

AN EMPIRICAL ANALYSIS ON BAD LOANS IN AGRICULTURE LOAN

(With special reference to Co-operative Banks in Odisha)

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ABSTRACT

The timely recovery of loans is prerequisite for any credit institution, particularly for Cooperative Banks (CBs) with their limited funds for sustained growth and existence. Efficient financial resource management requires that funds deployed should give them good returns along with timely repayments of principal amount. Defaults limit the recirculation of funds thereby upsetting the financial planning of Cooperative Banks (CBs). The repayment of loans mainly depends on proper utilization of loan amount, supply of quality assets, generation of sufficient income from schemes, availability of infrastructural and marketing facilities, willingness to repay, continuous supervision and follow-up visits, interest and initiatives taken by the bank staff. The present paper makes an attempt to analyze the causes of NPA in Agricultural Loans of Cooperative Banks and suggestions made to overcome the problems. For the purpose of confidentiality the name of branches has not been disclosed. Ganjam and Gajapati district of Odisha was selected for the study. Bank officials and borrowers are surveyed through separate questionnaires made for the purpose. Different causes of NPA in agricultural loan of Cooperative Banks (CBs) are analyzed and suggestions made to overcome the problem.

Key words: NPAs, Cooperative Banks, Agricultural Loan, Total Score, Ideal Score, Least Score

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INTRODUCTION

Agriculture is one of the most important industries and regarded as the “backbone” of the Indian economy. About 80 percent of its population lives in villages and agriculture is the primary occupation of about 70 percent of the total population of the country. It creates employment for about three-fourths of the working population and accounts for about 50 percent of the national income. The Orissa State Co-operative Bank, a Scheduled Bank under RBI Act was registered in the year 1948 as the Apex Bank of the short term Cooperative .Credit structure of Orissa with an objective of Development of the agrarian economy of Orissa by catching the credit equipment of the terms of the state.

About OSCB

MISSION

Corporate mission is to become a strong and competitive Bank offering innovative financial products and services and to lead a rejuvenated short term cooperative credit structures to better serve the people of Orissa.

- To cater to the credit requirement of farmer-members of the Primary Agriculture Cooperative Societies.
- To implement the Kissan Credit Card (KCC) scheme to ensure instant finance and adequacy in credit delivery.
- To step up production and productivity in agriculture through promotion of farm mechanization and better land and water management.
- To create employment opportunities by channeling credit for promotion of dairy, poultry, tissue culture handloom, transport and Micro Small and Medium Enterprises (MSMEs).
- To cater to the credit needs of small traders and artisans for income generation and employment opportunities under Swarojgar Credit Card (SCC) Scheme.
- To extend credit facilities to Tenant Farmer Groups (TFGS), Joint Liability Groups (JLGs), Oral Leasees, Share Croppers and Self Help Groups (SHGs) for farm and non-farm operations.
- To recognize and reward good repayment habits of farmer-members through Kalinga Kissan Gold Card (KKGC) scheme.

- To direct efforts towards achieving the State Government – given targets under various crop production programmes and implementation of policies on the cooperative sector.

ACTIVITIES:

- Providing insurance services to the customers of the Bank as corporate agent of Tata AIG Insurance Co. Ltd.
- Providing investment opportunity to all sections in the form of attractive saving products including Tax Benefit Scheme.
- Facilitating customers in meeting their credit needs through various financial products and services.
- Providing Bank-connectivity through “Financial inclusion” under the policy of “Inclusive Growth” to the unbanked and under banked sections of the Society by opening “No Frills Account” and providing General Credit Cards (GCC).
- Human Resource Development through Agricultural Cooperative Staff Training Institute (ACSTI) of the Bank. Continuous research for product innovation to cope with the emerging challenges in banking industry.
- Developmental initiatives for furtherance of the Cooperative Credit Structure of the State including computerization of affiliated DCCBs.
- Transparency in management by adhering to good corporate governance practices.
- “Whistleblowers policy” to provide protection to staff members who expose wrong doings, and implementation of Right to Information Laws.

The word NPA is not something new to the bankers. It is regular but disguised loan asset. As everyone knows, a portion of loan assets may become NPA. An asset becomes non-performing when it ceases to generate income for the bank. Prior to 31st March, 2004 a non-performing asset was defined as a credit facility in respect of which the interest or installment of principal has remained *past due* for a specified period of time which was four quarters. Due to the improvements in payment and settlement system, recovery climate, up gradation of technology in the banking system, etc, it has been decided to dispense with *past due concept*, with effect from

March 31st 2004. Accordingly, as from the date, a non-performing asset (NPA) is an advance where:

RBI's Guideline for NPA Recognition

<i>Loans and Advances</i>	<i>Guidelines applicable from 31.3.2001</i>	<i>Guidelines applicable from 31.3.2004</i>
Term loan interest and /or installment remains over due for more than	180 days	90 days
Overdraft/ credit A/C	Remains out of order	Remains out of order
Bills purchased and discounted remains over due for more than	180 days	90 days
Agricultural loan interest and or installments remain over due for	Two harvest seasons but not exceeding two and half years	Two harvest season but not exceeding two and half years
Other accounts- any amount to be received remains over due for more than	180 days	90 days

Source: Dr. Ch. Rajesham and Dr. K. Rajendar, "Management of NPAs in Indian Scheduled Banks", The Journal of Management Accountant, August 2008, Vol.43, No.8, pp.602-608

Non- Performing Assets Provisioning

Doubtful status	Percentage of provisioning as secured portion
Up To one year	20%
Less than 1 year and less than and equal to 3 years	30%
Greater than 3 years	100%

Source: RBI Bulletin 2009

Objectives of the study

- To study the factors responsible for growth of NPAs in agriculture loan from lenders and borrowers perspective in Cooperative Banks
- Studying in problem in relation to NPAs in agriculture loan in Cooperative Banks
- To give suggestions to overcome the problem of NPAs in agriculture loan in Cooperative Banks

Limitation of the study

- The study is restricted to Ganjam and Gajapati districts of Odisha.
- The sample size is limited to 284 members only; it may not give the real picture.
- The study conducted for the period of 3 months from February 2011- April2011..

