Constraints Perceived by Dairy Farmers in Adoption and Repayment of Dairy Loans

A case study of Sangrur

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Abstract:-

The present study was conducted on two villages of one block of Sangrur District of Malwa region of Punjab to find constraints perceived by dairy farmers in adoption and repayment of dairy loans. Majority of dairy farmers belongs to different categories according to herd size. Most of dairy farmers considered, high rate of interest, too many intermediates, lengthy complicated loan procedure, problem of financial guarantor, attitude of the loan officer, low price of milk, high cost of feed & fodder, low milk production, failure of milk animal to conceive every year, exploitation by milk vendors and animal trader as the serious problems.

Key Words:-

Adoption, Constraint, Dairy farmers, Intermediates, Guarantor

Introduction-   The rice-wheat cropping pattern in the farming economy of Punjab has not only attained its potential but also led to depletion of soil and water resources of the state (Sidhu and Johl 2002). Recently the agriculture is facing a serious economic & ecological crisis. In this critical situation it is desirable to encourage alternative farming systems such as dairy farming, vegetable growing, fruit cultivation, agro forestry etc. From all these options dairy farming is being considered as one of the most viable option for diversifying the agricultural economy of the state (Govt. of Punjab 2002). Livestock economy in India is an integral part of the farming system and play an important role in national economy as well as in socio-economic development of millions of rural households (Sharma 2004). A symbiotic relationship exists between man, land and livestock eco. System, live stock comprising mainly cattle and buffalo have a complementary, supplementary and sustainable relationship with crops in the mixed farming system. Punjab is one of the most progressive

states of India. The total milk production in Punjab is 955.4 thousand tones per annum. Though the situation of total milk production in Punjab is better than rest of the country, still production level and adoption of animal husbandry innovations have been far from satisfactory. The dairy farmers are facing many problems in this profession, which leads to stagnation in minds of dairy farmers. There are many constraints in dairy farming due to which farmers are not adopting the recommended practices.

Credit is one of the major components whose contribution plays very important role in adoption of dairy farming. In the present study an attempt was made to ascertain the constraints perceived by dairy farmers in adoption and repayment of dairy loans.

Materials and Methods:-

The present study was conducted in Sangrur District of Malwa Region of Punjab. Sangrur districts has many villages in different blocks. The sampling procedure employed to select ultimate unit of sample was multistage sampling technique. One block (Bhawanigarh) was selected from the district and then two villages (Gehlan and Harkishanpura) were selected from block. This was in accordance with the study done by Sharma et al. (2010). Three categories of dairy farmers were prepared on the basis of number of animals possessed by them. Namely small dairy farmers (<10 animals), Medium dairy farmers (10-20 animals) and large dairy farmers (>20 animals). (Kumar et. al., 2009). A separate list of all dairy farmers were prepared from selected villages and total of fifty respondents were selected randomly by using proportional size of sampling technique (Aulakh et. al., 2010)

In present study to find out the constraints perceived by dairy farmers in adoption and repayment of dairy loans, a list of various constraints was prepared in consultation with extension scientists, available literature and progressive dairy owners. Then the information was collected on three point continuum i.e. extreme, moderate and negligible and score values of 3, 2 and 1

were awarded respectively. The ranks were assigned on the basis of mean constraint scores.

Result and Discussion:-

The results obtained in the study are described in the following sections.

Constraints Perceived in Adoption of Dairy Loans:-

There are many constraints which hinder in adoption of dairy loans by dairy farmers. Some constrains contribute more in hindrance and other less. As Table I shows in loan procedures constraints like attitude of the loan officer, too many intermediates, illiteracy of the borrower, high rate of interest and policy of banks are considered most severe while mode of payment, role of other departments and lengthy complicated loan procedure are considered least severe by dairy farmers having less than 10 animals. Majority of the Dairy farmers complaint that loan officers do not guide them properly about the documents required and procedure of taking loan. Intermediates like guarantor, insurance agents etc. make the loan procedure complicated. Rate of interest for agricultural allied sectors is much higher as compare to agricultural sector. In dairy sector, other departments play major role but due to ignorance of small farmers about role of other departments and mode of payment of loan they consider these factors as least severe problems.

