

Repayment of Loan by the Farmers and Reasons for Non-Repayment

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ABSTRACT

The study mainly confined on primary data, for this purpose Ballia blocks was selected purposively (having the maximum number of branches in Bank). Hence, Kshetriya Gramin Bank Ballia was selected. Out of 75 cases, 10 cases were reported as term loan and 18 cases reported as crop loan and term loan together. Similarly, 47 cases reported as only crop loan. Thus, total number of term loan and crop loan were selected 28 and 65 respectively. The repayment position in case of crop loan was better than term loan, however, there was a overdue of loan in case of crop loan came to 11.94% and term loan came to 7.46%. The extent of overdue was maximum on small farms both in case of crop loan and term loan. Simultaneously, the repayment of loan in case of large farmers is observed highest as compared to medium and small farms. The extent of overall wilful defaulters was 44.44% and non-wilful defaulters were 55.56%. The major reasons for non-wilful default were low price of output, high price of input, delay in disbursement of loan which leads to misutilization of loan and poor income from non-farm source (other than agriculture) almost the same reasons were observed in small and medium groups of farmers.

INTRODUCTION

Agriculture is the backbone of Indian economy. The prosperity of the country depends upon the agriculture sector. It plays a strategic role in the economic life of the Indian society. In the Indian economy agriculture contributes one-third of the national income. Sixty percent of the export directly or indirectly originates from agriculture sector. It provides employment to 67 percent of the work forces. It plays a pivot role in economic development and planning provides numerous to the industrial and service sector. The requirements of finance in agricultural sector, very few farmers will have capital of their own to invest in agriculture. Therefore, a need arises to provide credit to all the farmers who require it. There is no surplus income on small and marginal farms family, therefore, credit enables the farmers to advantageously use seeds, fertilizers, irrigation, machinery etc farmers has to invariably search for a source, which supplies adequate farm credit. The repayment means the ability of the borrower to repay the amount borrowed. The assessment of repayment at the time of analysis of loan application would further sustainable the lenders belief in borrowers that prompt and timely repayment of loan advanced for different purposes. The considerations of such principles (Returns and Repayment) in financing agriculture may also be helpful to ascertain the recovery of loans is normal except in case of natural hazards