



P-ISSN: 2349-8528

E-ISSN: 2321-4902

IJCS 2018; 6(6): 2510-2512

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Received: 04-09-2018

Accepted: 08-10-2018

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A study on the assessment of constraints in effective credit utilization pattern and repayment behaviour the borrowers in Datia district of Madhya Pradesh

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Abstract

Credit utilization is the amount of purchasing power you have calculated as the total credit available divided by the total debt or credit is a contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest. The study was conducted in 2016. Indergarh Tehsil of Datia district (M.P.) has purposively selected due to convenience of the researcher and the availability and lighting of fine number of PACS and borrowers. It can be observed that crop raze (Destroy) due to natural hazards as major constraints for effective credit utilization pattern and repayment behaviours by borrowers (2.88 Mean).

Keywords: credit utilization pattern, repayment behaviours and constraints

Introduction

Co-operation is a form of organization, wherein persons voluntarily associate together as human beings on the basis of equality for the promotion of common economic interest of themselves. When co-operation is applied to agricultural credit, it has a great significance. If the co-operatives are rightly organized in the sphere of rural credit, they can thwart the domination of money lenders and rescue the farmers from their clutches. The first co-operative societies Act was passed in 1904. The scope of the Act was restricted to the establishment of primary credit societies and the non-credit societies were left out of its purview. The shortcomings of the Act of 1904 were rectified by enacting another co-operative societies Act of 1912. This act gave provision for the registration of all types of co-operatives. This made the emergence of rural co-operatives both on credit front and non-credit front, but their growth was uneven spatially. There are 36 co-operative banks in India. Co-operative bank was first situated in Hyderabad since 1932. It was connected 51,635 customers and 8 branches. "Co-operation is a form of organization, where in person voluntarily associate together as human being on the basis of equality for the promotion of common economic interest of themselves." The cooperative credit was unevenly distributed, inadequate and mostly lent to the assist oriented large cultivators. The focus of this study therefore, is to credit utilization pattern and repayment behaviour of agricultural loan borrowers. The specific objectives were undertaken; to assess the constraints and suggestion for effective credit utilization pattern and repayment behaviour of the borrowers.

Methodology

The study was conducted in purposively selected Indergarh Tehsil of Datia district (M.P.) due to convenience of the researcher and the availability and lighting of fine number of primary agriculture cooperative society (PACS) and borrowers. Indergarh Tehsil comprises 12 PACS. All the PACS were selected for the purpose of study. Primary agriculture co-operative society wise separate list of borrowers were prepared and each of selected PACS, 120 borrowers were selected randomly under proportional scheme. The data was collected personally by the researcher through a well-structured and pre-tested interview schedule through survey method. The researcher was personally approach the respondents and explains to them about the purpose of the study. After establishing rapport with the borrowers, the borrowers were interviewed and their responses were recorded in the interview schedule. The constraints and

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Suggestions were measured on three-point continuum as most important, important and not important was given weight of 3, 2 and 1, respectively.

Results and Discussion

Constraints for effective credit utilization pattern and repayment behaviour of the borrowers

During investigation, there were many reasons due to which

the not proper credit utilization and repayment of loan as expressed by the borrowers. These factors were termed as constraints faced by borrowers with regards to credit utilization and repayment of loan. Such constraints as expressed by the borrowers are explained below:

Table 1: Distribution of the borrowers according to constraints for effective credit utilization pattern and repayment behaviours of the borrowers (n=120)

S. No.	Constraints	MI	I	NI	Total Score	Mean	Rank
1	Crop raze due to natural hazards	105	15	---	345	2.88	I
2	Unavailability of suitable price	81	21	18	303	2.53	II
3	Lack of coordination among cooperative societies	79	20	21	298	2.48	III
4	Low crop production	75	27	18	297	2.47	IV
5	Unavailability of loan at proper time	71	30	19	292	2.43	V
6	Lack of appropriate loan	68	33	19	289	2.41	VI
7	Lack of proper training of suitable time for utility of loan	61	35	24	277	2.31	VII
8	Lack of transportation	50	41	29	261	2.18	VIII
9	Lack of no. of installment in loan repayment	41	34	45	236	1.97	IX
10	Lack of facilities of ware houses	37	40	43	234	1.95	X
11	lack of facility, far distance and more no. of middle man of krishi upaj mandi	31	35	54	217	1.81	XI
12	Lack of interest of bank employers towards loan sanctioning	27	31	62	205	1.71	XII