Moderate Dairy farmers having 10-20 animals consider attitude of the loan officer, lengthy complicated loan procedure, high rate of interest, policy of banks and problem of financial guarantor as major problems. Most of dairy farmers belong to poor to moderate class, finding of financial guarantor is very

difficult for them. Policy of banks vary from time to time as most of the respondents are illiterate, cannot take the benefits of policies of banks. They considered illiteracy of the borrower, role of other departments and mode of payment as negligible problem.

Large dairy farmer having more than 20 animals consider, problem of financial guarantor, high rate of interest, attitude of the loan officer, lengthy complicated loan procedure and inadequate loan amount as major problems. Dairy farming require very heavy investment. The farmers need high amount of loan for starting business. The loan sanctioned by the banks cannot fulfill their requirements. These farmers consider illiteracy of the borrower and role of other departments as negligible problems.

On pooled analysis of all 50 respondents, it was observe that attitude of the loan officer, high rate of interest, problem of financial guarantor and policy of banks as severe problem while illiteracy of the borrowers, role of other departments and mode of payment as negligible problem.

Table II shows the mean score and the ranking order of different constraints that small, medium and large farmers are facing. The first three ranks attained in all categories are attitude of the loan officer (2.66), high rate of interest (2.42), and problem of financial guarantor (2.36) respectively. It is suggested that rate of interest on dairy loans should be lowered as in agricultural loan and procedure of loan sanction should be made easy.

Constraints Perceived by Dairy Farmers in the Repayment of Dairy Loan:-

There are many factors which cause problems in repayment of dairy loans. Table 3 shows the various constraints which are perceived by dairy farmers in repayment of dairy loans. Small dairy farmers consider low price of milk, costly feed and fodder, no knowledge about ration formulation, animals are very expensive, low milk productivity, exploitation by animal trader, loan income generation, and exploitation by animal vendors as major constraint. Quality of milk is dependent on good quality animal and type of feed given to them. Due to lack of fulfilling both condition the animal produce low quality milk resulting in less price of milk. Due to poor financial status of small dairy farmers, they cannot purchase good quality animals as they are very expensive. According to them absence of good marketing system, expansion of farm, mode of repayment and heavy investment on project are negligible problem. Most of small farmers are not calculating of keeping animal, so they consider these problem as negligible.

Medium farmer consider low price of milk, costly feed and fodder, low milk productivity, expensive animals, no knowledge about ration formulation, exploitation by animal traders and milk vendors and shortage of quality breed animals as major constraint. In Punjab State, due to monopoly of few companies there is exploitation of dairy farmers leading to low price of milk. Less knowledge of quality breed animals, absence of good marketing system, failure of milk animal to conceive every year, expansion of farm, heavy investment on project and diversion of funds are negligible constraints by this category.

Large farmer consider low price of milk, heavy investment on project, absence of good marketing system, costly feed and fodder and loan income generation as major problems. Exploitation by milk vendors, exploitation by animal traders, failure of milk animals to conceive every year and no knowledge about ration formulation considered as negligible problems.

The pooled analysis of all 50 respondents, reveal that low price of milk, costly feed and fodder, expensive animals, low milk productivity are major constraint. While absence of good marketing system, expansion of farm, heavy investment on project and diversion of funds are negligible problems.

Table IV show that when mean score and rank order of these constraints are calculated in all categories of farmers, low price of milk was ranked 1st with mean score (2.5), costly feed and fodder was ranked 2nd with mean score (2.38), animals are very expensive was 3rd with mean score (2.32). It is therefore suggested that Govt. should take appropriate steps to increase the price of milk and give subsidies on raw material of feed of animals. These findings are online with the results of Kumar et al (2009) and Sharma et al (2008).

CONCLUSION:-

From the above analysis, it was observed that low price of milk, costly feed and fodder, expensive animals, low productivity of milk, loan income generation, no knowledge about ration formulation, exploitation by animal traders and shortage of quality breed animals were considered as the major problem by all the respondents. So it is suggested that there is a need to reduce the cost of feed and fodder and to increase the price of milk. Banks should come forward and play positive role to provide loan and repayment of loan for the future growth of dairy sector in Punjab

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Table I

Constraints Preceived by the Diary farmers in the growth and distribution of dairy loans

S. No.	Aspect	Category	Less than 10 animals N = 25		10-20 animals N = 15		More than 20 animals N=10		Overall 50 percentage
			Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	
1	Too many	Extreme	13	52	5	33.34	1	10	38

