CHAPTER - V

MAJOR FINDING, CONCLUSIONS AND SUGGESTIONS

This study focuses on institutional farm credit recovery issues in commercial, co-operative and land development bank branches operating in Tiruchirappalli district of Tamilnadu State, more particularly in Lalgudi block where there is a larger credit delivery every year due to its cent percent irrigation facility. The study covered a State Bank of India branch under commercial bank group, a Primary Agricultural Co-operative Bank among co-operatives and a Primary Land Development Bank under land development bank, all with higher credit delivery for farm sector by way of granting crop loans and term loans like dairying. The study aimed to find out the reasons for prompt repayment or default by the borrowers and good/poor recovery by the bankers with regard to social, economical and political dimensions during a period of 5 years (1990-91 to 1994-95).

5.1 MAJOR FINDINGS

(a) Bank Policies and Priorities

1. The awareness about bank policy on Farm Credit Minimum Bench Mark of 18% to direct agricultural lending by the banks is inadequate, for which
proper guidance/training/educating of the concerned field functionaries is required.

2. The first preference is short term credit (crop loans) compared to medium/long term credit (dairying), more so the short term loan under tie-up arrangement which facilitates easy and prompt recovery. This situation tends to block the required flow of credit to crops without the advantage of tie-up arrangement putting the needy farmers into considerable hardship. This attitude of the bankers needs a positive change to view both the short term (with or without tie-up arrangement) and the medium/long term credit in the same favourable light. The point to be kept in mind is that when compared to short-term loans it is the medium/long term credit delivery which help much more in creating assets for generation of income on a continuous basis.

3. There is lesser preference for extending credit under govt. sponsored schemes like the Integrated Rural Development Programme (IDRP), Tamilnadu Adi Dravida Housing Development Corporation Schemes (TAHDCO) etc because of poor repayment by the borrowers to whom repayment ethic/culture needs to be ingrained.

4. Timely credit to the needy farmers is being extended based on viability. This helps in proper utilisation of the credit facility provided by the banks for income generation and increase in agricultural production.
5. Instances of prompt repayment by the borrowers is the main criteria which influences the bankers in extending credit facility to the needy. This is a good approach but case by case analysis of defaulting accounts should be clone for subsequent financial assistance.

6. The 'small sized farm' borrowers lead the way in prompt repayment because of efficient management of their holdings with the extended credit. Hence, this behaviour should be taken advantage of by the banks as the small sized farm holders make up the bulk of the farming community in the country.

7. The "smaller loan amount/limit" borrowers do have the habit of prompt repayment because of the fact that their honesty results in continued financial support from the banks. Lesser interest rate is also a factor which influences prompt repayment.

8. Non-social participation will help in prompt repayment. The borrowers concentration on farming activities helps in proper farm management leading to adequate income which ultimately helps in prompt repayment, acquiring assets besides earning good name/reputation in the eyes of the bankers. Active participation in farmers association and political activities divert the much needed funds/time for effective management and subsequent repayments.

9. The standard of education of the borrowers does not play any role in repayment of bank loans. So, the literacy level should no-influence the bankers in the selection of the borrowers.
10. The social standing, i.e. caste also does not influence the repayment behaviour.

11. The progressive minded farmer borrowers lead the way in prompt repayment. This pictures their use of modern technologies/strategies in farm management which leads to higher income generation for prompt repayment of loans. The selection of such progressive farmers will always improve the banks' recovery performance.

12. The character of the borrowers will have an effect on repayment of loans. The borrowers with bad habits like gambling, liquor drinking tend to waste their time/energy/income which more often results in default. Hence, discrete enquiry of the prospective borrowers on their personal habits will avert the banks from defaulting accounts.

13. The borrowers with subsidiary occupations will repay the bank loans promptly because of their alternate source(s) of income. In the event of failure of one venture, the additional income from the subsidiary occupation cushions the effect. Preferential treatment in selection of such applications may help in prompt repayment.

14. The gender of the borrowers shows the trend that females are better than males in repayment of loans. This is due to their inherent character of savings/thrift and honesty. Hence, more number of female applicants should be encouraged to get financed.
15. The higher the age of the borrower the higher is the rate of repayment. This is due to their maturity and long term experience in borrowings and repayments.

16. Political leaders do have a negative impact on loan repayment behaviour. This is due to the compulsions of vote bank politics. The borrowers should have a positive attitude towards prompt repayment and not be influenced by the political considerations.

