Agriculture Credit in India: An Analytical Study

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Abstract - This paper examines the concerns and issues in agricultural credit in India. The analysis states that the credit delivery to the agriculture sector continues to be insufficient. It appears that the banking system is still hesitant on various grounds to provide credit to small and marginal farmers. Transformation in banking policies and practices and the resultant of and access to total bank credit during the post-bank nationalization period have not satisfactorily addressed equitable and efficient delivery of agriculture and rural credit. Due to declining in public capital formation in the rural and agriculture sector and the persistent unenthusiastic attitude of rural bankers towards formal financing, the planners and policymakers are believe on microfinance to suitably supplement formal banking in rural India.

Key words: Agriculture credit, Marginal farmers, large farmers, Transaction costs.

I. INTRODUCTION

Rural finance is a matter of credit concern in a developing economy like India where 70 percent of the population depends upon agriculture. The demand for agricultural credit arises due to i) lack of simultaneity between the realization of income and act of expenditure; ii) lumpiness of investment in fixed capital formation; and iii) stochastic surges in capital needs and saving that accompany technological innovations. Credit, as one of the critical non-land inputs, has two-dimensions from the viewpoint of its contribution to the augmentation of agricultural growth viz., availability of credit (the quantum) and the distribution in agriculture credit. India has adopted three pronged strategy for developing agriculture credit, over the years, viz (i) Promoting of institutional structure, (ii) Directing lending, and (iii) Concessional or subsidies credit. Increasing commercialization and globalization also require expanded and improved infrastructure. The National Agricultural Policy not only envisages faster agricultural growth at 4 per cent a year, but also its equitable spread across regions and classes of farmers. At the same time, some important provisions of the WTO agreements have the potential of increasing India's share in world trade of agricultural commodities. All these translate into higher credit demand and acceleration in its growth, as well as cost-effective mechanisms for its delivery.

The evolution of institutional credit to agriculture could be broadly classified into four distinct phases - 1904-1969 (predominance of co-operatives and setting up of RBI), 1969-1975 [nationalization of commercial banks and setting up of Regional Rural Banks (RRBs)], 1975 1990 (setting up of NABARD) and from 1991 onwards (financial sector reforms). The genesis of institutional involvement in the sphere of agricultural credit could be traced back to the enactment of the Cooperative Societies Act in 1904. The establishment of the RBI in 1935 reinforced the process of institutional development for agricultural credit.

The RBI is perhaps the first central bank in the world to have taken interest in the matters related to agriculture and agricultural credit, and it continues to do so. Over the years, rural credit system has been suffering from a number of handicaps. Since the days of Rural Credit Survey Committee (1954), India has come to a long way in its search for an appropriate rural banking set- up. Since then one committee after another has examined this problem.

I. Objectives of the Study

1. To study the difference between requirements and availability of agriculture credit.
2. To analyze the differences between requirements and availability of agriculture credit among small farmers, marginal farmers and large farmers.
3. To make quest about issues, concerns, trends and causes related to agriculture credit in India.

II. Research Methodology

Present study has been conducted on the basis of secondary data as well as primary data from the 90 beneficiaries of six banks of three districts namely Jind, Sirsa and Bhiwani of Haryana state by using convenient sampling method. Among 90 beneficiaries, 30 were selected from Punjab National bank, Goriwala and Haryana Gramin Bank Masita at Dabawali tehsil in Sirsa, 30 beneficiaries were selected from the Co-operative Bank, Alewa and State Bank of India, Alewa at Alewa Tehsil in Jind, and 30 beneficiaries were selected from Haryana Gramin Bank Kairu and State Bank of Patiala at Tosam tehsil in Bhiwani district. From each bank 15 respondents were selected. The questionnaire was administered and got filled up through direct interview as well as indirect interview to make quest about issues, concerns, credit adequacy and causes related to agriculture credit in Haryana and in India. Secondary data was collected from internet, various journals, books and newspapers etc. Out of 90 beneficiaries, 30 were small farmers, 30 were medium farmers and 30 were large farmers

III. Literature Review

Some studies related to the various issues of agriculture credit are:

Sharma and Prasad (1971) They stated that the introduction of latest technology without credit facilities would not have significance influence on the income of the farmers. Agriculture credit has direct relationship with the income level farm productivity and agriculture development.