S. No.	Aspect	Category	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Total
	intermediates	Moderate	9	36	8	53.33	7	70	48
		Negligible	3	12	2	13.33	2	20	14
2	Illiteracy of the borrowers	Extreme	13	52	5	33.34	1	10	38
		Moderate	8	32	7	46.66	5	50	40
		Negligible	4	16	3	20.00	4	40	22
3	Attitude of the Loan Officer	Extreme	18	72	8	53.33	5	50	62
		Moderate	5	20	6	40.00	5	50	32
		Negligible	2	8	1	6.67	0	00	6
4	High Rate of Interest	Extreme	10	40	8	53.33	6	60	48
		Moderate	13	52	6	40.00	4	40	46
		Negligible	2	8	1	6.67	2	20	6
5	Problem of Financial Guarantor	Extreme	9	36	6	40.00	1	10	32
		Moderate	13	52	7	46.67	6	60	52
		Negligible	3	12	2	13.33	3	30	16
6	Inadequate Loan Amount	Extreme	9	36	4	26.67	2	20	30
		Moderate	13	52	10	66.66	6	60	58
		Negligible	3	12	1	6.67	2	20	12
7	Lengthy complicated loan procedure	Extreme	13	52	11	73.34	5	50	58
		Moderate	9	36	2	13.33	4	40	30
		Negligible	3	12	2	13.33	1	10	12
8	Policy of Banks	Extreme	11	44	6	40.00	2	20	38
		Moderate	11	44	8	53.33	6	60	50
		Negligible	3	12	1	6.67	2	20	12
9	Role of other departments	Extreme	6	24	3	20.00	2	20	22
		Moderate	12	48	8	53.33	4	40	48
		Negligible	7	28	4	26.67	4	40	30
10	Mode of Payment	Extreme	9	36	4	26.66	2	20	30
		Moderate	8	32	6	40.00	5	50	38
		Negligible	8	32	5	33.34	3	30	32

(Source: Calculated from field survey)

Table II
Constraints Preceived by the Diary farmers in the growth and distribution of dairy loans

S. No.	Aspect	Less than 10 animals N=25			10-20 animals N=15			More than 20 N=10		
		Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank O
1	Too many intermediate	60	2.4	II	33	2.2	VI	19	1.9	VI
2	Illiteracy of the borrower	59	2.36	III	32	2.14	VIII	17	1.7	VII
3	Attitude the loan officer	66	2.64	I	42	2.8	I	25	2.5	III
4	High rate of Interest	58	2.32	IV	37	2.47	III	26	2.6	II
5	Problem of financial guarantor	56	2.24	VI	34	2.27	V	28	2.8	I
6	Inadequate loan amount	56	2.24	VI	33	2.2	VI	20	2.0	V
7	Lengthy complicated loan procedure	47	1.88	X	39	2.6	II	24	2.4	IV
8	Policy of Banks	58	2.32	IV	35	2.34	IV	20	2.0	V
9	Role of other departments	49	1.96	IX	29	1.94	IX	18	1.8	VI
10	Mode of Payment	51	2.04	VIII	29	1.94	IX	19	1.9	VI

(Source : Calculated from field survey)

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Table III
Constraints Preceived by the Diary farmers about the repayment of Loans

S. No.	Aspect	Category	Animals less than 10		10-20 animals		Animals more than 20		Total animals
			Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	50

