THINK INDIA (Quarterly Journal)

ISSN:0971-1260

Vol-22-Issue-4-October-December-2019

An Analysis Of Problems Faced By Farmers While Accessing Credit Through Primary Agricultural Credit Societies In Jhajjar District, Haryana

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Abstract

Primary Agricultural Credit Societies (PACS) provide loans to the farmers in villages. Primary Agriculture Cooperative Societies (PACS) are also known as "Mini Banks" or "Rural Credit Banks". They provide short-term and medium-term loan to its members and the farmers. Primary Agricultural Co-operative Societies are providing agricultural credit to farmers for agricultural inputs like-seeds, fertilizers, pesticides and also provide facilities for marketing of agricultural produce. The study highlighted the major problems faced by farmers while accessing credit through Primary Agricultural Credit Societies. In this study the respondents were asked to rank the problems based on their perception on various dimensions from high level of suffering to the lowest level. Five point Likert scale was used to ascertain the exact position of difficulties faced by the selected sample respondents. The study found that majority of farmers has issue of high rate of interest having Mean score 4.26 of 100 farmers on likert-scale. Non availability of sufficient loan also observed as second major problem with Mean score 4.10 followed by stress of repayment and more beneficial to large farmers with mean value 3.97 and 3.45 respectively. Bad behaviour of the society members and inadequate staff is reported as least problem with same mean score 1.09.

Keywords: *Problems, Rate of interest, Agriculture Credit and PACS*

Introduction

Primary Agricultural Credit Societies (PACS) provide loans to the farmers at the village level. The organization of such societies is governed by Co-operative Societies law passed in 1904.

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ISSN:0971-1260

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Such societies deal directly among agricultural borrowers, bestowing credit at low rate of interest to the agriculturists, provide them with the loans and collects repayments of loan given. The main functions of the primary agricultural credit societies are implementing short-term and medium-term credit, stock of agricultural inputs and retailing of agricultural outcome. One another objective of PACS are to allure local savings through the share capital but also as fixed deposits, to distribute the seeds agricultural inputs and fertilizers either on its own behalf or as agent. They are also associated with the economic welfare programmers in the village. To providing the credit to the farmers at the village level, the primary agricultural credit societies require funds. PACS generate their own funds by mobilising savings of the villagers and other miscellaneous sources. The working capital of the PACS is borrowed mainly from the central co-operative banks and in lesser proportion from in-hand funds and security. In recent decades PACS having failed to allure deposits not just because of low saving capacity of rural masses but because there are many other impressive and superior investment opportunities to villages than to just save in PACS.

To an ordinary man in these days a co-operative society meant only a source to get a loan. To improve the functioning of Co-operatives with the experience gained, the Act was amended in 1912 to include non-credit societies and apex, institutions for credit societies. The Maclagen Committee reviewed the work of the co-operatives in 1916 and suggested the principle of “one society, one village”. Under the Reforms of 1919, co-operation became a state substance and Bombay State was the first to promulgate its inherent co-operative societies Act in 1925, chased by Madras in 1932. Most of the states now have their own Acts (Kathuria and Chandrasekhar an, 1973).

Objective

1. To study the Problems faced by Farmers while Accessing Credit through Primary Agricultural Credit Societies.

Data and Research Methodology:-

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ISSN:0971-1260

Vol-22-Issue-4-October-December-2019

In order to examine the objective of "Problems faced by Farmers while Accessing Credit through Primary Agricultural Credit Societies" the primary data has been used. Primary data used for this study were collected from cross section of borrowed farmers during the year 2017-18. The Survey method was used to collect the information from the defaulter farmers listed by the societies. For this purpose a questionnaire was prepared and same was authentic by group of experts from the concerned fields. A total number of 100 respondents were contacted personally to fill up the questionnaire and interviewed regarding the problems faced by farmers while accessing credit from the PACS.

Statistical Techniques:-

- **Study Area:-**

The Multi-stage Sampling procedure has been used to select the districts, blocks, societies and respondents. At the first stage, Jhajjar district from Haryana was selected for drawing the sample. After selecting the district, one block was selected by using simple random sampling method. The study had been conducted at Matanhail block of Jhajjar district of Haryana. Two villages were selected randomly from Matanhail block viz. Azad Nagar and Redhuwas.

- **Sample Size:-**

A total of 100 farmers were selected by way of proportionate random sampling method.

- **Data Collection:-**

The data were collected through structured interview schedule. The collected data were analyzed by using Five Point Likert's Scale method for interpreting the results and to draw conclusion from the findings.

