



E-ISSN: 2278-4136
P-ISSN: 2349-8234
JPP 2018; 7(6): 2161-2165
Received: 25-09-2018
Accepted: 27-10-2018

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Status of agricultural loans in mid hill conditions of Himachal Pradesh

Nandita Sharma and KK Raina

Abstract

The present study was conducted a status of agricultural loans in mid hill conditions of Himachal Pradesh. The area selected for study was a Balh Valley which is the most fertile area in Himachal Pradesh. This area is known for commercial agriculture production. The farmers of these area adopted modern technologies for production and there is requirement of capital. The Bank plays a vital role in this area for meeting capital requirements of the farmers. Through this study we get the information about the banks who provide the agricultural loans and to find that whether the banks were cooperative or polite with their customers or not. We also come to know about the granting process of agricultural loans, through which we find that a huge fluctuations in the data acquired where easy way of granting process was agreed by the most of the respondents, whereas delay in sanction was reported by the different respondents have seen mixed reactions and money was adequate was supported by all. Agricultural loans are generally low interest loans that farmers can avail to run their farming business more efficiently. In India, government banks, co-operative societies, rural and urban banks provide agricultural loans to farmers. Most banks offer retail agri-loan-Kisan Credit Card which is specially designed credit for farmers. Agriculture is the largest sector of the economic activity and has a crucial role to play in the country's economic development by providing rice, wheat, sugarcane, mango, cotton beans and raw-materials etc. Financial need of the farmers in India are pressing because of their poverty. Small farmers need credit practically for every agricultural operations. It is imperative for the progress agriculture that farmers get enough of credit at the lowest possible rate of interest.

Keywords: Agricultural loans, status mid-hill, H P

Introduction

Indians economy study on three pillars like primary, secondary and tertiary mainly it based on agriculture. In other word we can say- "Agriculture is the back-bone of Indian economy." Agriculture is the largest sector of the economic activity and has a crucial role to play in the country's economic development by providing rice, wheat, sugarcane, mango, cotton beans and raw-materials etc. Indian agriculture play an important role in the country's international trade. Such as jute, tea, tobacco, coffee, spices etc. It help in the increasing the foreign exchange. Agriculture has remained the leading occupation for the people of the state since its inception, agriculture sector in the state is a development sector and agriculture productivity in the state is more than the national average. An agriculture loan is an overdraft facility which could be used to meet the cost of farming, cultivation and working capital activities for agri-business and associated activities. This loan could also be used for buying cattle, purchase of equipments for farming and irrigation and other agricultural requirements.

Agriculture is a dominant sector of our economy and credit plays an important role in increasing agriculture production. Availability and access to adequate, timely and low cost credit from institutional sources is of great importance especially to small and marginal farmers. Along with other inputs, credit is essential for establishing sustainable and profitable farming systems. Most of the farmers are small producers engaged in agricultural activities in areas of widely varying potential. Experience has shown that easy access to financial services at affordable cost positively affects the productivity, asset formation, income and food security of the rural poor. The major concern of the government is therefore; to bring all the farmer households within the banking fold and promote complete financial inclusion. Agriculture contributes about 9.4% to the net state domestic product. It is the main source of income and employment in Himachal. About 90% of the population in Himachal depends directly upon agriculture, which provides direct employment to 62% of total workers of state. The main cereals grown include wheat, maize, rice and barley with major cropping systems being maize-wheat, rice-wheat and maize-potato-wheat. Apple is the principal cash crop of the state grown principally in the districts of Shimla, Kinnaur, Kullu, Mandi, Chamba and some

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The application of the vortex-assisted MSPD method to the analysis of real samples showed TCS in some fish liver and fish gill samples at trace levels. Parts of Sirmaur and Lahaul-Spiti with an average annual production of 5 lakh tonnes and per hectare production of 8 to 10 tonnes.

Benefits of Agricultural Loans:

- Simplified documentation.
- Easy and convenient loan.
- Flexible loan repayment option based on your income.
- Attractive interest rates.
- No hidden charges.
- Quick processing.
- Non-mortgage loans are also available with certain lenders.

