of the rural population. Farmers are facing with many constraints while obtaining and utilisation of loan from financial institutions. There is need to tailor the crop loan system according to the needs and wishes of the farmers.

MATERIAL AND METHODS

Ex-post-facto research design was adopted for the study. The State of Bihar was selected purposively for the study. The Samastipur district of Bihar was selected randomly for carrying out the study. Two blocks (Pusa and Khanpur) of the district and from each block four villages were selected randomly. Thus, a total of eight villages were selected for the investigation. From each selected village 20 respondents were selected randomly thus constituting 160 respondents for the study. An interview schedule was developed incorporating various components of crop loan system and farmers asked to elicit the constraints on all the aspects of loan system while obtaining and utilising. They were also asked to list out the suggestions for better delivery of crop loan system.

RESULTS AND DISCUSSION

An attempt was made to identify the problems faced by the farmers at the time of obtaining and utilization of crop loan. It was observed from the Table 1 that, majority of the respondents (98.75%) expressed that there was lengthy procedure to avail crop loan followed by insufficient crop loan amount (96.87%), in case of crop failures, the recovery of loan period was not extended (90.62%), loan disbursement is not in time (80.62%), no technical guidance (66.87%), limited number of withdrawals (64.37%), high interest rate (63.12%), repayment was difficult, since farmers were not getting remunerative prices for their produce (61.87%), influence is required to get crop loan sanctioned and repayment period was not sufficient (55.62%), passbooks are retain at banks (36.87%), more interest rate charged for late repayment (31.87%) and non cooperation from bank staff (18.12%).

As the loan was sanctioned through several phases like verifying assets, assessing repayment capacity cross checking all the documents so the farmers felt it's a lengthy procedure. As the present sanctioned crop loan was not covering cost of cultivations of major crops. Respondents felt present interest rate for crop loan was higher because most of the respondents are small and marginal farmers. The crop loan is being given to the people who are from affluent section or close to the top brass of district administration. Most of the time crop loans are not disbursed during commencement of crop season, thereby the utility of the loan is in vain. Many of the times bank staff are not explaining the exact procedure of taking loan, type of insurance linkage to the loan in case

of crop failure and how best the crop loan can be used for the intended purpose.

It was observed from the Table 2 that, majority of the respondents (95.00%) suggested documentation should be simplified followed by provision on market facility at village level (93.12%), loan amount should be enhanced (91.25%), in case of crop failures, the recovery of loan period should be extended (84.37%), providing crop loan in time (75.00%), provision of technical guidance (63.75%), flexibility in the number of withdrawals (61.25%), interest rate should be low (60.62%), repayment period should be enhanced (53.12%), after sanction of loans, passbooks should be returned to borrowers (32.50%), reducing interest rate for late repayment (28.75%), incorporation of consumption loan along with crop loan (28.12%) and co-operation from bank staff (16.25%).

Major suggestions offered by the farmers to overcome the problems in obtaining and utilization of crop loan are simplification of documentation, providing village level market facility, enhancing the loan amount, extending the recovery of loan period, providing crop loan in time and providing technical guidance.

It is quite obvious that, the farmers could not understand the lengthy procedure and technicalities involved in filling of the applications and submitting the project for loan, hence it has to be simplified, establishing market facilities at village level not only enhance the marketing of products and also reduces expenditure on transportation. The present loan amount is not sufficient and not meeting the requirement of cost of production hence, it has to be improved. In case of failure of crop considering this as an exigency, the loan repayment period may be extended. The crop loan amount should be provided before commencement of season to procure all required inputs in time, the proper technical guidance on cultivation aspects from seed to seed may be extended to farmers to boost his production thereby, he could be able to easily repay the borrowed loan amount.

Conclusion:

The study highlighted that, majority of the respondents (98.75%) had the problems like lengthy procedure to avail crop loan followed by insufficient crop loan amount (96.87%) and suggested to make provision of markets at village level (93.12%) followed by provision of crop loan in time (92.50%).

Table 1. Problems perceived by the respondents while obtaining and utilization of crop loan n=160

S. No	Problem	Frequency	Percentage	Ranks
1.	Insufficient loan amount	155	96.87	II
2.	Higher interest	101	63.12	VII

S. No	Problem	Frequency	Percentage	Ranks
3.	Lengthy loan procedure	158	98.75	I
4.	Limited number of withdrawals	103	64.37	VI
5.	Influence is required to get crop loan sanction	89	55.62	IX
6.	Loans disbursement is not in time	129	80.62	IV
7.	Non-cooperation from bank staff	29	18.12	XII
8.	If crop fails, the recovery of loan period is not extending	145	90.62	III
9.	Repayment is difficult, since farmers not getting good rates for their produce	99	61.87	VIII
10.	Repayment period is not sufficient	89	55.62	IX
11.	No technical guidance	107	66.87	V
12.	More interest rate charged for late repayment	51	31.87	XI
13.	Passbooks are retain at banks	59	36.87	X

Table 2 Suggestions elicited by respondents to overcome the problems in obtaining and utilization of crop loan n=160

S. No	Suggestions	Fre-quency	Per-centage	Rank
1.	Loan amount should be enhanced	146	91.25	III
2.	Interest rate should be low	97	60.62	VIII
3.	Documentation should be simplified	152	95.00	I
4.	Flexibility in the number of withdrawals	98	61.25	VII
5.	Incorporation of consumption loan along with crop loan	45	28.12	XII
6.	Provide crop loan in time	120	75.00	V
7.	Co-operation from bank staff	26	16.25	XIII
8.	If crop failures, the recovery of loan period should be extend	135	84.37	IV
9.	Reduce interest rate for late repayment	46	28.75	XI
10.	Provide village level market facilities	149	93.12	II
11.	Provide technical guidance	102	63.75	VI
12.	Repayment period should be enhanced	85	53.12	IX
13.	After sanction of loans, passbooks should be returned to borrowers	52	32.50	X

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