Sampling plan

In support to the objective of the research there is a primary research through questionnaire administration method in the field through stratified random sampling method covering the state through regional, geographical, economic, cultural, lingual and settlement wise and to analyze the data and derive results from it, perception score method used. This method is easy to use and taken as suitable method to compare.

Category	Rural area	Urban area	Semi-urban area
Male (20-40) age group	13	8	8
Female (20-40) age group	11	9	7
Male (more than 40 age group)	16	11	14
Female (more than 40 age group)	14	12	11
Bank employees	15	10	11
Total	69	50	51

Respondents' perception with regard to NPAs in Agricultural Loan in Cooperative Banks

To measure the perception level of the participants with regard to NPAs in agricultural loan in Cooperative banks two categories of attributes/variables identified. One is economic and other is general variables. The 12 *economic variables* are growing expenditure and low productivity, inadequate price for the product, difficult marketing and marketing hazards, natural hazard caused by draught, absence of proper crop planning, unsatisfactory agricultural credit, minimum support price is not available to all farmers, lack of storage facility, which forces to sell the product at lower price, exploitation by business man, lack of good price for the product ,partly due to import, failure of banking system and increased competition.

Similarly, the 9 *general variables* identified are inconsistent government policy, traditional way of cultivation, willful default and expectation of debt relief, lack of initiative on the part of bank employee, misutilization of loan amount, weak monitoring, delay in disbursement of credit facilities, inaccurate pre-sanction security, wrong identification of beneficiary and unforeseen domestic problems like death, divorce, illness and marriage. In this regard we have been assigned as +3, +2, +1, 0 and -1 for the responses of the respondents “strongly agree”, “Agree”, “Neutral”, “Disagree” and “Strongly disagree” respectively. Final scores for each feature are calculated by multiplying the number of response by the weights of the corresponding response.

Calculation of respondents' perception: Ideal and Least scores

Ideal scores are calculated by multiplying the number of respondents in each category with (+3) and product with total number of attributes. Least scores calculated by multiplying the number of respondents in each category with (-1) and the product with number of attributes in the questionnaires.

Computation of Ideal Score and Least Score for Agriculture Loan

Particulars	Equation	Ideal score	Equation	Least score
Rural male (between 20-40 years of age)	$21 \times 3 \times 13$	819	$21 \times 13 \times -1$	-273
Rural female (between 20-40 years of age)	$21 \times 3 \times 11$	693	$21 \times 11 \times -1$	-231
Urban male (between 20-40 years of age)	$21 \times 3 \times 8$	504	$21 \times 8 \times -1$	-168
Urban female (between 20-40 years of age)	$21 \times 3 \times 9$	567	$21 \times 9 \times -1$	-189
Semi-urban male (between 20-40 years of age)	$21 \times 3 \times 8$	504	$21 \times 8 \times -1$	-168
Semi-urban female (between 20-40 years of age)	$21 \times 3 \times 7$	441	$21 \times 7 \times -1$	-147
Rural male (above 40 years)	$21 \times 3 \times 16$	1008	$21 \times 16 \times -1$	-336
Rural female (above 40 years)	$21 \times 3 \times 14$	882	$21 \times 14 \times -1$	-294
Urban male (above 40 years)	$21 \times 3 \times 11$	693	$21 \times 11 \times -1$	-231
Urban female (above 40 years)	$21 \times 3 \times 12$	756	$21 \times 12 \times -1$	-252
Semi-urban male (above 40 years)	$21 \times 3 \times 14$	882	$21 \times 14 \times -1$	-294
Semi-urban female (above 40 years)	$21 \times 3 \times 11$	693	$21 \times 11 \times -1$	-231
Rural bank officials	$21 \times 3 \times 15$	945	$21 \times 15 \times -1$	-315
Urban bank officials	$21 \times 3 \times 10$	630	$21 \times 10 \times -1$	-210
Semi-urban bank officials	$21 \times 3 \times 11$	693	$21 \times 11 \times -1$	-231

Findings of the Study:

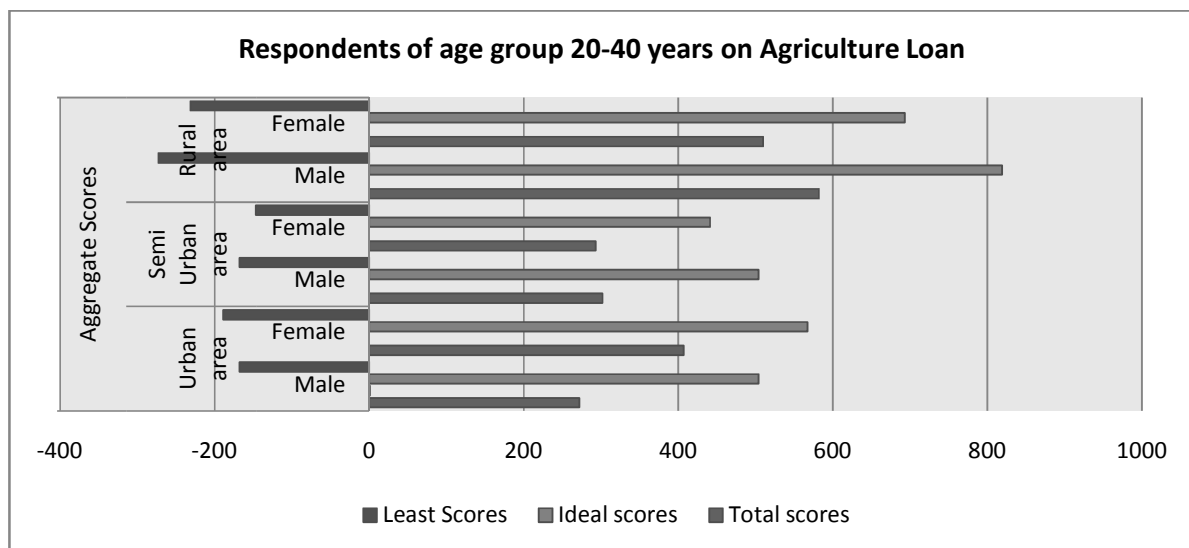
Findings of the study are as under. The tables are formed on the basis of questions contained in the questionnaires.