Naryanan (1987) Studied most of villagers who took loan were small and marginal farmers and agricultural laborers. He further observed that due to inadequate credit given to them, there was no increment in the income of beneficiaries.

Binswanger and Khandker (1992) found that the output and employment effect of expanded rural finance has been much smaller than in the nonfarm sector. The effect on crop output is not large, despite the fact that credit to agriculture has strongly increased fertilizer use and private investment in machines and livestock. High impact on inputs and modest impact on output clearly mean that the additional capital investment has been more important in substituting for agricultural labor than in increasing crop output.

A.Ranga Reddy (2004) studied that the National Commission on Agriculture (1976) projected that the actual requirements of credit for agriculture would be Rs.9, 400 crore by 1985. But, the Planning Commission target for 1984-85 was Rs. 5415 crores, while actual disbursement of credit was Rs. 6167 crores in 1985-85. Although Planning Commission’s target figure for 1984-85 was surpassed by the actual disbursement, the National Commission’s projected figure was not achieved.

Burgess and Pande, (2005) found that a one percent increase in the number of rural banked locations reduced rural poverty by roughly 0.4 percent and increased total output by 0.30 percent. The output effects are solely accounted for by increases in non-agricultural output – a finding which suggests that increased financial intermediation in rural India aided output and employment diversify action out of agriculture.

Mohan (2006) studied the overall growth of agriculture and the role of institutional credit. Agreeing that the overall supply of credit to agriculture as a percentage of total disbursal of credit is going down, he argued that this should not be a cause for worry as the share of formal credit as a part of the agricultural GDP is growing. This establishes that while credit is increasing, it has not really made an impact on value of output figures which points out the limitations of credit.

Golait (2007) examined the issues in agricultural credit in India. The analysis revealed that the credit delivery to the agriculture sector continues to be inadequate. It appeared that the banking system is still hesitant on various grounds to purvey credit to small and marginal farmers. It was suggested that concerted efforts were required to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes. Facilitating credit through processors, input dealers, NGOs, etc., that were vertically integrated with the farmers, including through contract farming, for providing them critical inputs or processing their produce, could increase the credit flow to agriculture significantly.

Sreeram (2007) found that increased supply and administered pricing of credit help in the increase in agricultural productivity and the well being of agriculturists as credit is a sub-component of the total investments made in agriculture. Borrowings could in fact be from multiple sources in the formal and informal space. Borrowing from formal sources is a part of this sub-component. With data being available largely from the formal sources of credit disbursal and indications that the formal credit as a proportion of total indebtedness is going down, it becomes much more difficult to establish the causality. He also stated that the diversity in cropping patterns, holding sizes, productivity, regional variations make it difficult to establish such a causality for agriculture or rural sector as a whole, even if one had data. Finally, he argued that mere increase in supply of credit is not going to address the problem of productivity, unless it is accompanied by investments in other support services.

Antony and M (2007) has made an attempt to design a model for pricing loans in the backdrop of Basel 2nd guidelines. Accordingly interest rate for a loan is to be fixed as a sum of percentage costs, percentage risk premium and percentage economic value added. The risk premium is calculation of the expected loss premium and unexpected loss premium depends on the value of probability of default and loss given default.

All India Rural Credit Review Committee (1967) estimated the short term credit requirements by 1973-74 at Rs. 2,000 crore, while the actual supply of of institutional credit for short term purposes amounted to Rs. 589.30 crores .i.e. 42.97 percent of the estimated requirements.

