Research Paper

Repayment Performance in Agriculture ; An Empirical Study

Management

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ABSTRACT
The present paper Explains the Repayment Performance In Agriculture sector in Nellore Districts of Andhra Pradesh.. We observed that the Repayment percentage of sample farmers is high in large farmers low in marginal farmers. The percentage of overdues was higher among the marginal farmers The percentage of defaulters are high in marginal farmers low in large farmers . The average amount per defaulter was more among the large farmers low among marginal

Introduction

the capacity of lending institutions to recycle funds, besides threatening One of the most disquieting features of the agricultural credit structure in India is the incidence of ever increasing overdues. The high level of overdues restricts the prospects of continued flow of external credit for agricultural development. A wide range of causes influence the level and the trends in overdues of the agricultural credit institutions. Although defaults are commonly attributed to adverse conditions, particularly droughts / floods, their basic causes lie much deeper and range from the non-viability of the agricultural occupation itself, in some cases, lack of the forward-backward linkages and infrastructural facilities and services which support agriculture, the socio-political environment in which the credit institutions are functioning, legal and government support available to the agricultural credit system, besides adverse weather conditions affecting the output of crops, particularly in the rainfed areas. These are external causes over which the credit institutions have little or no control and for their mitigation they have to depend entirely on the government and its agencies. The other causes of overdues which are internal to the credit institutions themselves are inadequate supervision over credit, unsatisfactory management and unsound lending policies and procedures. The distribution of total demand, repayment and overdues in different categories of the sample beneficiaries are presented in Table1.

Objectives of the Study

To study the repayment performance of the sample beneficiaries in Nellore district of Andhra Pradesh.

Methodology and Sampling

The 63 branches of Pinakini Grameena Bank, in Nellore district, A random sampling of 10 per cent of the total branches namely 6 branches in all was taken, representing 3 branches from each group.

200 farmers who borrowed loans from the bank during 2013-14 are selected randomly with probability proportional to the size sampling method (PPS sampling method) from the 6 sample branches and pre-tested schedules were canvassed among them and the relevant data was collected.

The farmer beneficiaries of the study have been classified into four, as the following:

1. Marginal Farmers: Farmers who have 2-5 acres of wet land or 5 acres of dry land.
2. Small Farmers: Farmers who have 2-5 to 5 acres of wet land or 5 to 10 acres of dry land.
3. Medium Farmers: Farmers who have 5 to 10 acres of wet land or 10 to 20 acres of dry land.
4. Large Farmers: Farmers who have 10 acres of wet land or 20 acres and above of dry land.

Collection of Data

The study is based on both primary and secondary data. The primary data is collected from the sample beneficiaries through a structured questionnaire. The secondary data is collected from the publications of Regional Rural Bank, National Bank for Agricultural and Rural Development, Annual Reports of Pinakini Grameena Bank, Nellore, text books, journals and newspapers.

Tools of Analysis

The data collected has been analysed using appropriate statistical tools such as ratios, percentages, linear and compound growth rates, analysis of variance (ANOVA) and t-values.

Scope and limitations of the study

This study is confined to six branches and 200 borrowers of Pinakini Grameena Bank in Nellore District. The operational area of this Bank in Prakasam district is not taken into consideration, as a measure of convenience. However the branches and beneficiaries chosen as sample are fairly representative of their counterparts. Therefore the findings made and conclusions drawn at the end of the study would be reliable.

The study is area specific and covers only Pinakini Grameena Bank finance for Agriculture. The primary data is collected directly from the farmers, who were asked a series of questions for which answers were elicited orally from them and recorded immediately. The list of questions asked – that is the questionnaire is appended at the end of this study. This procedure had to be adopted, though this could be regarded as a limitation as the majority of the beneficiaries are either illiterates or of low level of education. However the study does throw some light on certain broad features of Indian Agriculture and Institutional Finance and therefore its findings and suggestions are very likely to be useful in policy formulation.