Respondents of age group 20-40 years on Agriculture Loan

Variables	Aggregate Scores					
	Urban area		Semi Urban area		Rural area	
	Male	Female	Male	Female	Male	Female
<i>Economic Causes</i>						
Growing expenditure and low productivity	20	17	18	15	24	23
Inadequate price for the product	14	20	14	11	25	26
Difficult in marketing and marketing hazards	13	21	16	14	29	22
Natural hazard caused by drought	10	20	18	18	27	25
Absence of proper crop planning	12	16	13	17	26	26
Unsatisfactory agricultural credit	16	17	11	18	26	25
Minimum support price is not available to all farmers	14	24	10	14	25	26
Lack of storage facility, which forces small farmers to sell the product at less price	10	17	14	13	31	23
Exploitation by business man	10	21	15	11	28	19
Lack of good price for their product, partly due to import	12	19	10	14	27	28
Failure of banking system	18	21	20	13	30	24
Increased competition	15	19	15	15	23	25
<i>General causes</i>						
Inconsistent Government policy	9	17	19	18	26	24
Traditional way of cultivation leads to less productivity	10	22	14	11	29	19

Willful default and expectation of debt relief	18	21	21	9	24	23
Lack of initiative of the bank employees and weak monitoring	10	17	13	15	34	26
Misutilization of loan amount	10	20	13	16	33	30
Delay in disbursement of loan	9	16	15	15	26	23
In accurate pre- sanction security	10	22	13	11	30	26
Wrong identification of beneficiary	17	20	12	13	33	22
Unforeseen domestic problems like death, divorce, illness and marriage	15	20	8	12	26	25
Total scores	272 (53.96)	407 (71.78)	302 (59.9)	293 (66.44)	582 (71)	510 (73.6)
Ideal scores	504	567	504	441	819	693
Least Scores	-168	-189	-168	-147	-273	-231
No. of Respondents	8	9	8	7	13	11

Source: Annexure 1,2,3,4,5,6



In the above table, the total scores are 272,407, 302,293,582 and 510 and as against this the ideal scores are 504, 567, 504,441, 819 and 693 respectively for urban male & female, semi-

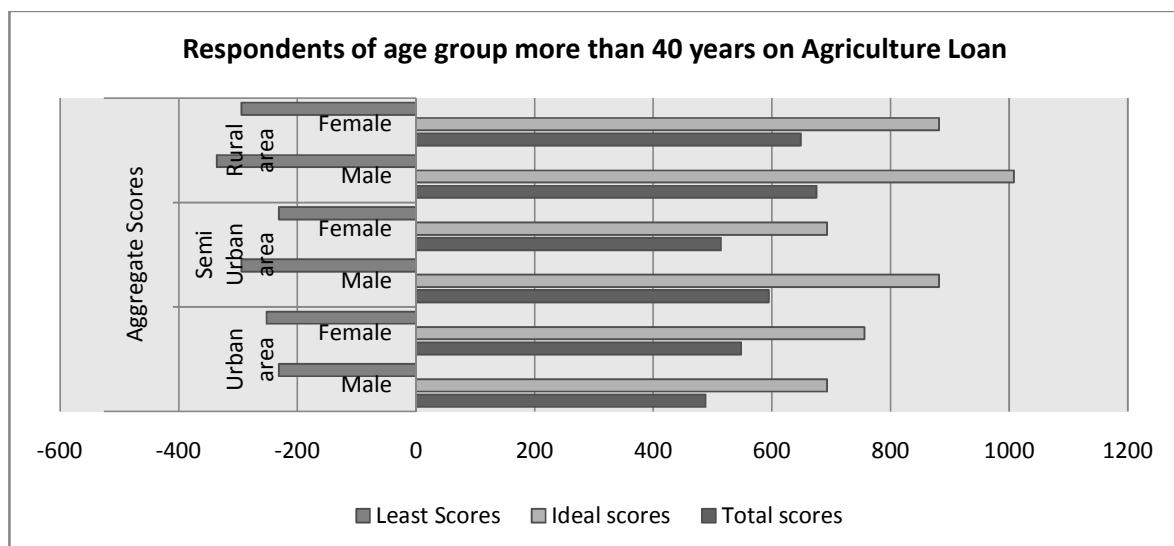
urban male & female and rural male & female respectively for the respondents of age group of 20-40. The percentages of total score to idle score are 53.96, 71.78, 59.9, 66.44, 71, and 73.6 respectively. The percentage is low in case of urban male and high in rural female. The average percentage is 66.11%. It is also important to note that in no case the total scores are negative and comes near to the least score. Hence various variables considered for agricultural loan seems to be positive for this group.

Respondents of age group more than 40 years on Agriculture Loan

Variables	Aggregate Scores					
	Urban area		Semi Urban area		Rural area	
	Male	Female	Male	Female	Male	Female
<i>Economic Causes</i>						
Growing expenditure and low productivity	22	25	30	19	30	27
Inadequate price for the product	21	22	30	23	33	28
Difficult in marketing and marketing hazards	24	26	26	26	32	32
Natural hazard caused by drought	21	29	26	25	36	31
Absence of proper crop planning	22	26	27	19	34	35
Unsatisfactory agricultural credit	24	30	29	27	31	28
Minimum support price is not available to all farmers	23	32	28	26	30	31
Lack of storage facility, which forces small farmers to sell the product at less price	22	26	31	30	34	28
Exploitation by business man	26	26	33	29	28	33
Lack of good price for their product, partly due to import	29	28	35	23	26	35
Failure of banking system	24	22	30	26	32	32
Increased competition	24	25	27	19	30	31
<i>General causes</i>						

Inconsistent Government policy	24	30	28	19	31	30
Traditional way of cultivation leads to less productivity	19	32	33	23	38	29
Willful default and expectation of debt relief	26	28	30	27	35	29
Lack of initiative of the bank employees and weak monitoring	21	22	31	23	34	32
Misutilization of loan amount	25	25	28	25	29	34
Delay in disbursement of loan	20	23	25	23	36	35
In accurate pre- sanction security	25	26	27	27	34	32
Wrong identification of beneficiary	25	22	18	30	30	29
Unforeseen domestic problems like death, divorce, illness and marriage	21	23	23	25	32	28
Total scores	488	548	595	514	675	649
	(70.42)	(72.49)	(67.46)	(74.17)	(66.96)	(73.58)
Ideal scores	693	756	882	693	1008	882
Least Scores	-231	-252	-294	-231	-336	-294
No. of Respondents	11	12	14	11	16	14