17. The governments’ approach towards loan repayment is discouraging due to implementation of debt relief measures on a blanket method/scale. The morale of the prompt repayers has been lowered and has a negative influence.

18. The presence of middlemen in loan sanction and repayment do have a detrimental effect on loan repayment behaviour because of undue commission paid for getting the loans sanctioned. It has made the borrowers forego the subsidy amount sanctioned by the government and compelled diem to misuse the loan which ultimately affects die repayment.

(b) Credit Management

19. The bankers do conduct pre sanction inspections/field visits on receipt of applications for loans, except for co-operative bank officials who are very much familiar to their area people in the area of jurisdiction due to their permanent placement with local candidates. The visits have been useful
mainly for inspecting the land area under reference for its validity in growing crops, identifying the prospective borrowers and their needs. credit worthiness, verifying the particulars of the applicants and knowing the status.

20. The bank officials do conduct field visits after sanction of loans to the farmers mainly for recovery of dues, verifying the assets created, standing crops which are necessary in view of enduse and recovery of loans. They conduct the visits/inspections as expected by the management which forms basis for better recovery performance.

21. The purposes of bank officials' visits before and after sanction of loans with the priorities of verifying the applicants' demand for loan, properties as securities, recovering of dues, verifying bank assets maintained by the borrowers and assessing the potentiality of the schemes. Recovery efforts by the banker by face to face interaction helps in achieving better recovery performance.

22. The bankers have been experiencing certain difficulties while conducting field efforts for recovery which are connected with quality/habit of the borrowers, viz. false promises, non-availability, casual attitude, assets not shown for verification, hiding themselves. These type of indifferent behaviour discourages the bankers as well acting as a barrier which should be avoided by proper understanding.
23. Integrity/honesty in repayment, regular visits by bank officers, reasonable price for produce, timely reminder form die bank, adequate surplus income are influencing prompt recovery. Here both the borrowers and lenders positive attitude are exhibited and the principles "CAN" and "WILL' repayment reasons are answered. In fact, these are the things to be improved with a view for betterment.

24. Inordinate delay in legal proceedings, absence of Revenue Recovery Act, priorities for local borrowings, no committment by govt, machinery and priority for family expenses are the main obstacles in prompt recover). Here better understanding of repayment ethic on the part of the borrowers and proper support from the government/law will certainly help in prompt repayment/recovery performance.

25. The recovery efforts of the bankers are composed of visits during crop period/harvest, sending advance reminders before due date, sending registered letters after a lapse of reasonable time, sending reminders after due date and sending legal notices to the borrowers. This has indicated a systematic approach in effecting the recovery which has been initiated from personal visits and at time, even legal notices. Proper follow up of loans with the borrowers at the field and office level are very much imperative and continuous.

26. The bankers are of the opinion that timely credit, sanction of tie-up loans, conduct of recovery camps, conduct of pre and post sanction inspections of farms/farmers are the factors yielding good recovery. This is very
much related to the efforts by the bankers besides tie-up arrangement. The attitude of the bankers is directly related to better recovery performance.

27. Diversion of loan amount, government waiver of farm loans by way of principal and interest, loss due to natural calamities, wilful default and delayed credit are the possible factors for poor recovery as opined by the bankers. These are very valid reasons involving the attitude of the government, bankers and borrowers hence an integrated approach is required to combat the evil effect on better recovery performance.

28. In order to have prompt recovery/repayment of farm credit, the bankers have suggested that providing timely credit, selection of honest borrowers, sanction of need-based credit, selection of viable activities and providing adequate finance will help in achieving better recovery. This is indicative of a timely and proper approach by the lenders. It has dealt with the attitude of the lenders mainly, hence suitable educative/awareness/motivative efforts are to be undertaken by the bank management in making the field functionaries effective.

5.2 CONCLUSION

i. Repayment Behaviour and Status

Majority of the respondents represent owner cultivators of a majority of who are marginal and small farmers and not big farmers and agricultural labourers and tenants. The repayment behaviour of the MF/SF is better...
compared to the big farmers both under crop loans and dairy loans. Agricultural labourers performance particularly under dairy loans (IRDP) has been appreciable. Encouraging of weaker section borrowers comprising of MF/SF agricultural labourers, IRDP borrowers is imperative to uplift them as well help in larger numbers. The bankers view on this item has got concurrence.