India is an agriculture based country. The economy of our country heavily depends on the agriculture and allied industries. However agricultural activity demands loans and financial institutions who provide funding for the agricultural activity and business. Agricultural loans are the specific type of loans to fund seasonal agricultural operations or activities. Seasonal activity includes preparing and planning land for sowing, weeding and transplantation where necessary. Additionally, it includes buying inputs such as fertilizers, seeds, insecticides etc and hiring labour. Generally, it includes animal farming, or purchase of land or agricultural tools. Generally banks provide agricultural term loans to farmers for investment purpose and short term loans for production purposes. There is a need to finance farmers for purchasing land not only to expand their activities but also to make existing small marginal units economically viable.

Agricultural Credit Policy: The Government of India has initiated several policies measures to improve the accessibility of farmers to the institutional sources of credit. The emphasis of these policies has been on progressive institutionalization for providing timely and adequate credit support to all farmers with particular focus on small and marginal farmers and weaker sections of society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity. The policy lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies and rationalization of lending policies and procedures. These policy measures have resulted in the increase in the share of institutional credit of the rural households.

Types of finance microfinance need of the Indian farmer are divided into three categories:

- 1. Short term credit:** It is needed to fulfill the current financial requirement of the farmer related to the purchase of seed and fertilizers. It stretches up to a period of 15 months.
- 2. Medium term credit:** It is needed for medium period ranging from 15 months to 5 years, for the purchase of tools/implements or the construction of wells/tube wells etc.
- 3. Large term credit:** It is required for the repayment of old debts, purchase of land, tractors, etc. This credit is for more than 5 years duration.

List of 20 best agricultural loan providers in India

1. Agricultural Loan from Allahabad Bank

The bank offers the Kisan Credit Card and Kisan Shakti Yojana Scheme. The Kisan Credit Card is a unique scheme for farmers. Through this card, farmers can draw a cash loan

for crop production as well as domestic needs from the card-issuing branch within the sanctioned limit. Kisan Shakti Yojana provides farm investment credit. In addition, it provides personal or domestic loans including repayment of debt to moneylenders.

2. Agricultural Loan from Andhra Bank

The bank provides facilities to farmers like AB Kisan Vikas Card, AB Pattabhi Agriscard, AB Kisan Chakra. Additionally, it provides funding for rural godowns, Agri clinics, agri-service centers, self-help groups and solar cookers. They also provide other schemes such as Kisan Sampathi, tractor financing, Kisan Green Card, Surya Sakti and loans to dairy agents.

3. Agricultural Loan from Bank of Baroda

Bank of Baroda offers farmers the Baroda Kisan Credit Card. Also, the bank has schemes for the purchase of agricultural implements, heavy agricultural machines like tractors, irrigation, and other infrastructure. Bank of Baroda also finances the development of agro-industries like horticulture, sericulture, fisheries, dairy, and poultry.

4. Agricultural Loan from Bank of India

Bank of India has a Kisan Credit Card Scheme. It helps farmers raise short-term funds for agriculture and other farm-based activities, on an on-going basis, with very flexible and friendly repayment terms. It also offers an agricultural loan for development of agriculture related industries, purchase of machinery and other agricultural purposes.

5. Agricultural Loan from Bank of Maharashtra

The bank offers agriculturists a Maha bank Kisan Credit Card. It provides financial schemes for digging new wells, purchasing harvesters, livestock, vehicles, and land. Repayment terms for different agricultural loans range from three to fifteen years.

6. Agricultural Loan from Canara Bank

Canara Bank provides Kisan Credit Cards. Limits up to 50,000 have no margin while those above 50,000 have a margin of 15 to 20 percent. Other than this, Canara Bank provides a wide array of financial schemes for different agricultural purposes.

7. Agricultural Loan from Central Bank of India

The Central Kisan Credit Card is a specific credit service. The bank provides the farmers this service on the basis of their holdings for purchasing agricultural inputs. Only those farmers having a good track record for the past 2 years with the bank as a borrower or depositor and who are not defaulters to any credit institution can apply for the loans.

