



## EXTENT OF AWARENESS OF FARMERS ON CROP LOAN SYSTEM

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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. It is to be noted that farmers have to get awareness on the formalities of applying, processing and borrowing the crop loan. In this connection the present paper focuses on analyzing the extent of awareness of farmers on crop loan system.

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. The variable extent of awareness was selected for the study, accordingly schedule was developed and data were collected from the farmers.

It was observed from the Table-1. that, majority of the respondents (42.50%) possessed medium awareness on crop loan system followed by low (30.00%) and high (27.50%) awareness on crop loan system. The reasons could be the application, processing and borrowing of crop loans was a bureaucratic procedure. The crop loan system was an institutional mechanism followed by the banks or cooperative societies. As majority of the respondents were small and marginal farmers, it was difficult for them to understand the intricacies involved and frequent changes adopted in crop loan system.

It was observed from the Table-2. rank ordering of statements on extent of awareness of farmers on crop loan system that, majority of the respondents were aware of crop loan (rank I) followed by aware about repayment period (II), about kisan credit card (III), present disbursement of crop loan is adequate (IV), about interest rate (V), tenant farmers can also take crop loan (VI), about discount on interest rate in case of timely repayment of loan (VII), about bank is taking simple interest rate (VIII), limit of crop loan amount in kisan credit card scheme (IX) and about Differential Interest Rate (DIR) scheme (X).

The ranking of statements on extent of awareness of farmers on crop loan indicates that, the statements like awareness on crop loan system, repayment period, awareness on kisan credit card, adequacy of crop loan disbursed and awareness on existing interest rate are ranked 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> respectively. Whereas the statements like awareness on DIR scheme, limitation of crop loan amount in KCC scheme, prevalence of having discount on interest rate in case of timely repayment of loan and facility for the tenants farmers to avail the crop loan were ranked 10<sup>th</sup>, 9<sup>th</sup>, 8<sup>th</sup>, 7<sup>th</sup> and 6<sup>th</sup> respectively.

As the crop loan is acting as an instrument in capital investment, the farmers had complete awareness on crop loan. Moreover, every reasonably experienced farmer in farming knows the existence of the crop loan system disbursed by the banks or cooperative societies. Every lending bank or society clearly states the repayment period of loan while disbursement and also the government has given wide

**Table-1:** Distribution of respondents according to their extent of awareness on crop loan system. n=160

Extent of awareness	Frequency	Percentage
Low (7-11)	48	30.00
Medium (11-15)	68	42.50
High (15-19)	44	27.50

**Table-2** : Rank ordering of the statements on extent of farmers' awareness on crop loan system. n=160

S. No.	Statement	Yes		No		Total score	Mean score	Rank
		F	%	F	%			
1.	Are you aware of crop loan	160	100.00	00	00.00	320	2.00	I
2.	Do you think present disbursement of crop loan is adequate	113	70.62	47	29.37	273	1.70	IV
3.	Are you aware about interest rate	107	66.87	53	33.12	267	1.66	V
4.	Are you aware about Kisan Credit Card (KCC)	123	76.87	37	23.12	283	1.76	III
5.	Are you aware about discount on interest rate in case of timely repayment of loan	71	44.37	89	55.62	231	1.44	VII
6.	Are you aware about limit of crop loan amount in KCC scheme	37	23.12	123	76.87	197	1.23	IX
7.	Are you aware bank is taking simple interest rate in KCC scheme	47	29.37	113	70.62	207	1.29	VIII
8.	Are you aware that tenant farmers can also take crop loan	81	50.62	79	49.37	241	1.50	VI
9.	Are you aware about repayment period of crop loan	128	80.00	32	20.00	288	1.80	II
10.	Are you aware about Differential Interest Rate (DIR) scheme	25	15.62	135	84.37	185	1.15	X

publicity about the modalities and benefits of using the KCC. Hence, farmers had good awareness on these aspects. The farmers were habituated to adjust with the loan granted by financial institutions to meet their farming expenses and also they had clear idea on the interest rate to be levied as it was clearly specified in the loan disbursement deed.

## CONCLUSION

The study revealed that majority (42.50%) of the farmers had medium extent of awareness. Regarding rank ordering of the statements maximum of them had high awareness on crop loan system followed by repayment period, Kisan Credit Card, adequacy of the present disbursement of the crop loan, interest rate and eligibility of the tenant farmers to avail the crop loan.

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