2. Repayment Behaviour and Communities

Under dairy loans of medium term loans, the scheduled caste community borrowers have registered the higher percentage under prompt repayment as well lesser percentage under delayed repayments and default categories. Proper education on repayment ethic to backward community borrowers who form the majority need to be undertaken with the help of their community leaders for betterment. In a way the bankers view match with this. Under crop loans, the forward caste community recorded cent percent under prompt repayment but their number of cases are very less. In general, the performance of scheduled caste community borrowers have been appreciable. Proper awareness on repayment ethic among the backward communities is of imperative need towards prompt repayment.

3. Repayment Behaviour and Literacy Level

As far as dairy borrowers are concerned the majority of the borrowers with primary level of education have recorded the highest prompt repayment and least under default. In case of crop loan borrowers the majority of the prompt repayers are from high/hr.sec school literates group. In total, the
highest percentage of prompt repayers are from illiterate group and the lowest percentage of defualt is from primary school level. Hence, higher literacy level does not influence prompt repayment behaviour. The views of the bankers in this item also concurs. The bankers can project these prompt repayers from low literacy lot as a model to the other group for motivation.

4. Repayment Behaviour and Age

In case of dairy borrowers the young, and middle aged borrowers have recorded the highest percentage of prompt repayment. The default cases in respect of young aged borrowers is die lowest hence the young borrowers are more honest in repayment of loans. The selection of young borrowers will certainly help the banks to register appreciable recovery performance as the creation of assets and their maintenance will be better. In case of crop loans, the middle aged recorded the highest percentage under prompt repayment but the young aged recorded the lowest under default category. In general, the young aged borrowers are having better repayment behaviour hence selection of young borrowers will be beneficial for the bankers towards better recovery.

5. Repayment Behaviour and Family Size

Under dairy loans, irrespective of family size, the same level of prompt repayment has been recorded. Family size does not influence the repayment behaviour hence selection of borrowers need not be related to family size. In case of crop loans, the families with above 5 members have recorded the highest percentage under prompt repayment but the families upto
5 members have recorded the lowest percentage under default category. The small sized families are more honest and selection of small sized applicants would be beneficial to the bankers.

6. Repayment Behaviour and Social Participation

In case of dairy borrowers who have taken active participation in political activities recorded the least percentage is for prompt repayment and the highest for default. Borrowers having no such connections and concentrating on farming activities alone are able to generate adequate surplus for repayment besides saving their time, energy and integrity. Hence it is better to select borrowers having concentration on farming activities. In case of crop loans, the borrowers with political participation have recorded the lowest percentage of prompt repayment and the highest percentage under default. Hence, the borrowers, without any such connection are more honest (selection of borrowers without any political association will be better towards prompt repayment).

7. Repayment Behaviour and Gender

Under dairy loans, females repaid more promptly compared to males as well recorded a low percentage under delayed repayment and default categories. So, selection of more number of females as borrowers will yield good recovery performance and also motivate the males for prompt repayment. In case of crop loans, females have recorded the highest percentage under prompt category and both female and male groups have recorded low default percentage. In general, the majority of prompt repayers
are the female borrowers and they recorded the lowest default percentage. It can be concluded that the females are most honest and most suited for lendings. This is being well proved under self help group (SHG) financing for women which has been there all over India and abroad. Hence promotion of SHG financing will be beneficial to the bankers.

8. Repayment Behaviour and Loan Limit

In case of dairy loans with the limit less than Rs. 10,000/-, the performance under prompt repayment has been appreciable when compared to loan amount exceeding Rs. 10,000/. So, lesser tire loan higher the repayments. This also concurs with the view of the bankers that small size farm borrowers and lesser loan amount borrowers do better in repayment of loans in general. This is due to high degree of integrity of the small farmers and also fully dependent on the bank's financial support on a continuous basis based on integrity/honesty. In addition, generation of adequate surplus with capable ability of farm management and less diversion of time/energy/money with the small units help in prompt repayment behaviour. In case of crop loans too, the small amount of loan (less than Rs. 10,000) have recorded the highest percentage of prompt repayment and the lowest default percentage. In total, it is concluded that die borrowers having less than Rs. 10,000/- of loan limit are more honest and hence the selection of borrowers within this lower bracket of loan amount will be beneficial to the bank. They too are the needier group.
9. Repayment Behaviour and Subsidiary Occupational Income

About one third of the borrowers do have subsidiary occupation, mostly teaching and business. This adds to prompt repayment to some extent in the event of waiting for better price for produce, late payment from the sugar mills, loss of crop etc.