8. Agricultural Loan from Corporation Bank

CB offers a range of loan schemes to farmers. They are the Corp Gram Mitra Yojana, Corp Arthias Loan Yojana, Corp Kisan Tie-Up Loan Scheme, Corp Kisan Farm Mechanization Scheme and Corp Kisan Vehicle Loan Yojna.

9. Agriculture Loan from Dena Bank

Dena Bank has sponsored 2 Regional Rural Banks namely Dena Gujarat Gramin Bank in Gujarat and Durg Rajnandgaon Gramin Bank (DRGB) in Chhattisgarh. The bank has set up a Rural Development Foundation for training unemployed youth in rural areas. Other financial schemes of the bank are

the Dena Swachh Gram Yojana, Dena Kisan Gold Credit Card Scheme, and the Dena Bhumiheen Kisan Credit Card Scheme.

10. Agriculture Loan from Indian Bank

IB has a wide range of schemes for agriculturalists such as Swarajgar Credit Card, Gramin Mahila Sowbhagya Scheme, Kisan Bike Loan Scheme, Yuva Kisan Vidya Nidhi Yojana and Indian Bank Kisan Card Scheme.

11. Agriculture Loan from Indian Overseas Bank

Indian Overseas Bank offers a number of agribusiness consultancy services. It includes conducting feasibility and market studies, preparation of detailed project reports and formulation of rehabilitation packages for sick agro units.

12. Agricultural Loan from Oriental Bank of Commerce

It has two agricultural projects – the Grameen Project and the Comprehensive Village Development Programme. The Grameen Project involves disbursing small loans ranging from Rs.75 onwards to mostly women. The bank also provides training in villages in using the locally available raw material to produce pickles and jams.

The Comprehensive Village Development Programme focuses on providing an integrated package of rural finance to villagers to build up their village.

13. Agriculture Loan from Punjab and Sind Bank

Punjab and Sind Bank offers a range of financial schemes for farmers. It includes the Zimidara Credit scheme etc. In addition, it provides funding for horticulture clinic and private veterinary clinic with the dairy unit scheme.

14. Agriculture Loan from Punjab National Bank

This bank has a special website called Punjab National Bank Krishi for agriculturalists. It gives details on crop practices, plant protection, farm machinery, market prices and other farming news and activities. The website provides a list of financial schemes on production credit, investment credit, composite loans, animal husbandry and farm mechanization.

15. Agriculture Loan from Syndicate Bank

SB offers a wide range of agricultural loan products. The list includes the Syndicate Jai Kisan Loan Scheme, Jewel Loan Scheme for Agriculture, Syndicate Farm House Scheme etc. Additionally, it provides finance for Hi-tech Agriculture, Development of Irrigation Infrastructure scheme, Syndicate 2/3/4 Wheelers Scheme and the Syndicate Kisan Credit Card (S.K.C.C).

16. Agriculture Loan from UCO Bank

This Bank provides the UCO Hirak Jayanti Krishi Yojana to meet the long-term credit needs of the farming community. The bank provides funding in rural areas for agriculture and allied activities as well as for personal purposes. However,

only farmers below 60 years are eligible to apply. Minimum quantum of the loan is Rs.25, 000/- and the maximum is Rs.5 lakhs.

17. Agriculture Loan from Union Bank of India

The bank provides facilities like Kisan ATM Cards and special Kisan ATM Machines. These ATM's are easy to operate and do not require farmers to have a high level of literacy. They are voice enabled in the local language. Additionally, the ATMs have a touch screen monitor and work on a biometric authentication system like fingerprint verification.

18. Agricultural Loan from United Bank of India

The range of financial schemes offered to agriculturalists includes the United Krishi Laghu Paribahan Yojana, United Krishi Sahayak Yojana, United Gramyashree Yojana, Gramin Bhandaran Yojana and the United Bhumiheen Kisan Credit Card.

