



PROBLEMS ENCOUNTERED BY PRIMARY AGRICULTURAL CO-OPERATIVE SOCIETIES ON CROP LOAN IN KANYAKUMARI DISTRICT



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ABSTRACT :

The multifaceted problems encountered by the Primary Agricultural Co-operative Societies are presented systematically in this paper. The main objectives of the study are to analyse the problems encountered in the disbursement of crop loan and to suggest the improvement of the Primary Agricultural Co-operative Societies on the basis of the findings of the study. Primary data collected with the help of interview schedule from 23 Primary Agricultural Co-operative Societies in Kanyakumari District by using proportionate random sampling method. The secondary data are collected from the records, reports, journals and internet in the financial year 2016-2017. By applying GARRETT ranking Technique for the problems identified, the causes ranked first are compulsion in buying fertilizers, slow processing, inadequate supply of quality seeds, difficulty in physical verification of land, do to want to repay their dues, old system of cultivation, pressure from politicians to sanction loan for the friends and relatives, easy approachability of other banks, lack of interest and motivation, marketing problems and political influences. From these analyses it is inferred that these factors are the most acute problems prevailing among the Primary Agricultural Co-operative Societies in Kanyakumari district.

KEYWORDS : Problems, Agriculture, Co-Operative Societies, Crop Loan .

INTRODUCTION

In Kanyakumari district, 114 primary agricultural co-operative societies are functioning. These societies are effectively implementing the various schemes of the government which are beneficial primarily to the customers and to the society in general. While implementing the various schemes these banks face so many problems, primarily on granting loans and advances and on repayment. The multifaceted problems encountered by the primary agricultural co-operative societies are presented systematically in this paper.

OBJECTIVES OF THE STUDY

The main objectives of this study are

- ❖ To analyse the problems encountered in the disbursement of crop loan.
- ❖ To suggest the improvement of the Primary Agricultural co-operative Societies basis of the findings of the study.

METHODOLOGY

This study requires both primary and secondary data. Primary data collected with the help of interview schedule from 23 primary Agricultural Co-operative Societies in Kanyakumari District by using

proportionate random sampling method. The secondary data are collected from the records, reports, journals and internet in the financial year 2016-2017.

TOOLS FOR ANALYSIS

The problems faced by the Primary Agricultural Co-operative societies were analysed based on the interview schedule. The Primary Agricultural co-operative Societies were asked to rank each and every problem identified for this purpose in the order of importance. The rank assigned by the respondents was converted into scores by using Garrett’s Ranking Method.

PROBLEMS ENCOUNTERED BY PRIMARY AGRICULTURAL CO-OPERATIVE SOCIETIES

The various problems faced by Primary Agricultural Co-operative Societies, in the study area which have affected the progress of the Primary Agricultural Co-operative Societies to a greater extent were categorized into

- i) Crop loans proportion of cash and kinds
- ii) Crop loans sanctioned untimely.
- iii) Beneficiary’s problem about seeds
- iv) Problems in security
- v) Problems in recovery of crop loans.
- vi) Problems regarding competition from other banking institutions
- vii) Problem of inadequate staff
- viii) Problem of incorrect identification of yield.

ANALYSIS AND INTERPRETATION

1. CROP LOANS PROPORTION OF CASH AND KINDS

This refers to the crop loans available and its proportion of cash and other goods. The various factors responsible for such a problem are identified as on table 1.

Table – 1. Crop Loans proportion of cash and kinds

Sl.No.	Problem	Garrett means score	Rank
1.	Non matching proportion of pesticides	53.61	IV
2.	Cash proportion is inadequate	58.82	II
3.	Non matching of fertilizer with the agricultural plan	29.01	VII
4.	Excess fertilizer portion in loan sanctioned	54.51	III
5.	Government policy	34.91	VI
6.	Durability of fertilizer	46.37	V
7.	Compulsion in buying fertilizers	66.79	I

Source: Primary data.

2. PROBLEMS IN SANCTIONING CROP LOAN

The untimely sanction of crop loans adversely affects the beneficiaries whereas timely sanction of loans will encourage the beneficiaries and boost their morale.

Table – 2. Problem in sanctioning crop loan

Sl.No.	Problem	Garrett means score	Rank
1.	The beneficiaries do not co-operative with the Bank	49.12	III
2.	Improper records	41.84	VI

3.	Problem in valuation and verification of securities	48.65	IV
4.	Slow in file movement	47.70	V
5.	Slow processing	68.30	I
6.	Less staff	40.35	VII
7.	Complicated formalities	54.03	II

Source: Primary data.