Source: Annexure 7,8,9,10,11 &12



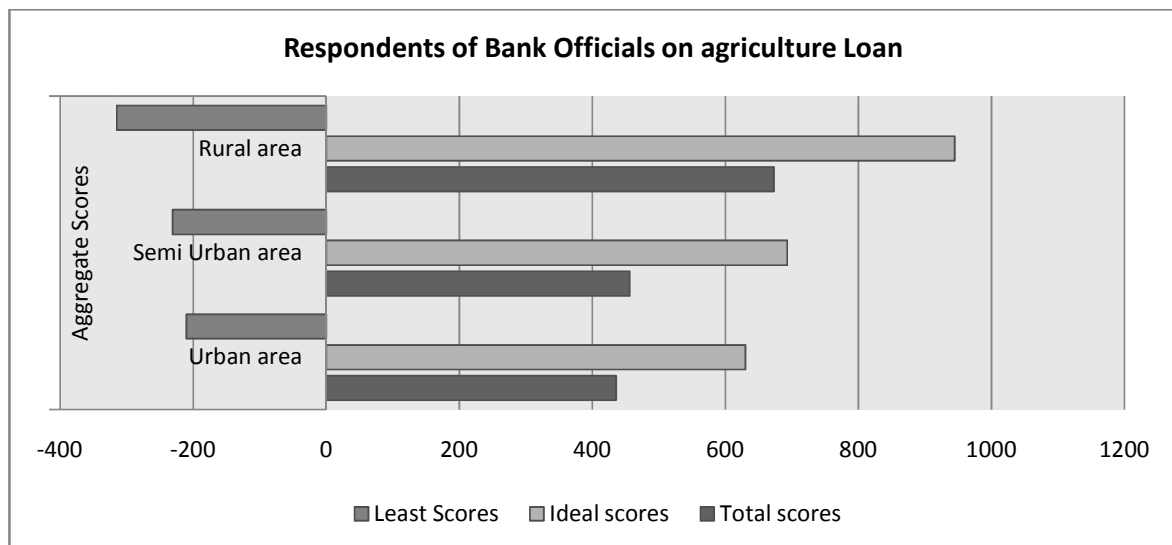
In the above table , the total scores are 488, 548, 595, 514, 675 and 649 respectively and the idle scores are 693, 756, 882, 693,1008 and 882 for the urban male & female, semi-urban male & female and rural male & female respectively. The percentage of total score to the idle scores are 70.42, 72.49, 67.46, 74.17, 66.96 and 73.58 respectively and the average score for to all taken together 70.85%. Here the perception level is high for the semi-urban female respondents and low in case of rural male. In no case the total scores are negative. It seems to be the various variables considered for agricultural loan by this age group of more than 40 holds good.

Respondents of Bank Officials on agriculture Loan

Variables	Aggregate Scores		
	Urban area	Semi Urban area	Rural area
<i>Economic Causes</i>			
Growing expenditure and low productivity	20	19	29
Inadequate price for the product	23	22	32
Difficult in marketing and marketing hazards	16	21	28
Natural hazard caused by drought	19	20	31
Absence of proper crop planning	22	20	32
Unsatisfactory agricultural credit	20	18	31
Minimum support price is not available to all farmers	23	19	29
Lack of storage facility, which forces small farmers to sell the product at less price	24	21	25
Exploitation by business man	20	20	31
Lack of good price for their product, partly due to import	18	23	36
Failure of banking system	16	23	33
Increased competition	21	26	32

<i>General causes</i>			
Inconsistent Government policy	20	15	33
Traditional way of cultivation leads to less productivity	24	20	30
Willful default and expectation of debt relief	27	22	32
Lack of initiative of the bank employees and weak monitoring	25	20	34
Misutilization of loan amount	16	20	38
Delay in disbursement of loan	20	30	38
In accurate pre- sanction security	16	27	34
Wrong identification of beneficiary	23	29	37
Unforeseen domestic problems like death, divorce, illness and marriage	23	21	28
Total scores	436 (69.21)	456 (65.80)	673 (71.22)
Ideal scores	630	693	945
Least Scores	-210	-231	-315
No. of Respondents	10	11	15

Source: Annexure 13, 14 &15



In the above table, the total scores are 436, 456 and 673 as against the idle scores are 630, 693 and 945 respectively for the bank employees of urban, semi-urban and rural area. The

percentage of perception towards various variables considered is high in case of rural bank employees and low in case of semi-urban bank employees. The average perception level is 68.74%. This shows a quite support for the various attributes considered for the NPAs in agricultural loan by the bank employees.

Suggestions

The following suggestions are made to control the NPAs in agricultural loan of Cooperative Banks.

- ✓ General compromise settlement policy for all loan accounts.
- ✓ While making pre-lending appraisal, the repaying capability of the borrower must be ascertained by the bank employee carefully.
- ✓ In the same way, post-lending supervision and approaching the borrower at the right time for repayment may prove effective in the controlling of NPA.
- ✓ In case willful defaulters, the bank must flash their photos and warn them through the local news paper and if there is no response, stern action will have to be taken with the help of the legal authority.
- ✓ The legal system must be effective: the Government of India and /or the RBI have initiated many legal measures to recover overdue. However, as there are some flaws in each legal measure, they need improvement made in order to bring down the level of NPA.
- ✓ Dynamic people are to be recruited to collect doubtful debts and for better asset liability management.
- ✓ Political pressures are to be resisted in the operation of banks.
- ✓ Banks must operate in a democratic environment.
- ✓ Banks have to adopt professionalism and accountability in their functioning.
- ✓ New technologies should be introduced to reduce administrative costs and increase the profit margin.
- ✓ Banks must transparent in their functioning and accountable to share holders and public to maintain international standards of corporate governance.
- ✓ Sanctioning authority should not succumb to external pressure.
- ✓ Innovative initiatives should be made for marketing the product.
- ✓ Proper crop planning should be developed.
- ✓ Minimum support price should be provided to all the farmers.