19. Agriculture Loan from Vijaya Bank

This bank offers one comprehensive financial scheme known as the Vijaya Krishi Vikas (VKV) Scheme. This scheme provides a simple package to farmers to meet entire agricultural credit requirements such as crop production, investment credit, and consumption credit. All farmers including owners, tenant cultivators, leased land farmers and sharecroppers are eligible for this scheme.

20. Agriculture Loan from NABARD

NABARD stands for National Bank for Agriculture and Rural Development. The organization is responsible for refinancing disbursement to commercial banks, State cooperative banks, State cooperatives, rural development banks, Regional Rural Banks (RRBs) and other eligible financial institutions. Additionally, it sanctions money through the Rural Infrastructure Development Fund for different projects. Generally, the list includes irrigation, rural roads and bridges, health and education, soil conservation and drinking water schemes. NABARD also offers a Kisan Credit Card Scheme and crop loans under the Rashtriya Krishi Bima Yojana.

Material and Methods

The following research methodology was adopted for successful execution of the present study.

Study Area

The present study was conducted in Balh Valley of Mandi district. This block was selected purposively because this is the most fertile valley of Himachal Pradesh and is known for commercial agriculture production. The farmers of the area adopt modern technologies production and there is the requirement of capital.

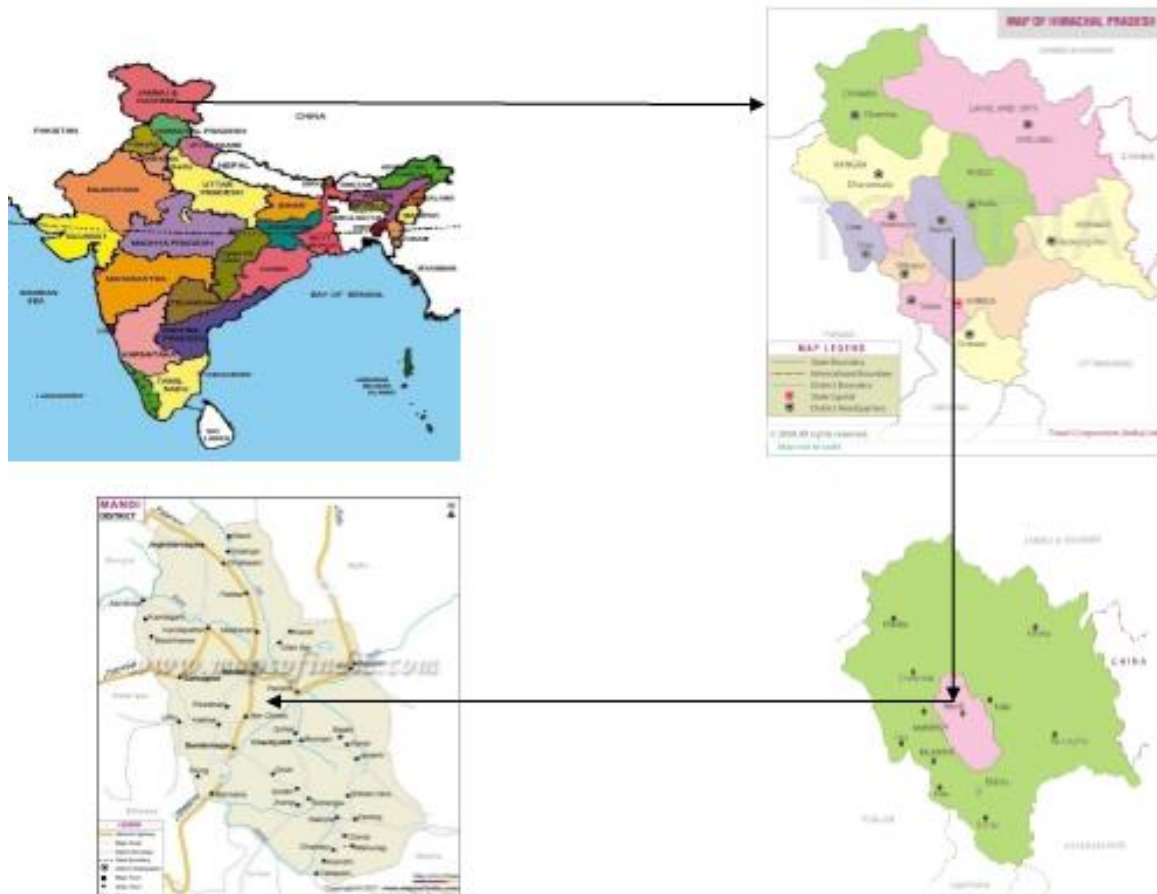


Fig 1: Study Area (Balh Valley, District-Mandi, H.P)