10. Repayment Behaviour and Infrastructural Facilities

Cent percent of the land under reference is under irrigation source mainly through underground water resources (borewells), hence the borrowers are able to undertake multiple cropping pattern throughout the year yielding adequate surplus making them better borrowers and repayers. It is advantageous always for the bankers to undertake such areas for financing for better recovery performance without much difficulties but it is the duty of the bankers to bring them under the category of "WILL THE BORROWER REPAY?" with proper follow-up measures including alternate help at times of urgency/need with suitable schemes.

11. Respondents and their Assets

Majority of the borrowers have immovable assets in the form of houses and small machines, pump sheds and cattle sheds also. Regarding moveable assets, a majority of them have electric/oil engines for their irrigational purposes which helps in cultivation of crops continuously all through the year. Goats form the majority under livestock assets followed by milch animals (cows and buffaloes). The population of work bullocks is
comparatively less as there is mechanisation of farming both by owning/hiring of tractors/power tillers.

The respondents have got a majority of their other assets in the form of jewels out of inheritance (brides gift) and savings from the net surplus in farming and other subsidiary occupations. There is least investment under household articles, shares/patras etc. The investment in gold is a clear indication of its use for pledging with banks/local money lenders at times of urgency to fulfil their consumption and other needs under tanning. Granting of more number of jewel loans by the co-operatives and odier commercial banks is another rami of evidence for having more of gold ornament assets in rural areas. For bankers it is a safe advance (loans) fetching higher rate of interest in case of co-operatives. In this case both the banker and borrower are benefited.

12. Respondents and Cropping Pattern

Majority of the area is under paddy crop with 2 crops sequence due to adequate irrigation facility followed by cash crops like sugarcane, banana and oil seed., (gingelly) or pulse crop. The yield and income of each crop per unit area is reasonable due to adequate backward and forward linkages. The net surplus generated out of crop cultivation is very much reasonable to meet the loan repayment commitment.
13. Respondents and their Pattern of Expenses

The pattern of expenditures of the respondent's family show that more is spent on food expenses followed by social functions and recreations, dress, health, education and lights and fuel, housing, etc. Barring food expenses, social functions and recreations put together form the major share of expenditure. This includes religious, family functions besides expenses on gambling and alcoholic habits which divert some amount of money, time, energy and can result in health deterioration. The weaker section borrowers were to be properly educated against the evil effects of these habits.

14. Respondents and their Investments

The respondents' investments during the study period have shown encouraging note on investments items like purchase of bank, land development, irrigation facility, purchase of machineries, livestock, housing facility. The majority of investment have been focussed on purchase of lands followed by purchase of machineries and household articles like T.V., furnitures, gold ornaments etc. Only about 14% of such investments have been from sources like banks, local money lenders etc. The respondents have been investing their net surplus income in one way or other but mostly under immovable assets.

15. Respondents and their sources of Income

The respondents have been deriving income both from farming and non-farming activities but mainly from farming - crop cultivation is the main
source of income followed by livestock, hiring out of farm machineries, and others are mainly from salaries, labour charges received. The farming activities have been satisfactory to fulfil their needs.

16. **Respondents and their Crop Loan Repayments**

The selected branch under commercial bank, i.e. State Bank of India Kattur, ADB which has got the highest amount of disbursal/farm credit transaction in the selected block of Lalgudi, has recorded a recovery of 96.49% for 5 years average in terms of actual demand and amount collected. It has ranged from 93.69% to 97.50% which is excellent. It is due to more coverage under sugarcane tie-up loans (74%). But the overdues balance on an average has accounted for less. The field visits/post sanction inspection/recovery follow up has been done on frequently. Hence less delayed repayment problem is there. Also quick processing of renewal of loans after repayment for the previous loan has helped in avoiding delayed repayment problem.

With regard to crop loan lending in terms of demand raised and amount collected by the Primary Agricultural Co-operative Bank, Anbil, the average recovery (96.08%) is considered excellent even with comparatively less coverage of sugarcane tie-up loans (44%). The recovery percentage during the reference period of 5 years has been recorded from 95.29% and 97.25% which is appreciable. But the overdue amount has been less. But the recovery efforts of the PACB is at the last hour, i.e. May/June of each year.
Renewal of previous loans immediately as expected by the borrowers has not been taking place hence more of delayed payments when compared to SB1. Kattur ADB.