3. BENEFICIARY'S PROBLEMS ABOUT SEEDS

The Primary Agricultural Co-operative Societies has to grant crop loans and advances for seeds. But many a time, the non supply of seeds at the correct time will affect the beneficiaries. Seeds qualities are not tested, seeds are not suitable for all type of soil and climatic conditions were not considered. Inadequate supply of quality seeds, high cost of production of seeds and inadequate supply of seeds were the major problems concerned with seeds.

Table – 3. Beneficiary's problems about seeds

Sl.No.	Problem	Garrett means score	Rank
1.	High cost of production of seeds	48.39	III
2.	Inadequate supply of quality seeds	63.35	I
3.	Climatic conditions were not considered	44.26	VI
4.	Seed are not suitable for all types of soil	58.16	II
5.	Seeds qualities are not tested	47.51	IV
6.	Quantity of seeds are not enough	41.16	VII
7.	Supply of seeds are not timely	45.18	V

Source: Primary data.

4. SECURITY PROBLEMS

The Primary Agricultural Co-operative Societies have to grant crop loans and advances against adequate security. But many a time the security condition was not seriously cared for due to a number of reasons. Sometimes the tenant find it extremely difficult to give security due to various reasons.

Table – 4. Problems related with security for loans

Sl.No.	Problem	Garrett means score	Rank
1.	Verification process is time consuming	43.10	V
2.	Difficulty of physical verification land	68.21	I
3.	Security land are tenant land	35.09	VII
4.	Time consumption with creation of records	36.12	VI
5.	Policy of the government	49.75	III
6.	Given valuation of the security is low	46.46	IV
7.	Difficulty of valuation of ownership	65.47	II

Source: Primary data.

5. PROBLEMS IN RECOVERY OF CROP LOANS

In order to execute the projects or plans in agriculture, lending and repayment must go hand in hand without any distractions either integral or external. Proper and polished recovery will enhance the smooth functioning of the Primary Agricultural Co-operative Societies.

Table – 5. Problems in recovery of crop loans

Sl.No.	Problem	Garrett means score	Rank
1.	Misguided by political leaders	58.49	II
2.	Lack of willingness to repay loans	61.67	I
3.	Drought and famine	41.93	VI
4.	Poor repaying capacity	35.81	VII
5.	Inadequate repayment period	54.30	III
6.	Low income generation	49.82	V
7.	Utilization of income for some other purpose	65.47	II

Source: Primary data.

6. PROBLEMS REGARDING COMPETITION FROM OTHER BANKING INSTITUTIONS

With regard to The Primary Agricultural Co-operative Societies there are strong competition from other banking institutions.

Table – 6. Competition from other banking institutions

Sl.No.	Problem	Garrett means score	Rank
1.	Political influence	48.91	V
2.	Easy repayment	41.37	VII
3.	Service rendered by other banks	45.47	VI
4.	Advertisement by other banks	52.77	III
5.	Easy approachability of other banks	56.95	I
6.	Less formalities in other banks	49.07	IV
7.	Low rate of interest by other banks	55.51	II

Source: Primary data.

7. PROBLEMS OF INADEQUATE STAFF

The Primary Agricultural Co-operative Societies problems vary from societies to societies. The problems that arise within the societies affect the beneficiaries.

Table – 7. Problems of inadequate staff

Sl.No.	Problem	Garrett means score	Rank
1.	Lack of team work	53.60	II
2.	Lack of trained staff	42.11	V
3.	Heavy workload	40.82	VI
4.	No support from authority concerned	53.25	III
5.	Lack of co-ordination	51.16	IV
6.	Lack of interest and motivation	68.79	I
7.	Lack of technical staff	40.28	VIII

Source: Primary data.

8. PROBLEM OF INCORRECT IDENTIFICATION OF YIELD

To notify the incorrect identification yield seven variables are used. they are probed and verified correctly for the analysis'. They are lack of trained staff, importance not given to yield, marketing problems, ignorance of pricing and no storage facility, seasonality of the product and less durability and quality deterioration.

