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# PROBLEMS FACED BY THE FARMERS IN GETTING AGRICULTURAL CREDIT

Commerce

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## ABSTRACT

Bank finance is an important engine of the growth for economic development in country. The resources at the command of Canara Bank must be effectively geared to the promotion of economic development in a developing manner, which also suffers from acute shortage of resources. In a planned economy, it is important that the allocation of bank credit must be in accordance with the priorities of the plan. It is recognized that agricultural development pre-supposes a greater flow of inputs as well as institutional and organizational reforms. Agricultural credit is one of the most crucial inputs in all agricultural development programmes.

## KEYWORDS

Agricultural loan, Canara Bank, Banking Sector

## INTRODUCTION

An average Indian farmer, who has to work on an uneconomic holding using traditional methods of cultivation and being exposed to the risks of a poor agricultural season is almost always in debt. He is a perennial debtor. Once the farmer falls into debt due to crop failure or low prices of crops or malpractices of moneylenders he can never come out of it. In fact, large part of the liabilities of farmers is 'ancestral debt'. Thus, along with his landed property, he passes on his debt to the next generation.

## REVIEW OF LITERATURE

Surjith Kumar and Bhagavathi (2014) investigated the Problems of Rural Branch Management of Commercial Banks in India. He reported that agriculture financing was faced with problems like poor awareness of farmers about bank schemes, improper use of credit, recurring tendencies of flood, unsatisfactory records of land or tenancy rights, inadequate irrigation facilities and small holdings.

Narayana (2011) made an attempt to analyse the problems of agricultural loans and it is observed that there are certain bottlenecks in the free flow of credit. The requisite credit is not available to the farmers. The procedure relating to the submission of applications for loans with the certificate of ownership of land or legal possession seem to cause hardships to the loanees. In the case of long term loans the land value is under assessed and the beneficiary has to go to many offices or persons to get a loan. There are rigid rules and regulations which hinder the immediate disbursement of loan.

## OBJECTIVES OF THE STUDY

To identify the problems faced by the farmers in getting agricultural credit.

## PROBLEMS OF AGRICULTURAL CREDIT

There are lots of problems that associates a farmer when it comes to finance. Some of them includes.

1. Lots of farmers are deprived by the agriculture loan from banks, despite the government's declaration of easy loan schemes.
2. The agricultural processes like irrigation, harvesting, threshing, tilling, these all operations require money, which every farmers cannot afford to pay.
3. Most of the farmers in rural areas cannot afford to pay for the manpower to assist them in their field work. It is why they leave their land barren.
4. The government of most of the developing nations do not provide subsidies for the product that farmers grow. Due to which when loss occurs, there occurs a great deal of financial loss.
5. There is also no fixed price categories of the products. Like fixed price for vegetables, dairy, fruits and so on. Farmers are forced to sell their agricultural products in a cheap and easy rates which are later multiplied by the middle agents, which are then sold to the markets in an excessive price ranges.
6. The agricultural operations requires inputs and other tools which are difficult for almost every farmers to purchase.

## ANALYSIS AND INTERPRETATION OF DATA

To identify the important problems faced by agricultural farmers, Ranking Technique is used to rank the problems. Ranks assigned by the agricultural farmers have been converted into score by using the following formula on the basis of Garrett's table.

**Table 1 Problems Faced By Agricultural Farmers- Garrett's Ranking Technique**

| S. No. | Problems | Total score | Mean score | Rank |
|---|---|---|---|---|
| 1 | High rate of interest | 29148 | 38.864 | 14 |
| 2 | More formalities for getting loan | 38557 | 51.409 | 2 |
| 3 | Ineffective crop insurance | 30527 | 40.703 | 10 |
| 4 | Lack of clear information | 30407 | 40.543 | 11 |
| 5 | Large number of farmers accounts | 30066 | 40.088 | 12 |
| 6 | More government procedure | 33081 | 44.108 | 7 |
| 7 | Too much of record maintenance | 36965 | 49.287 | 3 |
| 8 | Delay in sanctioning the loan | 41939 | 55.919 | 1 |
| 9 | Partiality in issuing loans | 33053 | 44.071 | 8 |
| 10 | Inconvenience to visit bank | 29282 | 39.043 | 13 |
| 11 | Fake advertisement | 35599 | 47.465 | 4 |
| 12 | Malpractice in getting government subsidy | 33771 | 45.028 | 6 |
| 13 | Long waiting time | 35534 | 47.379 | 5 |
| 14 | High service charges | 27821 | 37.095 | 15 |
| 15 | Poor Network | 37265 | 43.276 | 9 |

## CONCLUSION

This chapter deals in detail with the problems of agriculture farmers. The problems and satisfaction of sample farmers helps for success of effectiveness of agriculture development programme. Even though the Reserve Bank of India has been launching various schemes and providing subsidies to generate sufficient income various programme. Further in this chapter, an attempt has been made to analyse the problems faced by the agriculture farmers. The problems faced by farmers like various types of loan, purpose of loan and problems in getting loans. The agricultural activities determine the farmers empowerment. In order to identify the empowerment, the problems facing by the farmers have to be analysed. The farmers felt Delay in sanctioning the loan is the main problem of agriculture farmers among many problems.

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