ABSTRACT

Tiruchirapalli District situated in the central part of Tamil Nadu State was selected for the present research study on Institutional Farm Credit Recovery issues in terms of social, economic and political dimensions. It has been conducted with the aim of improving the recovery for better recycling of bank funds. Lalgudi Block in Tiruchirapalli District was chosen for the study as it has got cent percent irrigated area which facilitates adequate generation of income out of investments made for repayment of institutional farm credit received.

The main objectives of this study are: (1) to study the extent of institutional farm credit lent and recovered, (2) to enlist the factors responsible for prompt repayment and the causes, for default among the borrowers, (3) to suggest measures based on borrowers' reactions and experiences with regard to Credit Institutions to ensure prompt repayment and (4) to propose action points for effective institutional finance recycling.

The primary data were collected from the borrowers and bankers as respondents. Secondary data were collected from the bank branches, Lead Bank offices at the state/district level, government offices, reports, journals, books etc. An interview schedule and a questionnaire were used to collect the primary data for analysis to fulfil the objectives of the study. Two hundred and fifty (250) borrowers of the banks and thirty four (34) bankers in Lalgudi Block were contacted to assess the repayment/recovery behaviour/pattern in terms of social, economic and political dimensions.

The samples were drawn from State Bank of India, Kattur, Primary Agricultural Co-operative Bank, Anbil and Primary Land Development Bank,
Lalgudi. The borrower-respondents were categorised under Crop Loan (Short Term-repayment period less than 18 months) and Dairy Loan (Term Loan-repayment period exceeding 18 months) categories and selected by survey method. Out of 780 borrowers under crop loan, 192 (25%) were selected as respondents. Out of 67 borrowers under dairy loans 58 (88%) were selected as respondents due to deceased and migration. The banker respondents were drawn from all the banks operating in Lalgudi Block the study has been conducted in 36 out of 53 revenue villages in the block.

The collected data were tabulated and analysed by using the SPSS Computer Package with a view to find out the extent of prompt, delayed and default repayment and compared with the borrowers’ characteristics under social, economic and political dimensions. The study is limited to Lalgudi Block in order to derive findings and conclusions for the reference period 1990-91 to 1994-95 (5 years).

There are six chapters. The first chapter provides data on Indian farming, farm credit support, multiagency approach to financing agriculture and the overdues scenario in the farm credit front. It also identifies the research gap and objectives of the study. The second chapter presents the methodology/design of the study. The third chapter describes the institutional farm credit scenario in Tiruchirapalli District. The fourth chapter deals with analysis and discussion. The fifth chapter provides the major findings, conclusions and suggestions based on primary data/particulars collected from the borrowers and banker respondents.

Implications of the research is dealt with in the sixth chapter in the form of policy recommendations and action points.