- ✓ Proper storage facilities should made available
- ✓ Direct marketing strategy should be made to eliminate middle men.
- ✓ Government should support for modern technology in cultivation.

Conclusion:

NPAs have always been a big worry for the banks in India. It is just not a problem for the banks; they are bad for the economy too. This paper has analyzed the causes of NPA from borrower's point of view and bank official's point of view. In this direction concerted efforts are required at Ministry of Finance, RBI and at bank's level to control the menaces of NPAs. Government should also not use Cooperative Banks as a vehicle to achieve its political objectives by lending to unviable projects, announcing loan melas and loan waiver scheme etc. The Cooperative Banks should not be loaded with twin objectives of profitability and social welfare which are mutually incongruent. This calls for a strong political will only then can Co-operative banks be able to find satisfactory solution of the problem.

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<i>Annexure –1 : Perception towards Agriculture Loan (13)</i>						
<i>Variables</i>	<i>Opinion of Rural male (age group of 20-40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	7	2	1	1	2	24

Inadequate price for the product	8	1	1	1	2	25
Difficult in marketing and marketing hazards	9	1	1	1	1	29
Natural hazard caused by drought	7	3	1	1	1	27
Absence of proper crop planning	6	4	1	1	1	26
Unsatisfactory agricultural credit	7	2	2	1	1	26
Minimum support price is not available to all farmers	7	2	1	2	1	25
Lack of storage facility, which forces small farmers to sell the product at less price	9	2	1	0	1	31
Exploitation by business man	8	2	1	1	1	28
Lack of good price for their product, partly due to import	7	3	1	1	1	27
Failure of banking system	7	4	1	1	0	30
Increased competition	6	3	1	1	2	23
General causes						
Inconsistent Government policy	6	4	1	1	1	26
Traditional way of cultivation leads to less productivity	7	3	2	1	0	29
Willful default and expectation of debt relief	6	3	1	2	1	24
Lack of initiative of the bank employees and weak monitoring	9	3	1	0	0	34
Misutilization of loan amount	10	1	1	1	0	33
Delay in disbursement of loan	8	1	1	2	1	26
In accurate pre- sanction security	9	1	2	0	1	30
Wrong identification of	9	2	2	0	0	33

beneficiary						
Unforeseen domestic problems like death, divorce, illness and marriage	8	2	0	1	2	26

Source: Compiled from field survey

<i>Annexure -2 : Perception towards Agriculture Loan (11)</i>						
<i>Variables</i>	<i>Opinion of Rural female (age group of 20-40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	7	1	1	1	1	23
Inadequate price for the product	7	2	1	1	0	26
Difficult in marketing and marketing hazards	7	1	1	0	2	22
Natural hazard caused by drought	6	3	1	1	0	25
Absence of proper crop planning	8	1	1	0	1	26
Unsatisfactory agricultural credit	7	1	2	1	0	25
Minimum support price is not available to all farmers	8	1	1	0	1	26
Lack of storage facility, which forces small farmers to sell the product at less price	7	1	1	1	1	23
Exploitation by business man	6	1	1	1	2	19
Lack of good price for their product, partly due to import	7	3	1	0	0	28
Failure of banking system	5	4	1	1	0	24

Increased competition	8	1	0	1	1	25
General causes						
Inconsistent Government policy	5	4	1	1	0	24
Traditional way of cultivation leads to less productivity	6	1	1	1	2	19
Willful default and expectation of debt relief	7	1	1	1	1	23
Lack of initiative of the bank employees and weak monitoring	8	1	1	0	1	26
Misutilization of loan amount	9	1	1	0	0	30
Delay in disbursement of loan	7	1	1	1	1	23
In accurate pre- sanction security	7	2	1	1	0	26
Wrong identification of beneficiary	7	1	1	0	2	22
Unforeseen domestic problems like death, divorce, illness and marriage	7	1	2	1	0	25

Source: Compiled from field survey

Annexure –3 : Perception towards Agriculture Loan (8)						
Variables	Opinion of urban male (age group of 20-40 years)					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Score
	3	2	1	0	-1	
Economic Causes						
Growing expenditure and low productivity	5	2	1	0	0	20
Inadequate price for the product	4	1	1	1	1	14
Difficult in marketing and marketing hazards	3	2	1	1	1	13

Natural hazard caused by drought	3	1	1	1	2	10
Absence of proper crop planning	3	1	2	1	1	12
Unsatisfactory agricultural credit	4	1	2	1	0	16
Minimum support price is not available to all farmers	3	2	2	0	1	14
Lack of storage facility, which forces small farmers to sell the product at less price	2	2	1	2	1	10
Exploitation by business man	3	1	1	1	2	10
Lack of good price for their product, partly due to import	3	2	1	0	2	12
Failure of banking system	5	1	1	1	0	18
Increased competition	4	1	1	2	0	15
General causes						
Inconsistent Government policy	2	2	1	1	2	9
Traditional way of cultivation leads to less productivity	3	1	1	1	2	10
Willful default and expectation of debt relief	5	1	1	1	0	18
Lack of initiative of the bank employees and weak monitoring	3	1	1	1	2	10
Misutilization of loan amount	2	1	3	1	1	10
Delay in disbursement of loan	2	2	1	1	2	9
In accurate pre- sanction security	3	1	1	1	2	10
Wrong identification of beneficiary	5	1	1	0	1	17
Unforeseen domestic problems like death, divorce, illness and	4	1	1	2	0	15

marriage						
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Source: Compiled from field survey

<i>Annexure –4 : Perception towards Agriculture Loan (9)</i>						
<i>Variables</i>	<i>Opinion of urban female (age group of 20-40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	5	1	1	1	1	17
Inadequate price for the product	5	2	1	1	0	20
Difficult in marketing and marketing hazards	6	1	1	1	0	21
Natural hazard caused by drought	6	1	1	0	1	20
Absence of proper crop planning	5	1	1	0	2	16
Unsatisfactory agricultural credit	5	1	1	1	1	17
Minimum support price is not available to all farmers	7	1	1	0	0	24
Lack of storage facility, which forces small farmers to sell the product at less price	5	1	1	1	1	17
Exploitation by business man	5	2	2	0	0	21
Lack of good price for their product, partly due to import	6	1	0	1	1	19
Failure of banking system	6	1	1	1	0	21
Increased competition	5	1	2	1	0	19
<i>General causes</i>						

