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this period. No valid inferences in regard to price movements could be drawn in case of other States on the basis of this analysis.

3. This analysis shows that in Uttar Pradesh acreage changes were positively associated with the relative yield. No such relationship had been observed in case of other States.

Y. SATYANARAYANA*

A CASE STUDY OF REPAYMENT OF CROP LOANS AND CAUSES OF THEIR NON-REPAYMENT IN MAHARASHTRA STATE

During the last three Five-Year Plans, various facilities and loans are extended to the farmers in the National Extension Service, Community Development Block, Intensive Agricultural Development Project, Intensive Agricultural Area Programme and other allied schemes for giving them incentives to increase agricultural production. These facilities are offered to the farmers to make them production-oriented. But in spite of these facilities made available to them either in cash or kind, it is found that they are unable to repay the loan. An attempt is made in this note to enquire into the position of repayment and the causes of non-repayment of crop loans.

Investigation into the position of repayment of crop loans and causes of non-repayment of crop loans was undertaken in the Panvel taluka of Kolaba district in Maharashtra State. Out of the total of 43 societies, 16 societies—8 each from small size and big size (depending upon the number of members at 200 and above 200)—were selected randomly. While selecting members, two groups were formed. The first group consisted of defaulters who have not paid crop loan during 1964-65 and the second consisted of non-defaulters who paid crop loan during the said period. Out of the total number of defaulters and non-defaulters from each randomly selected society, 50 per cent defaulters and 50 per cent non-defaulters were randomly selected. From each society eight members composed of defaulters and non-defaulters were selected. Thus, in all, 128 cultivators—64 defaulters and 64 non-defaulters—were interviewed and data were collected by canvassing a questionnaire. While tabulating the data collected from 128 cultivators, it was found that data relating to 8 cultivators were unreliable and hence they were excluded from the analysis. Thus the total sample was reduced to 120 cultivators. In addition to this sample, Chairmen and Secretaries of the selected societies were also interviewed and the information supplied by them was recorded in a separate questionnaire.

It was considered as to whether education and age of the head of the family as a member of society is related to the repaying capacity for crop loan but the result of the Chi-square test was found to be non-significant. The same test when applied to the holding-size of the member of the society was found to be significant which indicated that repaying capacity does depend upon the holding-size as could be seen from Table I.

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TABLE I—RELATION BETWEEN SIZE OF HOLDING AND REPAYING CAPACITY

Sr. No.	Size of holding (acres)	Defaulters	Non-defaulters	Total	Result
1.	Small (0-2)	24 (63%)	14 (37%)	38	Chi-square test is significant at 5 %.
2.	Medium (2.01 to 6)	29 (51.79%)	27 (48.21%)	56	
3.	Large (above 6.01)	7 (27%)	19 (73%)	26	
Total		60	60	120	

It may be noted that defaulters constituted only 27 per cent in large holdings as against 63 per cent from small holdings. This shows that larger is the size of holding, greater will be the capacity for repaying loan and *vice-versa*. Medium size of holding had almost equal number of defaulters and non-defaulters (50 per cent) approximately.

TABLE II—AVERAGE NUMBER OF FAMILY MEMBERS, AVERAGE INCOME FROM AGRICULTURE, SUBSIDIARY OCCUPATIONS AND NON-AGRICULTURE

Sr. No.	Size of holding	Average number of members per family			Total annual income in Rs. per family from		
		Below 14 yrs.	Above 14 yrs.	Total	Agriculture	Subsidiary occupations and Non-agriculture	Total
<i>I Defaulters</i>							
1	Small	2.56 (43%)	3.39 (57%)	5.95	328 (71.8%)	129 (28.2%)	457
2	Medium	3.10 (40%)	4.63 (60%)	7.73	1,342 (92%)	112 (8%)	1,454
3	Large	2.72 (34%)	5.28 (66%)	8.00	2,274 (93%)	179 (7%)	2,453
<i>II Non-defaulters</i>							
1	Small	2.10 (40%)	3.15 (60%)	5.25	1,021 (91.5%)	95 (8.5%)	1,116
2	Medium	2.55 (38%)	4.15 (62%)	6.70	1,308 (97.7%)	31 (2.3%)	1,339
3	Large	3.16 (38%)	5.10 (62%)	8.26	2,464 (98.2%)	46 (1.80%)	2,510

Table II gives data regarding the average number of members and the average annual income per family for both the defaulter and non-defaulter groups classified under three size-groups of holdings. The table shows that the average number of members per family increased with an increase in the size of holding. The number of members per family whose age is above 14 years was more in the defaulter group than in the non-defaulter group in all the three size-groups. It may be noted that the total annual income earned per family in the defaulter group was, on an average, relatively less than that in the non-defaulter group in the case of the small and large size-groups of holding while it was more in the case of medium sized defaulter group as compared to the corresponding non-defaulter group.

The main occupation of the selected cultivators is agriculture. A comparison of annual income per family derived from agriculture between the defaulter and non-defaulter groups shows that the annual income of the small cultivator family was the lowest in the case of the former group and it was only less than one-third of the income of the corresponding non-defaulter group. The relatively low income earned from agriculture by the defaulter group appears to be one of the causes for the non-repayment of their loans.