IV. Agricultural Credit: Recent Trends and Developments

i. Comparative Appraisal of Rural Financial Institutions (RFIS): In spite of their wide network, co-operative banks, particularly since the 1980s have lost their dominant position to commercial banks. The share of co-operative banks was 30 per cent during 2007-08 which is less than half of what it was in 1971-72 (87 per cent). The share of commercial banks registered increase from 2 percent to 58 percent and the RRBs (4 to 12 per cent) almost thrice during the above same period. Thus, the cooperative banks had a major share followed by commercial banks and RRBs. Between 1971-72 and 2007-08, agriculture credit witnessed a jump of around 220 times from merely Rs. 883 crore to Rs. 1,94,953 crore. The overall higher-order credit growth in banking system has not supported the desired expansion of agriculture credit and credit to small scale industries (as shown in table 1).

ii. Analysis of Sources of Agriculture Credit: The share of institutional credit, which was small 7.3 per cent in 1951, improved manifold to over 61 per cent in 1991 while on the other hand a remarkable decline in the share of non institutional credit from 92.7 per cent to 39per cent during the same period was registered (As shown in Table.2). But, it is also remember able that the latest NSSO Survey reveals that the share of non-institutional credit has taken a reverse swing which is a cause of concern.

iii. Comparison between agriculture credit and agriculture GDP: On the one hand, the ratio of agricultural credit to agricultural GDP increased from 5.4 per cent in the 1970s to 8.7 per cent in 2001-02 while on the other hand the share of agricultural credit in total credit declined from 20.5 per cent to 10.5 per cent during the same period (as shown in table 3)

iv.Region -wise Imbalance Agriculture Credit: There is ample variability in the availability of institutional credit per hectare of gross cropped area in different States in India. During 2001-02.it was as high as 14.9 percent in Tamil Nadu, 13.5 percent in Andhra Pradesh, 10.4 percent in Punjab, and 9.7 percent in Karnataka, while it was as low as 0.5 percent in North-Eastern Region and 7.4 percent in Eastern Region. The states that have a larger share of the poor, the coverage is comparatively low. The accessibility to institutional credit is higher in the Southern region (As shown in Table 4). More than 50 per cent of the total SHG credit linkages in the country are concentrated in the Southern States.

It was observed that the banks have not adopted the Kisan Credit Card Scheme in a uniform manner, resulting in some States like Andhra Pradesh, Maharashtra, Rajasthan and U.P. issuing more than 10 lakhs of KCCs (in each state). While States of Karnataka, Orissa and Tamil Nadu have issued 5-10 lakh KCCs each, some other States like Bihar, Assam, Gujarat, Haryana, Himachal Pradesh, J&K, Kerala, M.P., Punjab and West Bengal have issued less than 1 lakh KCCs each. The progress of the implementation of this scheme in the North-Eastern States is very much poor.In the long- run, the pace of credit disbursement to agriculture is slowing, regional imbalance seems to be widening and the share of small farmers is declining

V. Some Concerns & Issues

Over the years, rural credit system has been suffering from a number of setbacks like limited outreach, skewness in the availability of credit in different regions, sectors and sections of the farming community, lower recovery of loans, growing non-performing of assets, and loss making institution etc. Another problem faced by farmers is that rural financial institutions are not advancing agriculture credit at the rate warranted by the increased requirements of credit with the larger use of purchase inputs. Some of the poorest part of the country i.e. the tribal belt extending from Jharkhand to Andhra Pradesh and encompassing tribal area of Bihar, Orissa, Maharashtra and Chattisgarh, are adequately served by RFIs. Even in other agriculturally advanced areas, the share of the credit from RFIs in the total cost of the inputs is low and there is no indicator of the gap filled.

RFIs mainly commercial banks advance three reasons for their unsatisfactory performance in rural areas. These are: (a) low absorptive capacity in rural areas, (b) high transaction costs, and (c) greater risks. With the reluctance and inability of RFIs, farmers have to take resource to non-formal sources, i.e. input suppliers, traders and bigger landlords to obtain credit. While it may be easy to get credit from these sources, it also true that the terms they offer are onerous; also be more ruthless. Farmers who are heavily indebted to these sources, but unable to generate additional output and, therefore default in repayment, face serve consequences. It is no coincidence that the largest numbers of suicides are reported from areas where farmers get heavily indebted to non formal sources of credit.