Inconsistent Government policy	5	1	1	1	1	17
Traditional way of cultivation leads to less productivity	7	1	0	0	1	22
Willful default and expectation of debt relief	6	1	1	1	0	21
Lack of initiative of the bank employees and weak monitoring	5	1	1	1	1	17
Misutilization of loan amount	5	2	1	1	0	20
Delay in disbursement of loan	5	1	1	0	2	16
In accurate pre- sanction security	5	3	1	0	0	22
Wrong identification of beneficiary	5	2	1	1	0	20
Unforeseen domestic problems like death, divorce, illness and marriage	6	1	1	0	1	20

Source: Compiled from field survey

<i>Annexure –5 : Perception towards Agriculture Loan (8)</i>						
<i>Variables</i>	<i>Opinion of semi-urban male (age group of 20-40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	5	1	1	1	0	18
Inadequate price for the product	4	1	1	1	1	14
Difficult in marketing and marketing hazards	3	3	1	1	0	16

Natural hazard caused by drought	5	2	0	0	1	18
Absence of proper crop planning	3	2	1	1	1	13
Unsatisfactory agricultural credit	3	1	1	2	1	11
Minimum support price is not available to all farmers	3	1	1	1	2	10
Lack of storage facility, which forces small farmers to sell the product at less price	3	2	1	2	0	14
Exploitation by business man	4	1	1	2	0	15
Lack of good price for their product, partly due to import	3	1	1	1	2	10
Failure of banking system	5	2	1	0	0	20
Increased competition	4	1	1	2	0	15
General causes						
Inconsistent Government policy	6	1	0	0	1	19
Traditional way of cultivation leads to less productivity	4	1	1	1	1	14
Willful default and expectation of debt relief	6	1	1	0	0	21
Lack of initiative of the bank employees and weak monitoring	3	2	1	1	1	13
Misutilization of loan amount	2	3	1	2	0	13
Delay in disbursement of loan	4	1	1	2	0	15
In accurate pre- sanction security	3	3	0	0	2	13
Wrong identification of beneficiary	2	2	2	2	0	12
Unforeseen domestic problems like death, divorce, illness and	2	1	2	1	2	8

marriage						
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Source: Compiled from field survey

<i>Annexure –6 : Perception towards Agriculture Loan (7)</i>						
<i>Variables</i>	<i>Opinion of Rural semi-urban female (age group of 20-40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	4	1	1	1	0	15
Inadequate price for the product	3	1	1	1	1	11
Difficult in marketing and marketing hazards	4	1	1	0	1	14
Natural hazard caused by drought	5	1	1	0	0	18
Absence of proper crop planning	5	1	0	1	0	17
Unsatisfactory agricultural credit	5	1	1	0	0	18
Minimum support price is not available to all farmers	4	1	1	0	1	14
Lack of storage facility, which forces small farmers to sell the product at less price	4	1	0	1	1	13
Exploitation by business man	3	1	1	1	1	11
Lack of good price for their product, partly due to import	3	2	1	1	0	14
Failure of banking system	4	1	0	1	1	13
Increased competition	4	1	1	1	0	15
<i>General causes</i>						

Inconsistent Government policy	5		1	0	0	18
Traditional way of cultivation leads to less productivity	3	1	1	1	1	11
Willful default and expectation of debt relief	3	1	0	1	2	9
Lack of initiative of the bank employees and weak monitoring	4	1	1	1	0	15
Misutilization of loan amount	5	1	0	0	1	16
Delay in disbursement of loan	4	1	1	1	0	15
In accurate pre- sanction security	3	1	1	1	1	11
Wrong identification of beneficiary	3	2	1	0	1	13
Unforeseen domestic problems like death, divorce, illness and marriage	3	1	1	2	0	12

Source: Compiled from field survey

<i>Annexure -7 : Perception towards Agriculture Loan (16)</i>						
<i>Variables</i>	<i>Opinion of Rural male (age group of more than 40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	9	2	1	2	2	30
Inadequate price for the product	10	2	1	1	2	33
Difficult in marketing and marketing hazards	9	2	2	2	1	32
Natural hazard caused by drought	10	2	2	2	0	36
Absence of proper crop	10	2	1	2	1	34

planning						
Unsatisfactory agricultural credit	8	4	1	1	2	31
Minimum support price is not available to all farmers	8	3	2	1	2	30
Lack of storage facility, which forces small farmers to sell the product at less price	8	5	1	1	1	34
Exploitation by business man	8	2	2	2	2	28
Lack of good price for their product, partly due to import	9	1	1	1	4	26
Failure of banking system	9	3	1	1	2	32
Increased competition	10	1	1	1	3	30
General causes						
Inconsistent Government policy	8	4	1	1	2	31
Traditional way of cultivation leads to less productivity	9	5	1	1	0	38
Willful default and expectation of debt relief	9	4	1	1	1	35
Lack of initiative of the bank employees and weak monitoring	9	3	2	1	1	34
Misutilization of loan amount	9	2	1	1	3	29
Delay in disbursement of loan	10	3	1	1	1	36
In accurate pre- sanction security	8	5	1	1	1	34
Wrong identification of beneficiary	9	3	0	1	3	30
Unforeseen domestic problems like death, divorce, illness and marriage	8	4	1	2	1	32