Strongly Agree - 5

Agree - 4

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ISSN:0971-1260

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Neutral - 3

Disagree - 2

Strongly disagree - 1

Response	Mean Value
4.20-5.00	Strongly Agree
3.40-4.20	Agree
2.60-3.40	Neutral
1.80-2.60	Disagree
1.00-1.80	Strongly Disagree

Cited (Al-Sayaadet-el, 2006)

Results and Discussion

Results and discussion are as under in tabular form along with description:

Table-1

Problems faced by the farmers in availing the loans through PACS

Problems	Mean out of 5	Rank
1. Difficult procedure	2.50	11
2. Exploitations of middlemen	3.11	7
3. Favoritism	3.41	5
4. Non availability of sufficient loan	4.10	2
5. Bank staff is not co-operative	2.06	17
6. Lack of awareness regarding the loan details	3.08	8
7. More distance from village to the society	2.17	15

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ISSN:0971-1260

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8. High rate of interest	4.26	1
9. High transaction costs	2.15	16
10. More beneficial to large farmers	3.45	4
11. Complicated and time consuming procedure	2.42	12
12. Stress of repayment	3.97	3
13. Less branches of banks in villages	2.59	10
14. Unapproachable for the tenants and small farmers	2.71	9
15. Inadequate staff	1.09	18
16. To fulfill documentations	2.27	13
17. Delay in loan sanction/ issue	3.13	6
18. Bad Behaviour of the Secretary	1.09	18
19. Staff not skilled like commercial bank and like others banks	2.18	14

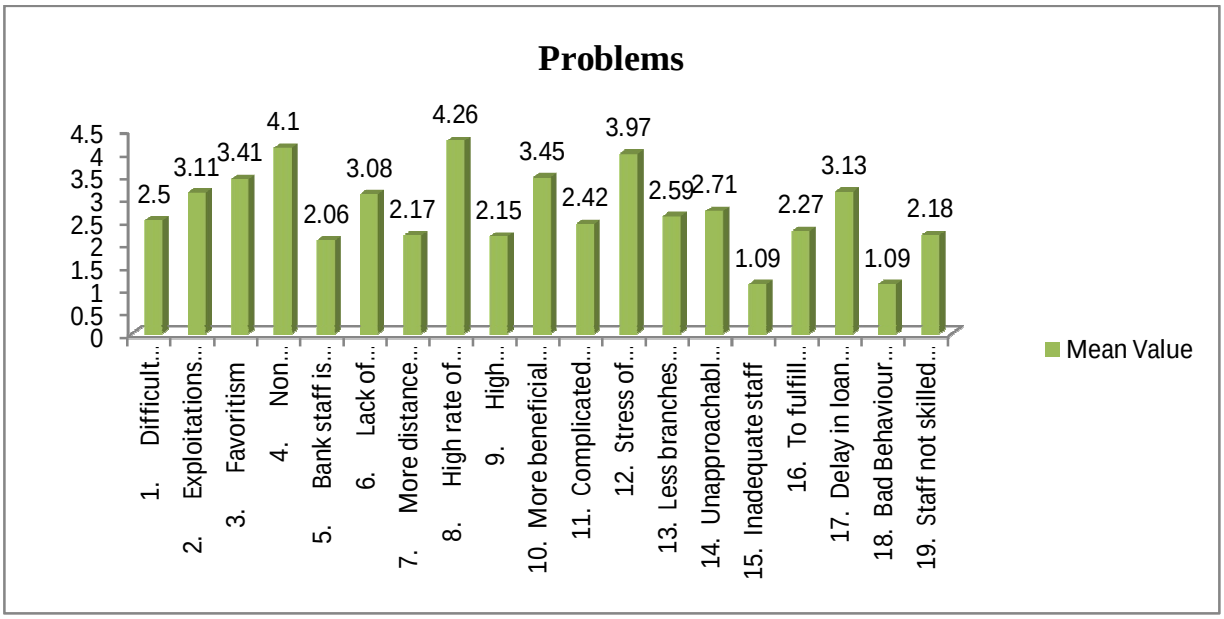
Source:- Field survey of Jhajjar District

Figure-1
Problems faced by the farmers in availing the loans through PACS

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ISSN:0971-1260

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Source:- Table-1

Above table & figure reveals about problems faced by farmers while accessing credit through Primary Agricultural Credit Societies in selected district Jhajjar. Based on the findings of the study, it may be concluded that, high rate of interest was the most prioritized problem as reported by the farmers with Mean score 4.26, on a five point Likert scale. PACS provided the loan to the farmers at without rate of interest but if they are unable to repay the loan on time, then the rate of interest on it is high. Non availability of sufficient loan also observed as second major problem with Mean score 4.10 followed by stress of repayment (Because the farmers who are unable to deposit their loan on time and due to high interest, they become defaulters, due to which they are unable to take loans again from the PACS) and more beneficial to large farmers (because the farmers believe that the society gives more loan to the large farmers as compared to small and marginal farmers) with mean value 3.97 and 3.45 respectively. Bad behaviour of the society members and inadequate staff is reported as least problem with same mean score 1.09.

Conclusion

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ISSN:0971-1260

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The study tries to examine the problems faced by farmers while accessing credit through Primary Agricultural Credit Societies in selected district Jhajjar of Haryana. For this purpose, the researcher collected the Primary data from cross section of borrowed farmers during the year 2017-18. A total number of 100 respondents were contacted personally to fill up the questionnaire and interviewed regarding the problems faced by farmers while accessing credit from the PACS. Based on the findings of the study, it may be concluded that, high rate of interest was the most prioritized problem as reported by the farmers. PACS provided the loan to the farmers at without rate of interest and those farmers who are unable to deposit their loan on time are later charged a rate of interest at the rate of 12 per cent and due to high interest, they become defaulters, due to which they are unable to take loans again from the PACS. All this happens only because of the wrong policies of Government, because when the election time comes, the Government announces the loan waiver of the farmers, due to which the farmers who deposit the loan on time also start thinking later that the Government will forgive their loans, this problem should be overcome.

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