In total, the crop loan recovery recorded by both the commercial bank and co-operative bank units have been excellent and encouraging though they were more instances of delayed repayment which is causing concern. Default could be avoided by adopting suitable alternate strategies both by the bank and borrower. The suggestions made by the borrowers and bankers for achieving higher percentage of prompt repayment which is desirable should be implemented sincerely by all concerned. Quick renewal of paddy loans and extending more of produce loan will help in avoiding delayed repayment as well as defaults. Awareness is lacking on the part of PACB borrowers and recovery efforts should be regular and continuous particularly in the case PACB.

With regard to different crops the number of cases under delayed repayments is the highest under paddy in the case of PACB, Anbil and sugarcane in the case of SBI, Kattur ADB. In general, paddy crop loans delayed repayment has been the highest which needs some corrective measures. Under default cases, paddy registered the highest in PACB Anbil. In SBI, Kattur ADB banana was the highest. In total, paddy crop loans registered the highest default percentage which could be corrected by adopting suitable strategies timely recovery efforts at the time of harvest, timely renewal of crop loans and sanction of produce marketing loans until
getting better price. The sugarmill should be co-operative for timely cutting and timely payment. Early planting does help the borrowers to avoid late cutting problems.

17. Respondents and their Dairy Loans Repayments

In PACB Anbil, the average recovery percentage was recorded as 57.81%. The recovery percentage has been ranging from 39.48% to 81.18%. It is heartening to note that loans to more number of weaker section borrowers with small loan limit with subsidy under govt, sponsored scheme has recorded a remarkable percentage of recovery while compared with the lower recovery under commercial dairy units with higher loan to limit.

In case of PLDB, Lalgudi, the average recovery percentage was recorded at 89.64% which is appreciable. The loans were received with small loan limit without any government subsidy mostly by the weaker section borrowers. The recovery percentage has been ranging from 82.90% to 95.00% during the reference period.

In a nutshell, the term loan lendings recovery is not as encouraging as crop loan lending which confirms the bankers higher preference for crop loans. This is not a healthy trend as term loan lending is more value in the sense that it contributes to asset creation, increases income, helps in farming, generates employment etc.
18. **Respondents and Bank Branchwise Repayment - Overall Position**

The individual selected bank branches' average recovery percentage has been as follows: PACB (crop and dairy loan) - 96%; SBI (crop loans) - 96%; and PLDB (dairy loans) - 90%. The total of 95% is very encouraging. The reasons for this are as follows:

- Adequate surplus income due to infrastructural facilities
- Positive attitude of the borrowers towards repayment
- Proper approach during pre and post sanction period of loans

It has also been shown that the higher the loan disbursed the higher the responsibility undertaken by the bankers. Moreover, the period under reference, 1990-91 to 1994-95 did not experience any natural calamities in general. This has resulted in a higher concentration of recovery performance at the micro level. Even within the micro level the selected banks proved better in prompt recovery which can be emulated by others. The reasons attributed for prompt repayment have been mainly from the income from crop harvest/milk produced out of bank assistance which is very much regarded as the best of loans granted.

19. **Respondents and Their Approach in Availing Bank Loan**

The borrower-respondents have availed bank loan mainly by direct approach followed by bank staff, relative-borrowers, sugarmills staff and village leaders. Direct approach has been playing a very vital role in the case of crop loans but in case of dairy loans bank staff helped a majority of the respondents in availing the loan. Lack of awareness on the part of scheme
details including repayment ethic should be overcome through village leaders intervention in village meetings/grama sabhas with active co-operation of the bankers. Dissemination of details on new/existing schemes could be effectively done by conducting village meetings which will bring the borrowers and lenders closer together for better understanding to solve the problems. In fact, this sort of village meeting will help the farming community in general and the weaker sections in particular who deserve such help/assistance.

The borrowers' visits to branches for getting new loans/renewal of loans is mostly restricted to 2 visits which is reasonable. This indicates the banker's activeness in helping borrowers in not wasting time/energy/money. This attitude of the bankers working in rural areas deserves appreciation and needs to be encouraged with some sort of extra allowance/comforts.