MI= Most important, I= Important, NI= Not important, TS= Total score

Careful examination of results presented in Table 1 reported that crop raze due to natural hazards as major constraints for effective credit utilization pattern and repayment behaviours by borrowers (2.88 Mean) and ranked first. Unavailability of suitable price was ranked second with 2.53 Mean. The other constraints perceived in the descending order of importance were lack of coordination among cooperative societies and low crop production (2.48 Mean) with ranked III and IV respectively. unavailability of loan at proper time (2.43 Mean), lack of appropriate loan (2.41 Mean), lack of proper training of suitable time for utility of loan (2.31 Mean), lack of transportation (2.18 Mean), lack of no. of installment in loan repayment(1.97 Mean), lack of facilities of ware houses (1.95 Mean), lack of facility, far distance and more no. of middle man of krishi upaj mandi (1.81 Mean) and lack of interest of bank employers towards loan sanctioning (1.71 Mean) were ranked as V, VI, VII, VII, VIII, IX, X, XI and XII.

Suggestion for effective credit utilization pattern and repayment behaviour of the borrowers:

While talking to the borrowers it was found that the major constraints discussed above are the majority in the effective

credit utilization pattern and repayment of behaviour in order to cope up with these constraints borrowers have suggested several possible solutions. Following Table 10 is the major suggestions given by the farmers are mentioned rank wise.

The data presented in Table 2 reported the valuable suggestions; if loan is taken for improved and hybrid varieties at that finance crop insurance should also be imposed (2.75 Mean), hence. It was ranked first. Loan should be given keeping in mind the activeness of cooperative society was ranked second with 2.67 Mean. The other suggestions perceived in the descending order of importance were "raise the utilization of loan training on the use of improved techniques should be given timely (2.61 Mean)", loan should be available at appropriate time (2.54 Mean) with rank III and IV respectively. loan borrowing should be effortless process (2.44 Mean), loan should be available through cooperative society (2.38 Mean), loan subsidy keep mind the game of marginal and small farmers (2.31 Mean), bank officer should be timely monitoring the utility of loan (2.26 Mean), loan should be provided at easy installments (2.15 Mean) and loan should be provided at every stage (2.06 Mean) were ranked as V, VI, VII, VIII, IX and X.

Table 2: Distribution of the borrowers according to suggestion for effective credit utilization pattern and repayment behaviour of the borrowers (n=120)

S. No.	Suggestions	MI	I	NI	Total Score	Mean	Rank
1.	If loan is taken for improved and hybrid varieties at that finance crop insurance should also be imposed	95	20	05	330	2.75	I
2.	Loan should be given keeping in mind the activeness of cooperative society	89	22	09	320	2.67	II
3.	Raise the utilization of loan training on the use of improved techniques should be given timely	87	19	14	313	2.61	III
4.	Loan should be available at appropriate time	84	17	19	305	2.54	IV
5.	Loan borrowing should be effortless process	79	15	26	293	2.44	V
6.	Loan should be available through cooperative society	75	16	29	286	2.38	VI
7.	Loan subsidy keep mind the game of marginal and small farmers	71	15	34	277	2.31	VII
8.	Bank officer should be timely monitoring the utility of loan	67	17	36	271	2.26	VIII
9.	Loan should be provided at easy installments	60	18	42	258	2.15	IX
10.	Loan should be provided at every stage	54	19	47	247	2.06	X

MI= Most important, I= Important, NI= Not important, TS= Total score

Conclusions

This study concluded that education was found highly significantly associated with credit utilization pattern and repayment behaviour of borrowers. The study reveals that crop raze due to natural hazards as major constraints for effective credit utilization pattern and repayment behaviours by borrowers (2.88 Mean). The respondents more suggested if loan is taken for improved and hybrid varieties at that finance crop insurance should also be imposed (2.75 Mean).

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