

Reasons for non-recovery of loan among the borrower farmers

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Abstract

The study was conducted in Etawah district of Uttar Pradesh. 2 Blocks and 8 villages were selected through random sampling method. Thereafter the study sample was composed of total 240 respondents for the present investigation. The majority of respondents reported that 'recovery depends upon production and farmers income' and other 'natural calamities', 'adverse activities of money lenders' reported by 75.00 per cent, 72.92 per cent and 65.00 per cent respectively. 76.67 per cent respondents gave suggestion that government has to improve the agricultural marketing rules and regulations for better recovery of loan.

Key words: Reasons; Non-Recovery; Borrower farmers

Introduction

The problem of agricultural finance relates to capital needs of the farmers, agencies of credit and repayment of the loan. The All India Rural Credit Survey Committee observed that "Agricultural Credit is a problem when it can be had but in such a form that, on the whole it does more harm than good. Thus it may be said that, in India, it has two fold problem of inadequacy land unsuitability that is perennially presented by the agriculture credit. Undoubtedly, the Indian farmers are not able to make maximum use of their time, labour and productive capacity of their land because of the lack of adequate financial facilities, (B.S. Tyagi, 1994). The contribution of institutional credit agencies in total agricultural credit advanced has increased many fold in the country. However, all is not well with farm credit system. There is a big gap between demand for agricultural credit and other important supplied by the institutional agencies. These agencies are still continuing and sharing significant amount in total farm credit in form of productive and unproductive loans. Therefore the present study was undertaken with specific objective: Reasons for non-recovery of loan among the borrower farmers.

Research Methodology

The present study was conducted in district Etawah, Uttar Pradesh, District Etawah was purposively selected. There were eight blocks in

district, out of these, two blocks Barpura and Mahewa were selected randomly. Four villages from each block were selected randomly. Thus, total eight villages were selected for the study. For the selection of respondents a list of bank borrowers belonging to these villages was prepared and 240 respondents were selected randomly. The structured schedule was used for obtaining necessary information from respondents. The data were collected through personal interview, analyzed and interpreted by using relevant statistics.

Results and Discussion

The table 1 reveals that reasons for non-recovery of loan that majority of respondents reported 'recovery depends upon production and farmers income' and others 'natural calamities', 'adverse activities of money lenders', 'non cooperation of local leaders', 'Lack of infrastructure facility', 'Lengthy/combersome legal process of recovery', 'Non-repayments of dues at appropriate time', 'Political influence', 'Non-cooperation of Govt. officials/personnels', 'Misutilization of bank loan', reported by 75.00 per cent, 72.92 per cent 65.00 per cent, 45.83 per cent, 40.83 per cent, 35.42 per cent, 31.67 percent, 30.83 per cent, 25.00 per cent and 22.50 per cent respondents respectively.

The results are in conformity with Sivalaganthan, (2004) who concluded that natural

Table 1: Reasons for non-recovery of loan (N = 240)

S.No.	Reasons for non-recovery	Frequency	Percentage
1.	Non-cooperation of Govt. officials/personnels	60	25.00
2.	Intentionally fault on the part of farmers	76	31.67
3.	Lengthy/combersome legal process of recovery	98	40.83
4.	Non-cooperation of local leaders	110	45.83
5.	Misutilization of bank loan	54	22.50
6.	Recovery depends upon production and farmers income	180	75.00
7.	Political influence	74	30.83
8.	Non-repayments of dues at the appropriate time	85	35.42
9.	Lack of infra-structure facilities	108	45.00
10.	Natural calamities	175	72.92
11.	Adverse activities of money lenders	156	65.00

Table 2: Suggestions of respondents for better recovery of loan

N = 240

S.No.	Suggestions	Frequency	Percentage
1.	Bank should be very strict against those respondents who have capacity to repay but they are not repaying	156	65.00
2.	Govt. has to improve the agricultural marketing rules and regulations	184	76.67
3.	Consumer price is increasing rapidly and production price is increasing very slow so subsidy on inputs should be essential.	200	83.33
4.	Traditional cropping pattern should be changed	133	55.42
5.	Diversified farming should be adopted	130	54.17
6.	Crop should be insured timely	125	52.08
7.	Close contact with bankers and borrowers should be essential	148	61.66

calamities and political involvement were reasons for non recovery of loan.

Farmers were requested to give suggestions for better recovery of bank loan as a part of this study and the findings are presented in table 2. Majority of respondents 83.33 per cent were suggested that consumer price is increasing rapidly and production price is increasing very slow so subsidy on inputs should be essential. 76.67 per cent of respondents were reported that Govt. has to improve the agricultural marketing rules and regulations. It is also apparent from the table that more than 50 per cent of the respondents gave their suggestions for better recovery on different aspects.

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