The borrowers' payment to the local revenue authorities in issuing of chitta and adangal (land/cultivation records) has not been a problem. Most of them have not paid extra money. This is a good indication that the farmers do not have any problem in this angle. The local revenue officials are also reasonable in helping the farmers in getting bank loans for their betterment. The time taken for availing loan from the bank branches by the borrowers after the production of necessary certificate has been within 2 weeks mostly which is reasonable as per the bank norms. This is indicative of timely credit to the borrowers by which proper utilisation of bank loans is achieved and recovery is made properly.
The borrowers as a whole did not experience any other difficulties with any bank which is a good sign for rural banking. With regard to this also, everyone involved in the process of sanction of loans deserve appreciation and encouragement. The co-operation is extended mutually between the borrowers and bankers.

A small percentage of farmers have undergone training in crop/animal production technologies which is discouraging in terms of extension methods. Steps to be undertaken by the authorities concerned include conducting training programmes on agriculture and animal husbandry for achieving better management and ultimately higher productivity. Training on the spot in the village atmosphere will be helpful in learning new strategies and sometimes will the pave way for introduction of new ventures.

The reasons that borrowers avail of bank loans is as follows: due to shortage of funds for cultivation, getting additional income and lower interest rate. This clearly indicates that the farmers are in need of bank assistance especially to buy fertilisers, plant protection chemicals and seeds in time to conduct the operations efficiently. There is clear demand for credit which is to be met on time by the bankers and it is on the increase every year due to escalating of inputs price. The proximity factor has influenced the ability to avail loans in a particular bank branch followed as well as by the allocation of villages to a designated branch under service area approach (1989) by the RBI. A smaller percentage of the borrowers have availed the loan like dairy loan as a subsidiary occupation for additional income. The distance factor is playing a vital role in selecting the branch.
Purchase of agricultural inputs has been the major reason for availing crop loans which helps in purchase of quality seeds, adequate quantity of fertilisers and plant protection measures. This is indicative of the best use of loan for production purposes. So also in the case of term loan purchase of quality animals even with/high amount of margin from the borrowers.

20. Respondents and Their Relationship/Experience with Bank Branches and Others

All the respondents accepted that the banks are providing timely credit which is a positive/advantage factor for proper utilisation of credit (end use) to get good income ultimately and also promptly repay. This has been reflected in the repayment behaviour of the respondents.

Most of the borrowers revealed that the loan amount granted as crop loan and dairy loan has been inadequate which is a point for consideration of the authorities concerned. It is the duty of the lender to provide adequate amount of loan otherwise concurrent borrowings from the local mono) lenders will take place. This has also been evident in non-institutional borrowings/other liabilities. This is a very important issue on the part of the lenders.

All the respondents expressed no difficulties in providing margin money inspite of inadequate loan amount. The majority had no difficulties in providing/offering securities. This is being taken care of through security relaxation offered by the banks as per the RBI guidelines. Most of the borrowers have fallen within the bracket of no mortgage of lands.
All of them have utilised the loans obtained for which they were granted and hence no misutilisation. There were very few natural calamities. The majority (90%) expressed satisfaction of the return (income) generated out of their farming activities.

There was no interference with the bankers by the political leaders or others in sanctioning of loans. This is a good sign for positive results.

The renewal of crop loans has been based on actual payment of total loan amount only. This could be possible be due to adequate income from farming activities.

The sensitivity of the borrowers towards honest behaviour has been very positive. They are afraid of legal proceedings vis-a-vis earning bad name/reputation which will affect continued banking transactions.

There has been no outside pressure from anybody towards non-repayment of bank loans. The majority of the respondents have repaid their loan without any registered notice and legal notices. This indicates that there is integrity/honesty towards bank loans.

In general, people have not experienced recovery camps conducted by the banks; there has been no knowledge/effect of recovery camps. The respondents were not inclined towards conduct of recovery camps. The advantages of recovery camps could be illustrated by frequent conduct of recovery camps during harvests especially with paddy borrowers who have
the habit of delayed repayment. It gives an impression that banks are very particular in timely recovery so as to help borrowers continuously.

The bankers’ personal visits to the villages in meeting the borrowers have been good. The majority of the respondents did not divert their income and were particular in repayment of bank loans promptly.

