



A STUDY AND ANALYSIS ON DEFAULTERS IN AGRICULTURAL CREDITS PROVIDED BY STATE BANK OF INDIA IN THOOTHUKUDI DISTRICT

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1. Introduction

Agriculture had played and will continue play a key role in the process of development in our country. Sander Vallabh Bhai Patel the first deputy finance minister of India had aptly said that India's culture was Agriculture. According to the All India Rural credit survey, "India is essentially rural India and rural India is virtually the cultivator"; India was a country of 5.76 lakh village accounting for about 77 percent of the Indian population. Every four out of five person were villagers and they depended on Agriculture and its allied activation for their very livelihood.

Agriculture production essentially, provided

- (a) The food needed for the growing population
- (b) The raw materials requires for industrial production
- (c) The foreign exchange which was earned through Agriculture exports
- (d) The investible surplus as a part of the domestic savings and
- (e) A vast market for the domestically manufactured products.

The linkage between the Agriculture and the non- agricultural sectors of our economy were many and varied.

Agricultural production in India depends upon millions of small farmers. It is the intensity of their effort and the efficiency of their technique that will help in raising yields per acre. Because of inadequate financial resources and absence as well as non-availability of timely credit facilities at reasonable rates, many of the farmers, even though otherwise willing are unable to go in for improved methods of cultivation, use of better seeds and fertilizers and

introduce better methods or techniques. Works of minor irrigation sources like wells owned by the cultivators either get into disuse or are not fully utilized for want of capital.

In the agricultural sector which covers production of food and essential raw. The major objects of the agricultural improvement or developmental programmed are to develop local resources of seed manures and irrigation and to provide other accessories of production. To utilize man-power and cattle resources more productively, these aids and assistance and more intensive farming are essential. It is, therefore, of the utmost importance that the financial requirements of the farmers are adequately met. The achievement of targets material like cotton, jute and oilseeds, ought not to be allowed to suffer for want of adequate credit has, However to be related to specific items of productive work or of essential cost of cultivation.

Keywords : SBI, Agricultural Credit, Crop loan ,Allied loan ,Other agricultural loan

2. Need for Credit

Need for agricultural credit arises because modern farm technology is costly and the personal resources of the farmers are inadequate. Provision of agricultural credit, as an input, is essential for widespread use of improved agricultural methods. It is needed by farmers for both productive and unproductive purposes. Credit, a powerful instrument for growth, has been described by Schultz' in glowing terms: 'Once there are investment opportunities and sufficient incentives, farmers will turn sand into gold'

3. Sources of Agricultural Credit:

The financial requirements of Indian farmers are fulfilled by two sources namely institutional sources and non-institutional sources. Non-institutional source include moneylenders, traders, commission agents, relatives and friends. Institutional sources consist of government and co-operatives, commercial banks including the Regional Rural Banks (RRBs)

4. Study of Profile Area

Thoothukudi district carved out of the erst while thirunelveli district on 1980. It has certain rare features. The mixed landscape of the sea and the their (waste) lands has imbibed some special traits in the character of the sons of the soil. The district is divided into 3 revenue divisions namely Thoothukudi, Tiruchendur and Kovilpatti. It includes Revenue Firkas 41, Revenue villages 480.

In the district there are 12 blocks which are Thoothukudi, Alwarthirunagari, Tiruchendur, Udangudi, Sattankulam, Srivaikundam, Karunkulam, Kovilpatti, Ottapidaram, Kayathar, Pudukotai and Vilathikulam.

5. Scope of the study

The study covers the agricultural credit provided by State Bank of India in Thoothukudi district of Tamil Nadu. It does not cover the agricultural credit extended by other financial agencies including other banks except state bank of India and private sector banks in Thoothukudi district.

6. Objective of the study

The Objectives of the study is to analyse the problems faced by the agricultural defaulters in repaying the loan.

7. Period of study

This study covers a period of 7 years from 2004 to 2012. Secondary data were collected from Lead Bank of the District SBI, Annual Credit Plan of the respective years.

8. Sample design:

The aim of the study is to analyse the borrower's awareness and attitude towards various types of agricultural credits provided by SBI in Thoothukudi district. There are 12 blocks in Thoothukudi district. Among them 7 blocks were selected by using random sampling technique allotted sample of 485 farmers were selected from each of 7 blocks to ensure represents. The respondents were chosen very sample random method. There were 485 samples respondents, who availed either crop loan or allied loan or other agricultural loans from SBI in the district. This study aims at loan wise analysis.

9. Methodology for collections of Data

Both primary data and secondary data were collected for the study. Primary data were collected by conducting survey among 485 farmers who availed themselves of agricultural and allied loans from the branches of SBI of Thoothukudi district in Tamilnadu with an interview schedule.

10. Limitation of Study

Researcher made an attempt to study the various types of agricultural credit provided by SBI in Thoothukudi district. The study analysis the awareness and attitude of borrowers who availed themselves of agricultural credit from SBI in Thoothukudi District. It took all possible efforts to eliminate personal bias in providing primary data by the respondents.

Limitations of the study were that it covers only the agricultural credit provided by the SBI in Thoothukudi district.