S. No.	Aspect		Less than 10 animals N=25		10- 20 animals N=15		More than 20 N=10		percentage
1	Shortage of quality breed Animals	Extreme	10	40	5	33.34	1	10	32
		Moderate	12	48	7	46.66	4	40	46
		Negligible	3	12	3	20.00	5	50	22
2	Animals are very expensive	Extreme	12	48	8	53.33	2	20	44
		Moderate	10	40	5	33.34	7	70	44
		Negligible	3	12	2	13.33	1	10	12
3	Less knowledge about quality breed Animals	Extreme	12	48	3	20.00	1	10	32
		Moderate	9	36	8	53.33	3	30	40
		Negligible	4	16	4	26.67	6	60	28
4	Feed and Fodder is costly	Extreme	13	52	7	46.67	3	30	46
		Moderate	10	40	8	53.33	5	50	46
		Negligible	2	8	0	00.00	2	20	8
5	Milk Productivity is low	Extreme	12	48	7	46.67	1	10	40
		Moderate	10	40	7	46.66	4	40	42
		Negligible	3	12	1	6.67	5	50	18
6	Price of milk is low	Extreme	14	56	7	46.67	6	60	54
		Moderate	9	36	8	53.33	4	40	42
		Negligible	2	8	0	00.00	0	00	04
7	Delay in payment by co-operative societies	Extreme	4	16	4	26.67	2	20	20
		Moderate	13	52	7	46.67	2	20	44
		Negligible	8	32	4	6.66	6	60	36
8	Absence of good marketing system	Extreme	3	12	3	20.00	4	40	20
		Moderate	10	40	8	53.33	3	30	42
		Negligible	12	48	4	26.67	3	30	38
9	No knowledge about ration formulation	Extreme	13	52	6	40.00	1	10	40
		Moderate	9	36	8	53.33	2	20	38
		Negligible	3	12	1	6.69	7	70	22
10	Exploitation by Animal Traders	Extreme	12	48	5	33.34	1	10	36
		Moderate	10	40	8	53.33	3	30	42
		Negligible	3	12	2	13.33	6	60	22
11	Exploitation by Milk Vendors	Extreme	11	44	5	33.34	1	10	34
		Moderate	10	40	7	46.66	3	30	40
		Negligible	4	16	3	20.00	6	60	26
12	Failure of Milk Animals to conceive every year	Extreme	11	44	4	26.67	0	00	30
		Moderate	11	44	6	40.00	5	50	44
		Negligible	3	12	5	33.33	5	50	26
13	Loan Income Generation	Extreme	13	52	5	33.33	3	30	42
		Moderate	8	32	6	40.00	4	40	36
		Negligible	4	16	4	26.67	3	30	22
14	Expansion of farm	Extreme	2	08	1	6.67	2	20	10
		Moderate	11	44	10	66.66	5	50	52
		Negligible	12	48	4	26.67	3	30	38
15	Diversion of funds	Extreme	4	16	2	13.33	2	20	16
		Moderate	9	36	3	20.00	4	40	32
		Negligible	12	48	10	66.67	4	40	52
16	Heavy Investment on Project	Extreme	2	08	3	20	5	50	20
		Moderate	8	32	6	40	2	20	32
		Negligible	15	60	6	40	3	30	48
17	Terms & Conditions of Repayment of Loan	Extreme	2	08	4	26.67	2	20	16
		Moderate	10	40	7	46.67	3	30	40
		Negligible	13	52	4	26.66	5	50	44

(Source: Calculated from field survey)

Table IV
Constraints Preceived by the Diary farmers about the repayment of loans

S. No.	Aspect	Less than 10 animals N=25	10- 20 animals N=15	More than 20 N=10

		Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank O
1	Shortage of quality breed Animals	57	2.28	VI	32	2.14	V	16	1.6	X
2	Animals are very expensive	59	2.36	IV	36	2.4	II	21	2.1	III
3	Less knowledge about quality breed Animals	58	2.32	V	29	1.94	VIII	15	1.5	XII
4	Feed and Fodder is costly	61	2.44	II	37	2.47	I	21	2.1	III
5	Milk Productivity is low	59	2.36	IV	36	2.4	II	16	1.6	X
6	Price of milk is low	62	2.48	I	37	2.47	I	26	2.6	I
7	Delay in payment by co-operative societies	46	1.84	VII	30	2.00	VII	16	1.6	X
8	Absence of good marketing system	41	1.64	IX	29	1.94	VIII	21	2.1	III
9	No knowledge about ration formulation	60	2.4	III	35	2.34	III	14	1.4	XIV
10	Exploitation by Animal Traders	59	2.36	IV	33	2.2	IV	15	1.5	XII
11	Exploitation by Milk Vendors	57	2.28	VI	32	2.14	V	15	1.5	XII
12	Failure of Milk Animals to conceive	58	2.32	V	29	1.93	VIII	15	1.5	XII
13	Loan Income Generation	59	2.36	IV	31	2.06	VI	20	2.0	VI
14	Expansion of farm	40	1.6	X	27	1.8	IX	19	1.9	VI
15	Diversion of funds	42	1.68	VIII	22	1.46	X	18	1.8	VII
16	Heavy Investment on Project	37	1.48	XII	27	1.8	IX	22	2.2	II
17	Mode of Repayment	39	1.56	XI	30	2.0	VII	17	1.7	IX

(Source: Calculated from field survey)

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