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Constraints faced by the farmers in obtaining and utilization of loan

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Abstract

The present study entitled "Formal and Informal credit utilization pattern by the small farmers" was undertaken in Buldhana district of Vidarbha region of Maharashtra state. The ex-post facto analytical research design was used for the study. A total sample comprising 100 farmers were respondents selected from ten villages by using random sampling method. The data was collected with the help of pre-tested interview schedule by personally interviewing the respondents. The findings revealed that majority of the respondents (92.00%) were not satisfied with the loan amount.

Keywords: constraints, informal, credit, loan, defaulter, debt, burrow, small farmers

Introduction

One of the objectives of planned economy development in our country is to achieve self-sufficiency in agricultural production. This can be achieved only by the use of modern new farm technology in agriculture along with making the other existing rural socio-economics institutional conditions more conducive to rapid growth in agriculture, no doubt, new farm technology is capital intensive.

In other words, the success of the modern farming depends on investment of larger doses of capital input in farm business. the farmers require not only short term loans for rising of their crops and meeting consumption needs but also the term loans for the purpose of maintenance or replacement of existing production farm assets with a view to maintain the income earning capacity of the farm and investing in development of their farm business, with a view to increases their income earning capacity. As the new farm technology is divisible and neutral to scale the demand for the credit is not only in case of larger farmers but also by all categories of farmers.

Credit is the critical input for agricultural operation, particularly for small and marginal farmers. It plays a crucial role in stepping up and stabilizing growth in developing country like India, especially when it is accompanied with Resource Conservation Technology (RCT). The credit provided through the banks is given in the form of different types of loan schemes like Kisan Gold Card, Krishi Plus etc. which he for the cultivation of crops, purchase of livestock, development of dairy industries, development of irrigation and farm mechanization etc. In present investigation efforts have been made to know the profile of loan borrower farmers, loan utilization pattern of borrower farmers and to find out relationship between characteristics of loan borrower.

Government of India has made available credit facilities, through commercial banks and co-operatives to small farmers on very liberal terms. The bank has directed to ensure that the lending procedures of loan for rural are simplified so that the rural borrowers are not require more frequency of visits to the bank for getting sanctioned and disbursed for loan. Repayment of credit is of crucial importance for credit institution as, sit ensure recycling of public money for the devilmnt and also builds up confidence among their clientele. However the credit is not rapid by most of the credit users in time and thus it increases the no. of defaulters.

Methodology

Present study was carried out in the year 2017-18 with the jurisdiction of Dr. Panjabrao Deshmukh Krishi Vidyapeeth, Akola (Maharashtra State). The present investigation was

undertaken in Buldhana district of the Vidarbha region of Maharashtra state. In Buldana District there are thirteen blocks, out of which two blocks namely Chikhali and Mehkar were selected on the basis of more number of crop loan beneficiaries in these blocks. From these two blocks, out of total villages in these blocks only five villages from each block were identified in consultation of Block Officer of Buldhana District Credit Co-operative Bank, Buldhana. The 10 villages namely Dongaon, Hiwara, Pimpalgaon (Unda), Gajarkhed, Shivaji Nagar from Mehkar block and Eklara, Shelgaon, Khandala, Shelud, Aanvi from Chikhali block. The list of farmers who borrowed crop loan were obtained from the primary credit society offices at the respective villages and from these, a list of ten respondent farmers who borrowed crop loan were drawn randomly from each selected villages. Thus, in all 100 respondents were constituted the sample respondents for the study.

Constraints faced by the farmers while obtaining and utilization of loan

An attempt was made to identify the constraints faced by farmers while obtaining and utilization of loan. Their responses were tabulated after calculating frequency and percentage as shown in following Table 1.

It was observed from the Table 1 majority of the respondents (92.00%) were not satisfied with the loan amount followed by repayment is difficult, since farmers not getting good price for

their produce (88.00%) whereas, eighty percentage of the respondents were not satisfied with repayment period. nearly two third (64.00%) of the respondents facing the problem of Lack of technical guidance. More than half of the respondents (53.00%) found highest interest rate. Majority of the respondents (52.00%), found the constraint of collateral security, half of the respondents (50.00%) complained that Bank does not providing complete loan amount, nearly half of the respondents (46.00%) feel that Influence is required to get loan. (42.00%) per cent respondents found that loan disbursement is not in time whereas, mentioned by 46.00 percentage of the respondents facing the problem of complicated procedure, no co-operation from bank staff (39.00%). visit to the bank frequently expressed by 32.00 percentage found. difficulty in obtaining required certificate (21.00%).

Table 1 revealed that, majority of the respondents faced the constraints that are insufficiency of loan amount. As the present sanctioned crop loan does not covering cost of cultivation of major crops. Loan borrowers felt that present interest rate for crop loan was higher because most of the farmers were small and marginal with low income. Respondents face problem with not getting complete loan amount in time. Respondents faced problem with bank staff in getting exact procedure of taking loan, type of insurance linkage, authorized loan amount for different crop and how best the crop loan can be used for the intended purpose.

Table 1: Constraints faced by the respondents while obtaining and utilization of loan

Sl. No.	Constraints	Respondents (n=100)		
		Frequency	Percentage	Rank
1	Insufficient loan amount	92	92.00	I
2	Repayment is difficult, since farmers not getting good prices for their produce	88	88.00	II
3	Repayment period is not sufficient	80	80.00	III
4	Lack of technical guidance	64	64.00	IV
5	Collateral security	52	52.00	VI
6	Not providing complete loan amount	50	50.00	VII
7	Loan disbursement is not in time	42	42.00	IX
8	Complicated procedure	40	40.00	X
9	No co-operation from bank staff	39	39.00	XI
10	Highest interest rate	53	53.00	V
11	Difficulty in obtaining required certificate	21	21.00	XIII
12	Require frequent visit to the bank	32	32.00	XII
13	Influence is required to get loan sanction	46	46.00	VIII

Suggestion elicited by the farmers to overcome constraints while obtaining and utilization of loan

Table 2: Suggestion elicited by the farmers to overcome constraints while obtaining and utilization of loan

Sl. No.	Suggestion	Respondents(n=100)		
		Frequency	Percentage	Rank
1	If crop failures, the recovery of loan period should be extended	52	52.00	III
2	Provide guidance	46	46.00	IV
3	Loan amount should be enhanced in according to their land value	90	90.00	I
4	Provide complete crop loan amount without deducting share.	84	84.00	II
5	Co-operation from bank staff	36	36.00	V

An attempt was made to collect the suggestions to overcome those constraints based on the farmer's opinion at obtaining loan and utilization of the loan, presented in the Table 2. The Table 2 indicated that, majority of the respondents (90.00%) suggested that loan amount should be enhanced according to their land value, 84.00 per cent of the respondents gave suggestion to provide complete loan amount without deducting share. nearly half of the respondents (52.00%) suggested that if crop failures, the recovery of loan period should be extend, other suggestions were made to provide

guidance (46.00%).there should be Co-operation from bank staff mentioned by 36.00 per cent.

Conclusion

This study clears that cent per cent of the respondents were in debt. They are not eligible for getting loan from the various banks. Therefore it is conclude that government should provide loan to the farmers at low interest rate by considering old loan (back loan) also the credit policy makers have to think critically about the change in economic condition of the farmers in Buldhana district.

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