The growing disparities between marginal, small and large farmers continue to be a cause for concern. The large proportion of population in the lower strata, which is having major share in the land holdings, receives much less credit than its requirements.

A recent World Bank or NCAER survey shows that only 24 per cent of the Andhra Pradesh and 19 per cent of the Uttar Pradesh households had access to formal credits, while 56 and 51 per cent of the households in two states respectively depended on private credit. The proportions of small and marginal farmers accessing formal credit were lower than those in the medium and large category in both the states. Thus access to formal credit was poor and skewed in favor of the larger holdings.

Less availability of credit influences adversely the adoption of modern technology and private capital investments, which in turn lowers the productive capacity of the agricultural sector and results in lower productivity and production, and also pushes the farmers to borrow from non-institutional sources. Consequently, the availability for agricultural credit for short and long-term purposes is inadequate

The Finance Minister in his Union Budget 1995-96 admitted "Inadequacy of public investment in agriculture is today a matter of general concern. This is an area which is the responsibility of states. But many states have neglected investment in infrastructure for agriculture. There are many rural infrastructure projects which have been started but are lying incomplete for want of resources. They represent a major loss of potential income and employment to rural population."

VI. Recent Policy Measures and Reliefs

In the series of reliefs and initiatives the Union budget 1995-96 proposed the creation of Rural Infrastructure Development Fund (RIDF) in NABARD with a corpus of Rs. 2000 crores. The Fund has continued with additional corpus being announced every year in the Union Budget. Two innovations, viz., micro-finance and Kisan Credit Card Scheme (KCCS) have been introduced in August 1998.

The Government of India announced special measures in June 2004 to double the flow of agricultural credit during the period 2004-05 to 2006-07 by all the financial institutions. Towards this end, it was proposed to increase the agricultural credit by 30 per cent to about Rs.1.05 lakh crore in 2004-05. Further, the RBI has enabled Non-Governmental Organizations (NGOs) engaged in micro-finance activities to access external commercial borrowings (ECBs) up to US $ 5 million during a financial year for allowed end-use, under automatic route, as an additional channel of resource mobilization.

The Reserve Bank has undertaken several measures in view of the objective set in the Union Budget 2004-05 to achieve a doubling of flow of credit to agriculture and suicide by farmers in the country. These are:

a) To raise the agricultural credit flow at the rate of 30 per cent per year.

b) To restructure the outstanding debt of the farmers under the guidelines issued by RBI or NABARD:

a) Farmers in distress – Rescheduling or restructuring of the outstanding loan of the farmers on March 31, 2004 in the districts declared as calamity – affected by the State Government. Rescheduled loan shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.

b) Farmers in arrears - Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been grouped as sub-standard or doubtful shall be rescheduled as per the guidelines so that such farmers become eligible for fresh credit.

c) To grant a one-time settlement (OTS) including partial waiver of interest or loan to the small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit.

d) The centre has already implemented a scheme where farmers face keen distress because of the heavy burden of debt from non-institutional lenders. Banks were directed to advance loans to such farmers give them relief from indebtedness.
e) The Public Sector banks were directed to decrease their lending rate for agriculture to a single digit rate of not more than 9 per cent per annum on crop loans up to a ceiling of Rs.50, 000.

e) To waive margin or security requirements for agricultural loans up to Rs.50, 000 and agri-business and agri-clinics up to Rs.5 lakhs.

A special package for easing the agrarian crisis and preventing farmers from committing suicide in about 30 districts of the four worst affected states of Andhra Pradesh, Karnataka, Maharashtra, and Kerala. The Centre has approved special package for the identified districts in the States of Andhra Pradesh, Maharashtra Karnataka, and Kerala which involves a total amount of Rs.16,978 crore consisting of Rs.10,579 crore as subsidy or grants and Rs.6,399 crore as loan. The proposed package will cover six issues- credit, insurance, irrigation, agriculture productivity, lack of extension services and lack of marketing infrastructure.