Source: Compiled from field survey

<i>Annexure –8 : Perception towards Agriculture Loan (14)</i>						
<i>Variables</i>	<i>Opinion of Rural female (age group more than 40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	8	2	1	1	2	27
Inadequate price for the product	9	1	1	1	2	28
Difficult in marketing and marketing hazards	10	1	1	1	1	32
Natural hazard caused by drought	9	2	1	1	1	31
Absence of proper crop planning	10	2	1	1	0	35
Unsatisfactory agricultural credit	8	2	2	0	2	28
Minimum support price is not available to all farmers	9	2	1	1	1	31
Lack of storage facility, which forces small farmers to sell the product at less price	9	1	1	1	2	28
Exploitation by business man	10	1	1	2	0	33
Lack of good price for their product, partly due to import	11	1	1	0	1	35
Failure of banking system	10	1	1	1	1	32
Increased competition	9	2	1	1	1	31
<i>General causes</i>						
Inconsistent Government policy	8	3	1	1	1	30
Traditional way of cultivation leads to less productivity	8	2	2	1	1	29

Willful default and expectation of debt relief	9	1	1	2	1	29
Lack of initiative of the bank employees and weak monitoring	10	1	1	1	1	32
Misutilization of loan amount	10	2	1	0	1	34
Delay in disbursement of loan	10	2	1	1	0	35
In accurate pre- sanction security	9	2	2	0	1	32
Wrong identification of beneficiary	8	2	2	1	1	29
Unforeseen domestic problems like death, divorce, illness and marriage	9	1	1	1	2	28

Source: Compiled from field survey

<i>Annexure –9 : Perception towards Agriculture Loan (11)</i>						
<i>Variables</i>	<i>Opinion of urban male (age group of more than 40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
		<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>
<i>Economic Causes</i>						
Growing expenditure and low productivity	6	2	1	1	1	22
Inadequate price for the product	6	1	2	1	1	21
Difficult in marketing and marketing hazards	5	4	1	1	0	24
Natural hazard caused by drought	5	3	1	1	1	21
Absence of proper crop planning	6	1	2	2	0	22
Unsatisfactory agricultural credit	7	1	1	2	0	24

Minimum support price is not available to all farmers	7	1	1	1	1	23
Lack of storage facility, which forces small farmers to sell the product at less price	5	4	0	1	1	22
Exploitation by business man	8	1	1	0	1	26
Lack of good price for their product, partly due to import	8	2	1	0	0	29
Failure of banking system	7	1	1	2	0	24
Increased competition	6	3	1	0	1	24
General causes						
Inconsistent Government policy	6	2	2	1	0	24
Traditional way of cultivation leads to less productivity	6	1	1	1	2	19
Willful default and expectation of debt relief	7	2	1	1	0	26
Lack of initiative of the bank employees and weak monitoring	7	1	0	1	2	21
Misutilization of loan amount	5	4	2	0	0	25
Delay in disbursement of loan	4	4	1	1	1	20
In accurate pre- sanction security	7	2	1	0	1	25
Wrong identification of beneficiary	6	3	1	1	0	25
Unforeseen domestic problems like death, divorce, illness and marriage	5	3	1	1	1	21

Source: Compiled from field survey

Annexure –10 : Perception towards Agriculture Loan (12)	
Variables	Opinion of urban female (age group of more than 40 years)

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	3	2	1	0	-1	
<i>Economic Causes</i>						
Growing expenditure and low productivity	7	2	1	1	1	25
Inadequate price for the product	7	1	1	1	2	22
Difficult in marketing and marketing hazards	8	1	1	1	1	26
Natural hazard caused by drought	8	2	1	1	0	29
Absence of proper crop planning	8	1	1	1	1	26
Unsatisfactory agricultural credit	9	1	1	1	0	30
Minimum support price is not available to all farmers	9	2	1	0	0	32
Lack of storage facility, which forces small farmers to sell the product at less price	7	2	2	0	1	26
Exploitation by business man	8	1	1	1	1	26
Lack of good price for their product, partly due to import	8	2	0	2	0	28
Failure of banking system	7	1	1	1	2	22
Increased competition	7	2	1	1	1	25
<i>General causes</i>						
Inconsistent Government policy	9	1	1	1	0	30
Traditional way of cultivation leads to less productivity	9	2	1	0	0	32
Willful default and expectation of debt relief	8	2	1	0	1	28
Lack of initiative of the bank	7	1	1	1	2	22

employees and weak monitoring						
Misutilization of loan amount	7	2	1	1	1	25
Delay in disbursement of loan	7	1	1	2	1	23
In accurate pre- sanction security	8	1	1	1	1	26
Wrong identification of beneficiary	7	1	1	1	2	22
Unforeseen domestic problems like death, divorce, illness and marriage	7	1	1	2	1	23

Source: Compiled from field survey

<i>Annexure –11 : Perception towards Agriculture Loan (14)</i>						
<i>Variables</i>	<i>Opinion of semi-urban male (age group of more than40 years)</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
		<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>
<i>Economic Causes</i>						
Growing expenditure and low productivity	8	2	2	2	0	30
Inadequate price for the product	8	3	1	1	1	30
Difficult in marketing and marketing hazards	7	3	1	1	2	26
Natural hazard caused by drought	7	2	2	2	1	26
Absence of proper crop planning	8	2	1	1	2	27
Unsatisfactory agricultural credit	8	3	1	0	2	29
Minimum support price is not available to all farmers	9	1	1	1	2	28

Lack of storage facility, which forces small farmers to sell the product at less price	9	2	1	1	1	31
Exploitation by business man	9	3	1	0	1	33
Lack of good price for their product, partly due to import	9	4	0	1	0	35
Failure of banking system	6	6	1	0	1	30
Increased competition	7	3	1	2	1	27
General causes						
Inconsistent Government policy	7	3	2	1	1	28
Traditional way of cultivation leads to less productivity	9	2	2	1	0	33
Willful default and expectation of debt relief	8	3	1	1	1	30
Lack of initiative of the bank employees and weak monitoring	7	5	1	0	1	31
Misutilization of loan amount	6	5	1	1	1	28
Delay in disbursement of loan	6	4	1	1	2	25
In accurate pre- sanction security	6	4	2	1	1	27
Wrong identification of beneficiary	6	1	2	1	4	18
Unforeseen domestic problems like death, divorce, illness and marriage	6	3	1	2	2	23

Source: Compiled from field survey

Annexure –12 : Perception towards Agriculture Loan (11)						
Variables	Opinion of semi- urban female (age group of more than 40 years)					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Score