Table – 8. Problem in Identification of yield

Sl.No.	Problem	Garrett means score	Rank
1.	Lack of trained staff	40.96	VI
2.	Importance not given to yield	47.12	IV
3.	Marketing problem	67.98	I
4.	Ignorance of pricing	60.49	II
5.	No storage facility	57.98	III
6.	Seasonality of the product and less durability	42.77	V
7.	Quality deterioration	32.68	VII

Source: Primary data.

FINDINGS OF THE STUDY

- ❖ The major problem encountered in securing crop loan is 'compulsion is buying fertilizer's which has the mean score of 66.79 followed by 'inadequate amount of loan' with the mean score of 58.82. 'Non matching of fertilizer with the agricultural plan' is only the least problem concerned with securing crop loan since it has a mean score of only 29.01.
- ❖ Major problem in sanctioning of loan is 'slow processing' and 'complicated informalities' with 68.30 and 54.03 as mean scores. 'Improper records' and 'lesser number of staff' were not the major problems in sanctioning loans since it has the mean score of 41.84 and 40.35.
- ❖ With regard to seeds, 'inadequate supply of seeds' is the major problem which has the mean score of 63.35. The seeds 'seed are not suitable for all types of soil' are the second major problem which has the mean score of 58.16. However, inadequate quantity of seeds and non-tested quality seeds were only least problems for the beneficiaries.
- ❖ While granting crop loans Primary Agricultural Co-operative Societies face problems in getting security for loans. They finds it 'difficult to verify the land physically' which ranked first with the mean score of 68.21, followed by difficulty of valuation of ownership with the mean score of 65.47.
- ❖ Recovery of crop loans is another problem faced by the Primary Agricultural Co-operative Societies. 'Lack of willingness to repay the crop loan' is the major reason for non-repayment, followed by 'misguided by political leaders' since they have the mean scores of 61.67 and 58.49. It is interesting to note that 'poor repaying capacity' and 'drought and famine' were the least reasons for non-repayment since they have the mean scores of 35.81 and 49.98.
- ❖ The Primary Agricultural Co-operative Societies also face problems from other banks. 'Easy approachability of other banks', 'low rate of interest by other banks' were the major problem faced by Primary Agricultural Co-operative Societies which have the mean score of 56.95 and 55.51.
- ❖ With regard to staff related problems, 'lack of interest and motivation for the staff', 'lack of team work' were the major problems with the mean scores of 68.79 and 53.60. However, 'lack of technical staff and 'heavy workload' was only the least problems associated with staff.
- ❖ Marketing problems, ignorance of pricing and no storage facilities were the major problems faced by Primary Agricultural Co-operative Societies in identification of yield since their mean score are 67.98, 60.49 and 57.98.

SUGGESTIONS

- Timely credit is to be considered as an integral part of agricultural development. So, the government should sanction the crop loan in timely.
- Sufficient credit should be given so that their financial requirements are adequately met. This alone will relieve them from the clutches of money lenders and helps in avoiding suicides committed by crop cultivators.

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- The crop loan should be provided on increased income which would occur due to the use of credit rather than on tangible security.
 - The borrower should be encouraged to adopt new techniques without which sufficient capital cannot be generated to repay loans. The Primary Agricultural Co-operative Societies can inter link the farmers with marketing agencies to ensure full recovery of credit.
 - The Primary Agricultural Co-operative Societies must take necessary steps to collect more deposits, so that more crop loan can be given to crop cultivators.
 - Short-term production credit has to be disbursed at all time so that intending cultivators can pick up crops of their choice and cultivate them as and when conditions seem favorable.
 - Crop loan borrowers are compelled to spend a considerable amount towards share contribution in order to avail the loan.
 - Crop loans should be granted as per the report of the field officer. The field officers should fix the credit limit to the crop cultivators after estimating their requirements. It is suggested that the facilities' should be extended by all societies to their member-beneficiaries.
 - Regular conferences and seminars on the different aspects of agricultural production should be conducted under the joint auspices of the Department of Agriculture and The Primary Agricultural Co-operative Societies.

CONCLUSION

By applying GARRETT Ranking Technique for the problems identified, the causes ranked first are, compulsion in buying fertilizers, slow processing, inadequate supply of quality seeds, difficulty in physical verification of land, do not want to repay their dues, old system of cultivation, pressure from politicians to sanction loan for the friends and relatives, easy approachability of other banks, lack of interest and motivation, marketing problems and political influences. From these analyses it is inferred that these factors are the most acute problems prevailing among The Primary Agricultural Co-operative Societies in Kanyakumari District.

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