Sample Size

A multistage random sampling technique was used. In the first stage Balh valley of Mandi district was selected purposively due to the following reasons:

- Land is fertile in Balh valley.
- Farmers use the modern techniques of farming.
- Requirement of the capital is high.

In the next stage, a complete list of all the villages in Balh Valley was prepared. A 10 number of villages were selected randomly from the list. From the selected villages, a complete list of the loan taking farmers will be prepared with the help of the different Banks. From the list, 8 farmers from each of the selected village were selected. The total sample size constituted 80 farmers who availed agriculture loan from the different Banks who provide agriculture loans.

Data Collection

Both primary and secondary data was collected. The primary data was collected through schedules and questionnaires. The information was collected on the following thematic areas.

- Education of the farmers.
- Income of the farmers (Farm / Non-Farming).
- Land holding (Irrigated / Non-Irrigated).
- Amount, Tenure and Purpose of loan.
- Increase in income and productivity.
- Impact of crop loan on production (On farm/ Off farm increase).
- Quality of services offered by banks.

The secondary data was collected from banks and published sources.

Data Analysis

Data was analyzed through simple tabular analysis. Averages and percentages were calculated. The averages and percentages were calculated as follows:

Percentage method

To find out the percentage, individual frequency was divided by sum of frequency and multiplied with 100.

$$\text{Percentage} = \frac{X}{Y} * 100$$

Where

X=Individual frequency, Y=Sum of frequency

Results and discussion

Table 1: Loan Sufficiency of the Respondents

Loan Sufficient	Percentage
Yes	85
No	15

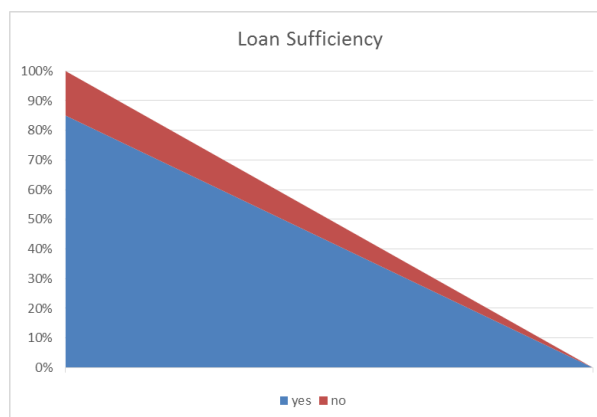


Fig 2: Sufficiency of Loans

It can be observed from the table that 85 percent people agreed to the sufficiency of loan while other 15 percent thought that the loan was not sufficient according to their needs. (Odoemenem, I.U. 1991)

Table 2: Increase in Income

Income	Frequency	Percentage
Below 10,000	19	23.75
10,000-20,000	51	63.75
Above 20,000	10	12.5
Total	80	100

