



STRATEGIES FOR SUCCESSFUL IMPLEMENTATION OF CROP LOAN SYSTEM

Shashikant Divakar and M. Jagan Mohan Reddy

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

Email: agrico.divakar@gmail.com

ABSTRACT

Majority of the respondents had completely utilized the crop loan. There is a need to encourage the respondents who had partially utilized the crop loan to utilize maximum to get best results. Financial institutions supervision must be needed to prevent the diversion of crop loan for personal uses by farmers. Majority of the respondents had low socio-economic improvements after getting crop loan. It is highly desirable to encourage the farmers not only to take crop loan but also apply for medium and long term loans to establish agricultural and allied enterprises, which will help to improve their socio-economic conditions. The positive change in these aspects requires comprehensive and multifaceted initiatives both by the farmers and policy makers.

Key words : Strategies, implementation, loan system.

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.

MATERIALS 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

Majority of the respondents were old aged, possessed small farm holdings with very low annual income, partially repaid the crop loan, had low levels of education, socio-political participation, plant protection equipment status, farm implements and machinery status, extension contact and medium management orientation.

Since majority of the respondents were in low level with respect to most of the variables selected, efforts should be made to improve these attributes to higher level by creating enough infrastructure, developing resources, strengthening local bodies, panchayat raj institutions, revitalizing social organizations and energizing existing agricultural information centers.

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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
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	Frequency	Percentage	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

requires a comprehensive and multifaceted initiatives both by the farmers and policy makers.

The defect of crop loan system was reflected in the form of problems faced by the borrowers. Lengthy procedure of disbursement, insufficient loan amount, rigidity in loan repayment period, non-cooperation of bank staff etc. The right and practical way of addressing these issues would immensely help credit agencies to rectify their deficiencies and to improve their functioning as desired by their clientele.

This study will serve as a feedback to financial institutions and agricultural department because

findings indicated the effect of profile characteristics of the farmers on their extent of awareness on crop loan system, attitude and utilization of crop loan by the farmers.

There is need to strengthen the cooperative banking system in rural areas by infusing more resources. There is every need to simplify the crop loan disbursement system without following much technicalities and bureaucratic procedures. Government should ensure timely availability of good quality of inputs like seed, manure, plant protection materials by improving marketing infrastructure so that farmers could properly utilize the loan taken and repay

within the stipulated time. Government should make good provision of technical assistance from line departments for better utilization of crop loan. The role of panchyat raj institutions should be well defined and their areas of working should be well delineated to facilitate both the farmers and lending institutions for better implementation of crop loan system in the rural areas.

CONCLUSION

Majority of the respondents had completely utilized the crop loan. There is a need to encourage the respondents who had partially utilized the crop loan to utilize maximum to get best results. Financial institutions supervision must be needed to prevent the diversion of crop loan for personal uses by farmers. Majority of the respondents had low socio-economic improvements after getting crop loan. It is highly desirable to encourage the farmers not only to take crop loan but also apply for medium and long term

loans to establish agricultural and allied enterprises, which will help to improve their socio-economic conditions. The positive change in these aspects requires comprehensive and multifaceted initiatives both by the farmers and policy makers.

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