A additional package of Rs. 720 crore to boost farm education was given. World Bank also to contribute $ 200 million for National Agricultural Innovation Project.

VII. ANALYSIS AND DISCUSSIONS

i. Inadequate credit and farming communities

It can be observed from the Table 5 that:

- All (100 percent)small farmers(SF: 0-2.5 acre), Medium farmers(MF: 2.5 acre-5.0 acre), and large farmer(LF: above 5.0 acre) accepted that credit available to them is inadequate in comparison to their increasing requirements of agriculture credit due to increasing costs of input, crops failure, low price and changing ground water.
- It was found that only 58 % of small farmers, 79 % of marginal farmers and 96 % of large farmers have access to formal credit. The reasons were joint land holdings, small size of land holdings; continue declining profitability of agriculture sector, procedural formalities and negative attitude of banking sectors towards farming communities.
- It was seen that 83 % of small farmers, 78 % of medium farmers and 87 % of large famers having dependence on informal credit (i.e. moneylenders, commission agents etc.). The major reasons were no access to agriculture credit and inadequate agriculture credit, low prices of crops, inefficient and corrupted agriculture marketing system and crops failure.
- 74% of small farmers, 62% of medium farmers and 69% of large farmers assume that the cost incurred as transportation cost, commission charges and time spent in getting loan from formal agencies is unjustified. 78% large farmers, 59% medium farmers and 23% small farmers assume high rate of interest due to penalty. They feel that they have to pay 12% to 20% even on KCCs in case of penalty due to non-payment on time which is unjustified. 82% large farmers, 76% medium farmers and 23% small farmers told that quality in form of equipments credit having low quality while 89% large farmers, 81% medium farmers and 53% small farmers said that equipments credit having high price.

ii. Misutilisation, Recovery, Overdue and Defaulters Position:

- It has been observed that 30% small farmers, 53% marginal farmers and 47% large farmers misutilised the loan on purchasing assets, consumption, and construction of houses and in paying old debt. Around 50% farmers misutilised the loan in payment of old debt.
- Among the farmers who pay loan on time are 70% small farmers, 47% medium farmers and 53% large farmers. Medium farmers has larger share in over dues than large farmers followed by small farmers.
- Among the defaulters 30% were large farmers, 20% medium farmers and 17% were small farmers. Among the non-willful defaulters 80% were small farmers, 67% medium farmers and 56 % large farmers. The among non-willful defaulters were: Minimum support price, Ineffective marketing system, mounting input costs and inadequate formal credit, crops failure, changing structure of ground water, to repay old debt, low supply power and no other source of income. 46% large farmers, 33% medium farmers and 20% small farmers were willful defaulters. The reasons among willful defaulters were: To repay old debt, low interest burden, low pressure for recovery (both socially and legally), habit of paying in future and political influence.

VIII. FINDINGS

- The cooperative banks had a major share followed by commercial banks and RRBs. The pace of credit disbursement to agriculture is slowing, regional imbalance seems to be widening and the share of small farmers is declining.
- Although the share of institutional credit has registered a remarkable growth from 7.3 % in 1951 to 61.1 & in 2002. While on the other hand a remarkable decline in the share of non institutional credit from 92.7 per cent to 30.6 per cent during the same period was registered. Even then field survey result states that all farmers assume agriculture credit inadequate and the proportions of small and marginal farmers accessing formal credit were lower than those in the medium and large category. Further, 83 % of small farmers, 78 % of medium farmers and 87 % of large famers having dependence on informal credit.
- The majority of farmers assume that the cost incurred as transaction costs (especially costs associated with documentation formalities), commission charges and time spent in getting loan from formal agencies is unjustified.
- Among the farmers who misutilise the loan, the main reason has been payment of old loan. Medium farmers has larger share in overdues than large farmers followed by small farmers.
- Among the defaulters as well as willful defaulters large farmers are at 1st rank, medium farmers are at 2nd rank and small farmers at 3rd rank.
- The inadequate credit was observed as main reason of lower productivity and production.