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Table-1

Distribution of Total Demand, Repayment and Overdues in Different Categories of Farmers

S. No.	Category	Total demand Rs.	Repayment Rs.	Overdues Rs.	Percentage of repayment	Percentage of overdues
1.	Marginal farmers	3,65,000	1,38,700	2,26,300	38	62
2.	Small farmers	8,48,000	4,57,920	3,90,080	54	46
3.	Medium farmers	11,75000	7,75,500	3,99,500	66	34
4	Large farmers	15,37,000	11,52,750	3,84,250	75	25
	Total	39,25,000	25,24,870	14,00,130	64	36

Source: Field data.

Table-1 reveals that the total demand from all categories of farmers was Rs. 39,25,000. Out of which the farmers were paid only Rs.25,24,870. The overdues were Rs.14,00,130. The repayment percentage was more by the large farmers (75 percent) followed by the medium farmers (66 percent) small farmers (54 percent) and marginal farmers (38 percent). The percentage of overdues was higher among the marginal farmers (62 percent) followed by the small farmers (46 percent), medium farmers (34 percent) and large farmers (25 percent).

Table-2

ANOVA for Distribution of total Demand, Repayment and Overdues

Source of variation	Degree of freedom (d.f)	Sum of squares (SS)	Mean of squares (MS)	F Values	F. Critical value
Category of farmers	3	9.92E+11	3.31E+11	2.32*	4.066181
Error	8	1.14E+12	1.42E+11		

* 5 per cent level of significant

source : Table -1.

Table-2 shows that there is a significant difference between different categories of farmers with regard to total demand, recovery, and overdues at 5 per cent level significance in study areas.

Table- 3

Category wise Distribution of Defaulters

S. No.	Category	Total beneficiaries	No. of defaulters	Percentage of defaulters	Average amount per defaulter Rs.
1.	Marginal farmers	45	19	42	11,910
2.	Small farmers	97	30	31	12,583
3.	Medium farmers	33	10	30	13,317
4.	Large farmers	25	7	28	13,723
	Total	200	66	33	51,533

Source: Field data.

Table 3 shows that out of the 200 sample beneficiaries, 66 (33 per cent) were defaulters. The average amount defaulted by them was Rs.51,533. The percentage of defaulters of among the marginal farmers was 42 followed by the small farmers (31 per cent) medium farmers (30 per cent) and large farmers (28 per cent). The average amount per defaulter was more among the large farmers (Rs.13,723), followed by the medium farmers (Rs.13,317), the small farmers (Rs.12,583) and the marginal farmers (Rs.11,910). It may be noted that the amount defaulted per beneficiary increases when the size of the farm increases.

Table -4

Distribution of Defaulters and the Quantum of Defaulted Amount on the Basis of Category of Borrowing

Sl. No.	Amount of borrowing Rs.	No. of defaulters	Amount in default Rs.	Percentage of defaulters	Percentage of amount default Rs.
1	Below 10,000	13	1,17,600	20	8.39
2	10,000-20,000	25	5,85,300	38	41.82
3	Above 20,000	28	6,97,230	42	49.79
	Total	66	14,00,130	100	100

Source: Field data.

With a view to arriving at an estimate of overdues at the farm level, the distribution of defaulters and the quantum of default amount are presented in the following Table 4.

Table 4 indicates that the defaulted amount increased with the category of borrowing. In the below Rs.10,000 category, the percentage of defaulters was 20, and the percentage of the default amount was 8.39. In the Rs. 10000-20000 category there were 38 per cent of defaulters and the percentage of the default amount was 41.82. In the category above Rs.20,000, there were 42 per cent of defaulters and the percentage of the default amount was 49.79

Conclusion

In Andhra Pragathi Grameena Bank, the percentage of overdue is more among marginal farmers (62 per cent) then among other farmers . The percentage of repayment is high among large farmers with 75 per cent when compared to that of other farmers . the percentage of defaulters is high among marginal farmers(42 percent) in comparison with large farmers (28 percent), the default amount is high in above rs 20000 category of borrowing (49.79 percent) when compared to below rs10000 borrowing category of farmers (8.39 percent).

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