While framing the questionnaire, a doubt arose in our minds whether the selected cultivators would be able to furnish correct and reliable information regarding the position of their crop loans for the last three years (1962-63 to 1964-65). In view of the prevalence of illiteracy in the Konkan tract, it was felt that the cultivators would not give correct information about their crop loans for the last three years. Hence it was decided to collect data on crop loans from the 16 selected societies, as they would be more reliable. Keeping this view in mind, average position of crop loan was worked out from the selected societies of which record was available from the Co-operative Supervising Union, Panvel. The relevant data are given in Table III.

TABLE III—POSITION OF CROP LOAN

Year	Average number of members per society				Loan in Rs. per society			
	Demanding loan	Receiving loan	Returning loan fully	Defaulters	Total loan demanded	Total loan sanctioned	Total loan returned	Total loan outstanding.
1962-63 ..	205	180 (87.8%)	80	100	1,25,379 (613)	47,095 (262) (43%)	32,665 (407) (69%)	14,531 (145)*
1963-64 ..	234	197 (84%)	109	88	1,10,350 (472)	69,849 (355) (75%)	41,792 (388) (60%)	28,057 (319)*
1964-65 ..	235	220 (93.6%)	130	90	1,08,136 (460)	70,353 (320) (70%)	24,664 (190) (35%)	45,629 (507)*
Average ..		88%				63%	55%	

N.B. : Figures in brackets indicate loan per member.

Figures marked with asterisk indicate loan outstanding per defaulter.

1. Table III indicates that during the last three years, the number of members demanding loan, receiving loan and returning loan per society had increased. The number of defaulters had also increased.

2. The total loan demanded had declined while the total loan sanctioned, returned and outstanding had increased year after year except the loan returned in the year 1964-65.

3. The average loan demanded per member showed a tendency to decrease year after year, while the loan sanctioned per member on an average increased from Rs. 262 in 1962-63 to Rs. 355 in the year 1963-64 but it declined to Rs. 320 in 1964-65.

4. The amount of loan returned per member also decreased year after year, as a result the amount outstanding per member increased.

5. Out of the members demanding loan, on an average, 88 per cent of the members received loan and the loan sanctioned to them constituted 63 per cent of the amount demanded by them.

6. The percentage of recovery of loan decreased year by year from 69 in 1962-63 to 60 in 1963-64 and further declined to 35 in the year 1964-65.

An analysis of the causes for non-repayment of crop loan by the 60 defaulters (Table IV) showed that the majority of defaulters were unable to repay the loan due

TABLE IV—CAUSES FOR NON-REPAYMENT OF CROP LOANS

Sr. No.	Name of the cause	Number of defaulters reported	Percentage to the total number of defaulters
1.	Annual income is low due to poor yields	30	50
2.	Domestic expenditure is high	15	25
3.	Family size is big	12	20
4.	Willing to pay a part of the loan	3	5
	Total	60	100

to poor returns from agriculture. They were forced to default payment because of their high domestic expenditure necessitated by their big family size. Besides, only 5 per cent of the defaulters were willing to pay a part of the loan.

The Chairmen and Secretaries of the selected societies were asked to give reasons for the low or high percentage of repayment of crop loans during the year in respect of their societies and the reasons given by them are as follows :

1. Out of the 14 societies (as two societies did not respond), five societies reported that due to good crop season, yields were good and this enabled the cultivators to repay crop loan and hence the percentage of defaulters was less. Thus the percentage of defaulters depends upon the crop season, being good or bad.

2. Two societies reported that 50 per cent of their members expressed the doubt whether they would get loan or not for the next year and this psychology or habit made them to pay or not to pay.

3. Two societies reported that due to bad season and poor financial conditions of the cultivators, crop loan recovery was very low.

4. Two societies reported that due to *khar* land there was low yield of crops and hence the cultivators' income was very less and this made them defaulters.

5. Two societies reported that 50 per cent of their members were not interested in paying loan.

6. One society reported that in view of the big families and heavy domestic expenditure incurred by their members, the percentage of crop loan recovery was very low.

In order to rectify these bottlenecks and to ventilate the grievances of the cultivators for non-repayment of crop loans, following suggestions were offered by the various societies.

1. Three societies reported that every year before 15th May or at least in the first week of June, crop loan should be made available to the cultivators.

2. Four societies informed that the loan along with fertilizers should be distributed well in advance, *i.e.*, first week of June every year (before monsoon sets in).

3. Three societies stated that some members should be given loan as per the decision of the Managing Committee of the Society even though these members have outstanding loan.

4. One society reported that free fertilizers should be given to the cultivators well in advance.

5. One society informed that if the crop season is bad or worst, crop loan distributed should be reduced in proportion to the valuation of crop as per crop season and the loss may be borne by the Government.

Thus it can be concluded that the farmer is unable to repay the loan mainly because of adverse crop season and heavy expenditure incurred for maintaining a big family.

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