IX. CONCLUSIONS

The analysis brings out that the trends of institutional credit to the agriculture sector during the post-reform period were high than the pre-reform period, and the composition also changed significantly over this period. The trends of direct short and long-term credit to the agriculture sector were increased during the post-reform period. Thus, the indirect credit to the agriculture sector was increased tremendously during the post-reform period. The co-operative credit structure needs revamping to improve the efficiency of the credit delivery system in rural areas. Merging and revamping of RRBs that are predominantly located in tribal/backward regions is seen as a potentially significant institutional arrangement for financing the hitherto unreached population. The SHG Bank- Linkage programme also needs to introspect whether it is sufficient for SHGs to only meet the financial needs of their members, or whether there is a further obligation on their part to meet the nonfinancial requirements necessary for setting up business and enterprises. Since, the access of small and marginal farmers to credit has been constrained by their inability to offer the collaterals, micro finance, which works on social collaterals, can go a long way in catering to their requirements.
In the long run, an assessment of agriculture credit situation brings out the fact that the credit delivery to the agriculture sector continues to be inadequate. It appears that the banking system is still hesitant on various grounds to purvey credit to small and marginal farmers. The situation calls for concerted efforts to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes. Transformation in banking policies and practices and the resultant of and access to total bank credit during the post-bank nationalization period have not satisfactorily addressed equitable and efficient delivery of agriculture and rural credit. Due to declining in public capital formation in the rural and agriculture sector and the persistent lukewarm attitude of rural bankers towards formal financing, the planners and policymakers may believe on microfinance to suitably supplement formal banking in rural India.

Table I : Direct Institutional Credit to Agriculture and Allied Activities

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Year	**Share in total credit(per cent)**				
	Co-operatives	**State government**	**SCBs**	**RRBs**	**Total (Rs. Crore)**
1971-72	87.1	11.2	1.7	-	883
1981-82	57.7	3.6	34.8	3.9	4296
1991-92	50.02	2.9	41.7	5.2	11,538
2001-02	56.4	0.8	34.4	8.4	54,195
2002-03	52.2	-	38.8	9.0	65,175

2003-04	48.0	-	43.4	8.6	83,427
2004-05	42.7	-	45.9	11.3	1,05,303
2005-06	33.4	-	56.0	10.6	1,44,021
20006-07	28.5	-	60.8	10.7	1,89,513
2007-08	29.6	-	58.2	12.2	1,94,953

Notes: RRBs: Regional Rural Banks, SCBs: Schedule Commercial Banks

Source: Reserve Bank of India

Table II: Relative Share of Borrowing of Farming Communities from Different Sources

(Per cent)

Sources Credit	1951	1961	1971	1981	1991	2002
1	2	3	4	5	6	7
Non-Institutional	**92.7**	81.3	68.3	36.8	30.6	38.9
of which						
Money Lenders	**69.7**	49.2	36.1	16.1	17.5	26.8
Institutional	**7.3**	18.7	31.7	63.2	66.3	61.1
of which						
Cooperatives Societies / Banks	**3.3**	2.6	22.0	29.8	23.6	30.2
Commercial Banks	**0.9**	0.6	2.4	28.8	35.2	26.3
Total	**100.0**	100.0	100.0	100.0	100.0	100.0

Source: All India Debt and Investment Survey and NSSO

Table III.: Ratio of Agricultural Credit to Agricultural GDP and Total Credit

Period	Agricultural Credit as % of Agricultural GDP	Agricultural Credit as % of Total Credit
1970s	5.4	20.5
1980s	8.3	20.1
1990s	7.4	14.4
2001-02	8.7	10.5

Source: Handbook of Statistics on Indian Economy, 2002-03, RBI

Table IV.: Percentage Share of States in Disbursement of Short- and Long-term Credit for Agriculture and Allied Activities

Region/State	**1990-91**	**1995-96**	**2001-02**
Northern Region	**12.9**	**11.6**	**19.9**
Haryana	2.8	2.2	4.4
Himachal Pradesh	0.2	0.4	0.6