11. Classification of Borrowers

Agricultural credit borrowers are classified into three categories namely crop loan borrowers, allied loan borrowers and other agricultural loan borrowers.

12. Statement of the Problem

State Bank of India offers various types loan to the farmers for development of agricultural and allied activities in the district. The problem of non-repayment of loans by the farmers has become a cause of great concern to the institutional agencies. The State Bank of India is not an exception to this. Many of the farmers have becomes wilfull defaulters due to various reasons. Some of the defaulters are non-wilfull. In this study the researcher made an attempt to examine the factors determining over dues of crop loan, allied loan and other agricultural loan.

13. Analysis of Problems Faced by the Defaulters in Repaying the Loan

In order to identify the major problems faced by the defaulters in repaying of loan availed from State Bank of India in Thoothukudi district; Garrett's ranking technique was adopted. The ranks assigned to each problem by the sample farmers were converted into per cent position by using the formula:

$$\text{Per cent position} = \frac{100(R_{ij} - .5)}{N_j}$$

Where R_{ij} = rank given by the j^{th} farmer for the i^{th} problem, and

N_j = number of problem ranked by the j^{th} farmer.

The per cent position of each rank thus obtained was converted into scores by referring the table given by Garrett. The scores of all respondents for each factor was then added together and divided by the number of respondents experiencing that particular problem. The mean

scores of each factor thus arrived and ranks were allotted. The percentile rank is calculate using the formula PR = Percentile Rank

$$PR = 100 - \frac{(100 \times R - 50)}{N}$$

R is Rank position counting #1 as the highest and N is the lowest.

14. Problems of defaulters in repaying crop loan:

The problems faced by the defaulters who took crop loan are analysed and the results are exhibited in table 1.

Table 1: Score values of problems based on the rankings provided by the crop loan defaulters of State Bank of India

Sl. No.	Problems	Total Score	Rank	PR
1.	Crop failure	4165	1	93
2.	Non-availability of proper guidance	3922	4	50
3.	Poor and fluctuating income	3976	3	64
4.	Unrealistic repayment schedule	3676	7	7
5.	Insufficient loan	3846	6	21
6.	High rate of interest	3883	5	36
7.	Social ceremonies and obligations	4051	2	79

Rank based on score value

The results reveal that the most severe problem faced by the defaulters who took crop loan is crop failure (score value = 4165). It is followed by social ceremonies and obligations, poor and fluctuating income, non-availability of proper guidance and high rate of interest. The implication is that the repayment of borrowers who available themselves of crop loan suffers due to crop failure obtain from the bank.

15. Problems of defaulters in repaying allied loan:

The problems faced by defaulters who took allied loan have been ranked ranking technique method and the results are presented in the table 2.

Table 2: Score values of problems based on the rankings provided by the Allied loan defaulters of State Bank of India.

Sl. No.	Problems	Total score	Rank	PR
1.	Crop failure	2170	7	7
2.	Non-availability of proper guidance	2290	4	50
3.	Poor and fluctuating income	2459	1	93
4.	Unrealistic repayment schedule	2359	2	79
5.	Insufficient loan	2193	6	21
6.	High rate of interest	2203	5	36
7.	Social ceremonies and obligations	2292	3	64

Rank based on score value

The results reveal that the most severe problem faced by the defaulters of allied loan is poor and fluctuating income of the farmers. Unrealistic repayment schedule is another problem affecting the respondents in repaying allied loan.

16. Problems of defaulters in repaying other agricultural loans:

The problem faced by defaulters who took other agricultural loan have been ranked using Garrett ranking method and the results are the table 3.

Table 3: Score values of problems based on the rankings provided by the other agricultural loan defaulter of State Bank of India.

Sl. No.	Problems	Total score	Rank	PR
1.	Crop failure	4092	7	21
2.	Non-availability of proper guidance	4209	5	50
3.	Poor and fluctuating income	4401	1	93
4.	Unrealistic repayment schedule	4397	2	79
5.	Insufficient loan	4332	3.5	64
6.	High rate of interest	4332	3.5	64
7.	Social ceremonies and obligations	4157	6	36

Rank based on score value

The study reveals that the most severe problem faced by the defaulters who took other agricultural loan is poor and fluctuating income. It is also noticed that unrealistic repayment schedule framed by the bank affects the repayment of other agricultural loan. Further these defaulters feel that high rate of interest and insufficient loan prevent them from repaying the loan amount.

17. Findings on problems faced by the defaulters in repaying the loan:

1. It has also been observed that by borrowers who availed themselves of crop loan stated crop failure is the main reason followed by social ceremonies and obligations and poor and fluctuating income to become a defaulter in repaying the loan.
2. The study reveals that the most severe problem faced by the defaulters of allied loan is poor and fluctuating income. Unrealistic repayment schedule, social ceremonies and obligations and non availability of proper guidance are other problems affecting the respondents in repaying allied loan.
3. It has also been noticed that the most severe problem faced by the defaulters who took other agricultural loan is poor and fluctuating income. It is also noticed that unrealistic repayment schedule framed by the bank affects the repayment of other agricultural loan.

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