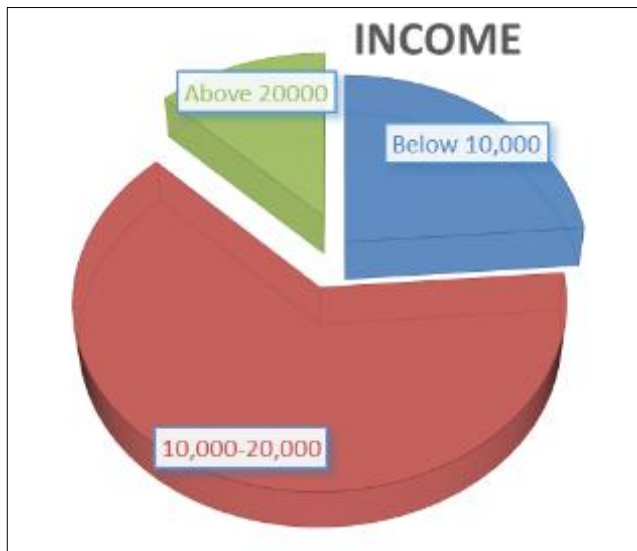


Fig 3: Status of Farmers Income

This table shows that the increase in income of the respondents after availing the loan. It can be observed that 63.75 percent of the respondents have experienced an increase of farm income in the range of Rs 10,000-20,000 thousand. This increase was experienced due to the introduction of new crops. Another 23.75 percent of the respondents have experienced an increase in the farm income upto Rs 10,000 thousand. This suggested that all the responding borrowers have made productive use of the agriculture loans. (Badru, P. 1997).

Table 3: Bank Co-operation

Co-operation	Frequency	Percentage
Polite	65	81.25
Cold	10	12.5
Rude	5	6.25
Total	80	100

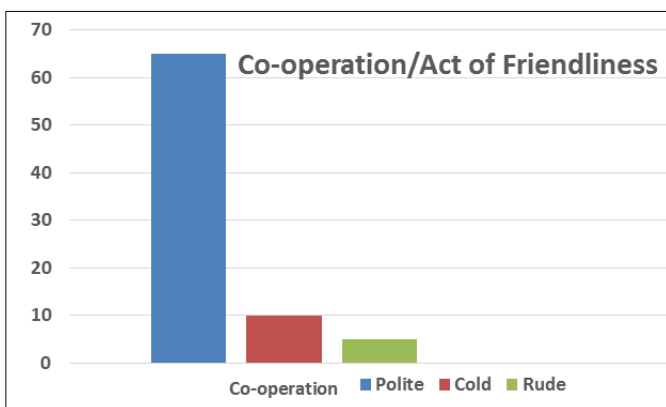


Fig 4: Status of Bank Co-Operations

This graph shows that approximate 82 percent people have found that banks were cooperative and were polite with their behavior while only 12.5 and 6.25 percent were cold and rude in their behavior. (Obeta, M.E. 1992).

Table 4: Design of granting process, Delay in Granting process and adequate amount of money

Money	Easy way of granting process	Delay in Sanction	Adequate amount of money
YES	62	42	71
NO	18	36	9
Total	80	80	80

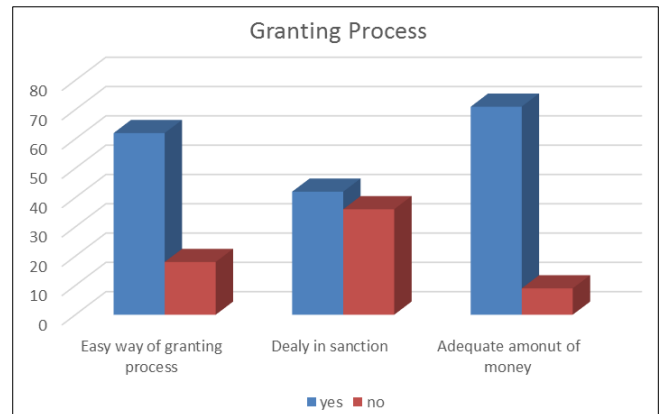


Fig 5: Granting Process of Loans

This result shows that a huge fluctuations in the data acquired where easy way of granting process was agreed by the most of the respondents whereas delay in sanction was reported by the different respondents have seen mixed reactions and money was adequate was supported by all. (Nweze, N. J. 1994).

Conclusion

85 percent people agreed to the sufficiency of loan while other 15 percent thought that the loan was not sufficient according to their needs.

63.75 percent of the respondents have experienced an increase of farm income in the range of Rs 10,000-20,000 thousand.

82 percent people have found that banks were cooperative and were polite with their behavior while only 12.5 and 6.25 percent were cold and rude in their behavior.

Study we get the information about the banks who provide the agricultural loans and to find that whether the banks were cooperative or polite with their customers or not

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