Jammu and Kashmir	0.2	0.1	0.2
Punjab	**6.3**	**5.7**	**10.4**
Rajasthan	3.2	2.5	3.6
Chandigarh	0.1	0.6	0.5
Delhi	0.1	0.1	0.1
North-Eastern Region	**0.4**	**0.4**	**0.5**
Assam	0.2	0.3	0.3
Manipur	0.0	0.0	0.0
Meghalaya	0.0	0.0	0.0
Nagaland	0.0	0.0	0.0
Tripura	0.0	0.0	0.1
Arunachal Pradesh	0.0	0.0	0.0
Mizoram	0.0	0.0	0.0
Eastern Region	**8.3**	**6.4**	**7.4**
Bihar	2.4	2.0	2.2
Jharkhand	0.0	0.0	0.4
Orissa	3.0	1.5	1.0
Sikkim	0.0	0.0	0.0
West Bengal	2.8	2.9	3.8
Andaman & Nicobar Islands	0.0	0.0	0.0
Central Region	**16.9**	**16.4**	**14.1**
Madhya Pradesh	7.5	9.0	3.9
Chhattisgarh	0.0	0.0	0.5
Uttar Pradesh	**9.4**	**7.5**	**9.3**
Uttaranchal	0.0	0.0	0.5
Western Region	**13.6**	**17.1**	**14.4**
Gujarat	**5.1**	**9.8**	**7.2**
Maharashtra	8.3	7.0	7.1
Daman & Diu	0.0	0.0	0.0

Goa	0.1	0.3	0.1
Dadra & Nagar Haveli	0.0	0.0	0.0
Southern Region	**47.9**	**48.0**	**43.8**
Andhra Pradesh	**14.5**	**15.5**	**13.5**
Karnataka	**6.3**	**8.8**	**9.7**
Kerala	8.2	6.2	5.5
Tamil Nadu	**18.6**	**17.1**	**14.9**
Pondicherry	0.3	0.3	0.3
Lakshadweep	0.0	0.0	0.0
All-India	**100.0**	**100.0**	**100.0**

Source RPCD, RBI

Table V. Showing inadequate agriculture credit, Access and dependence of Farming Communities and Effectiveness of credit delivery system

Beneficiaries	Who having inadequate agriculture credit	Access to formal credit (%)	Dependence on Informal credit (%)	Effectiveness of credit delivery system							
Type	No.				Unjustified costs in getting loan (%)	High interest rate (%)	Equipments credit (%)				
							X	Y			
						p	q	r			
Upto 2.5 A	30	30(100 %)	58	83	74	87	27	54	23	54	53
2.5 A to 5.0 A	30	30(100 %)	79	78	62	92	58	43	59	76	81
Above 5.0	30	30(100 %)	96	87	69	98	88	38	78	82	89

Source: Field Survey

Note: p= Transportation cost; q= Time spent, r= Commission Charges, X= Low Quality, Y= High price

Table VI: Showing Misutilisation, Recovery, Overdues and Defaulters Position

Beneficiaries	Who misutilise the loan	Type of misutilisation	Recovery	Overdues	Defaulters						
Type	No.		x	y	z	w			No.	NWD	WD
SF	30	9 (30%)	1(11%)	1(11%)	3(33%)	4(44%)	21(70%)	9 (30%)	5(17%)	4(80%)	1(20%)
MF	30	16 (53%)	2(13%)	2(13%)	3(19%)	9(56%)	14(47%)	16 (53%)	6(20%)	4(67%)	2(33%)
LF	30	14(47%)	2(14%)	1(7%)	2(14%)	9(64%)	16 (53%)	14 (47%)	9(30%)	5(56%)	3(46%)

Source: Field Survey

Note: x=No. of beneficiaries who purchase assets; y= No. of beneficiaries who misutilise the loan for consumption purpose; z= who constructed or repaired the house; w= who repay the old debt; NW= Non-willful defaulters; WD= willful defaulters

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