The majority of the respondents favoured repayment of institutional credit only. This has been due to low interest rate, continued credit, loan with dignity etc. The majority of the respondents favoured repayment of loans from their own farm income for which the loan was received. The respondents’ expectations of prompt repayment has been based on their inbuilt honesty and needs for further help.

There has been no recognition given to those who have been prompt repayers which is a point of consideration to provide proper recognition by suitable means cash payment/interest reduction/title/award.

All the respondents uniformly opined feeling of shame for not paying the loans dues promptly. Even the defaulters too felt the same which is a favourable factor for better repayment/recovery performance. This has been proved in the recovery performance of the selected respondents to a greater extent.

21. Respondents and Govt. Policies in Farm Credit Delivery

All the respondents had no negative feeling with regard to lending policies for agriculture due to change of governments. Infact, the
government policies have been always helpful to the farmers in the disbursal of farm credit.

All the respondents justified the legal provision/proceedings against the defaulter. This is most important on the part of the borrowers' positive attitude in banks' action against the defaulter.

The majority of the respondents are aware of loan repayment schedule which is a positive factor for prompt repayment. It is reflected from the repayments made by the borrowers.

22. Respondents and Repayment Behaviour due to Family Pressure

It is heartening to note that a majority of dairy loan borrowers have got pressure from their family members towards prompt repayment, due to involvement of housewives in rearing of milk animals. But in the case of crop loans, it does not have such effect. It is better that the loan distribution could be based on family's concern/knowledge.

5.3 SUGGESTIONS

(a) Borrowers Suggestions to Ensure Prompt Repayment

Out of the 26 suggestions listed out in the interview schedule, the respondents were advised to select their 5 suggestions on priority basis. Accordingly, it is revealed that the total respondents preferred lower rate of interest as the first priority (95%), incentives by way of interest reduction for prompt repayers as the second priority (94%), avoiding compounding of interest
after the due date as the third priority (61%), extension work on various bank schemes/government programmes/Awareness of repayment ethic as the fourth priority (54%) and reduction in fertiliser price as the fifth priority (33%).

1. State Bank of India - Kattur ADB

The respondents (crop loan borrowers) preferred the following 5 suggestions on priority basis.

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<td>Adequate investment cost of unit size/scale of finance</td>
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<td>Extension work on various bank &amp; government schemes/awareness on repayment ethic</td>
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2. Primary Agrl. Co-op. Bank, Anbil

The total respondents comprising of crop loans and dairy loans preferred the following 5 suggestions on priority basis.

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3. Primary Land Development Bank, Lalgudi

The total dairy borrowers have preferred the following 5 suggestions on priority basis:

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<td>Extension work on various bank &amp; government schemes / awareness on repayment ethic</td>
</tr>
</tbody>
</table>

4. Crop Loan Borrowers

The crop loan respondents prefered the following suggestions on priority basis:

<table>
<thead>
<tr>
<th>Priority Order</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST</td>
<td>Lower rate of interest</td>
</tr>
<tr>
<td>SECOND</td>
<td>Incentives by way of interest reduction for prompt repayment</td>
</tr>
<tr>
<td>THIRD</td>
<td>Avoiding compounding of interest</td>
</tr>
<tr>
<td>FOURTH</td>
<td>Extension work on various bank and government / awareness of repayment ethic</td>
</tr>
<tr>
<td>FIFTH</td>
<td>Reduction in fertiliser price</td>
</tr>
</tbody>
</table>
5. Dairy Loan Borrowers

The Dairy loan respondents the following suggestions on priority basis.

<table>
<thead>
<tr>
<th>Priority Order</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST</td>
<td>Lower rate of interest</td>
</tr>
<tr>
<td>SECOND</td>
<td>Incentives by way of interest reduction for prompt repayment</td>
</tr>
<tr>
<td>THIRD</td>
<td>Avoiding compounding of interest</td>
</tr>
<tr>
<td>FOURTH</td>
<td>Adequate investment cost of unit size</td>
</tr>
<tr>
<td>FIFTH</td>
<td>Extension work on Bank &amp; govt. Schemes/Awareness on repayment ethic</td>
</tr>
</tbody>
</table>

6. Suggestions for Better Recovery Performance

The following suggestions have been prioritised for improving the recovery performance by the bankers,

(1) Providing timely credit (18%)
(2) Selection of honest borrowers (17%)
(3) Sanction of need-based credit (15%)
(4) Selection of viable activities (14%)
(5) Providing adequate finance (12%)