	3	2	1	0	-1	
<i>Economic Causes</i>						
Growing expenditure and low productivity	6	1	1	1	2	19
Inadequate price for the product	7	1	1	1	1	23
Difficult in marketing and marketing hazards	7	2	1	1	0	26
Natural hazard caused by drought	7	2	1	0	1	25
Absence of proper crop planning	6	1	1	1	2	19
Unsatisfactory agricultural credit	8	1	1	1	0	27
Minimum support price is not available to all farmers	8	1	1	0	1	26
Lack of storage facility, which forces small farmers to sell the product at less price	9	1	1	0	0	30
Exploitation by business man	8	2	1	0	0	29
Lack of good price for their product, partly due to import	7	1	1	1	1	23
Failure of banking system	7	2	1	1	0	26
Increased competition	6	1	1	1	2	19
<i>General causes</i>						
Inconsistent Government policy	6	1	1	1	2	19
Traditional way of cultivation leads to less productivity	7	1	1	1	1	23
Willful default and expectation of debt relief	8	1	1	1	0	27
Lack of initiative of the bank employees and weak monitoring	7	1	1	1	1	23
Misutilization of loan amount	7	2	1	0	1	25

Delay in disbursement of loan	7	1	1	1	1	23
In accurate pre- sanction security	8	1	1	1	0	27
Wrong identification of beneficiary	9	1	1	0	0	30
Unforeseen domestic problems like death, divorce, illness and marriage	8	1	0	1	1	25

Source: Compiled from field survey

<i>Annexure –13 : Perception towards Agriculture Loan (15)</i>						
<i>Variables</i>	<i>Opinion of Rural bank officials</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	8	3	1	1	2	29
Inadequate price for the product	8	4	1	1	1	32
Difficult in marketing and marketing hazards	8	2	2	1	2	28
Natural hazard caused by drought	8	3	2	1	1	31
Absence of proper crop planning	8	3	2	2	0	32
Unsatisfactory agricultural credit	7	5	1	1	1	31
Minimum support price is not available to all farmers	7	4	1	2	1	29
Lack of storage facility, which forces small farmers to sell the product at less price	7	3	1	1	3	25

Exploitation by business man	7	5	1	1	1	31
Lack of good price for their product, partly due to import	9	4	1	1	0	36
Failure of banking system	9	3	1	1	1	33
Increased competition	9	2	2	1	1	32
General causes						
Inconsistent Government policy	8	3	3	1	0	33
Traditional way of cultivation leads to less productivity	9	2	1	1	2	30
Willful default and expectation of debt relief	10	1	1	2	1	32
Lack of initiative of the bank employees and weak monitoring	10	2	1	1	1	34
Misutilization of loan amount	11	2	1	1	0	38
Delay in disbursement of loan	12	1	1	0	1	38
In accurate pre- sanction security	10	2	1	1	1	34
Wrong identification of beneficiary	10	3	1	1	0	37
Unforeseen domestic problems like death, divorce, illness and marriage	9	1	1	2	2	28

Source: Compiled from field survey

Annexure -14 : Perception towards Agriculture Loan (10)						
Variables	Opinion of urban bank officials					Score
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
	3	2	1	0	-1	
Economic Causes						
Growing expenditure and low	6	1	1	1	1	20

productivity						
Inadequate price for the product	6	2	1	1	0	23
Difficult in marketing and marketing hazards	5	1	1	1	2	16
Natural hazard caused by drought	5	2	1	1	1	19
Absence of proper crop planning	6	1	2	1	0	22
Unsatisfactory agricultural credit	6	1	1	1	1	20
Minimum support price is not available to all farmers	7	1	1	0	1	23
Lack of storage facility, which forces small farmers to sell the product at less price	7	2	1	0	0	24
Exploitation by business man	6	1	1	1	1	20
Lack of good price for their product, partly due to import	5	1	2	1	1	18
Failure of banking system	5	1	1	1	2	16
Increased competition	5	2	2	1	0	21
General causes						
Inconsistent Government policy	6	1	1	1	1	20
Traditional way of cultivation leads to less productivity	7	1	1	1	0	24
Willful default and expectation of debt relief	8	1	1	0	0	27
Lack of initiative of the bank employees and weak monitoring	7	1	2	0	0	25
Misutilization of loan amount	5	1	1	1	2	16
Delay in disbursement of loan	6	1	1	1	1	20
In accurate pre- sanction security	5	1	1	1	2	16

Wrong identification of beneficiary	6	2	1	1	0	23
Unforeseen domestic problems like death, divorce, illness and marriage	7	1	1	0	1	23

Source: Compiled from field survey

<i>Annexure –15 : Perception towards Agriculture Loan (11)</i>						
<i>Variables</i>	<i>Opinion of semi-urban bank officials</i>					
	<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Score</i>
	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>-1</i>	
<i>Economic Causes</i>						
Growing expenditure and low productivity	6	1	1	1	2	19
Inadequate price for the product	6	2	1	1	1	22
Difficult in marketing and marketing hazards	5	3	1	1	1	21
Natural hazard caused by drought	4	4	1	1	1	20
Absence of proper crop planning	5	2	2	1	1	20
Unsatisfactory agricultural credit	5	2	1	1	2	18
Minimum support price is not available to all farmers	5	2	1	2	1	19
Lack of storage facility, which forces small farmers to sell the product at less price	4	4	1	2	0	21
Exploitation by business man	6	1	1	2	1	20
Lack of good price for their product, partly due to import	6	2	1	2	0	23

Failure of banking system	7	1	1	1	1	23
Increased competition	8	1	1	0	1	26
General causes						
Inconsistent Government policy	5	1	1	1	3	15
Traditional way of cultivation leads to less productivity	5	2	2	1	1	20
Willful default and expectation of debt relief	5	2	3	1	0	22
Lack of initiative of the bank employees and weak monitoring	5	3	1	0	2	20
Misutilization of loan amount	6	1	1	2	1	20
Delay in disbursement of loan	9	1	1	0	0	30
In accurate pre- sanction security	8	1	1	1	0	27
Wrong identification of beneficiary	7	4	0	0	0	29
Unforeseen domestic problems like death, divorce, illness and marriage	6	1	2	1	1	21

Source: Compiled from field survey