Constraints Perceived by Dairy Farmers in availing and Repayment of Dairy Loans in Punjab

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ABSTRACT

The present study was conducted in six villages from three blocks of three districts (Sangrur,Amritsar and Hoshiarpur of Malwa, Majha and Doaba regions of Punjab respectively) to find the constraints perceived by dairy farmers in availing and repayment of dairy loans).A sample of 150 dairy farmers was selected on the basis of multistage random sampling technique.and categorized as small(less than 10 animals),medium(10 to 20 animals) and large (more than20animals).High rate of interest,too many intermediaries,lengthy complicated loan procedure,problem of financial guarantor and attitude of the loan officer were the main constraints in availing dairy loans. Low price of milk,costly feed and fodder,shortage of quality breed animals,low milk productivity,expensive animals and exploitation by animal traders and milk vendors were the main constraints in repayment of dairy loans.

Keywords: Availing, constraint, dairy farmers, intermediaries, repayment

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). At present the agriculture is under a serious economic and 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. Of 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 plays 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 ecosystem. Livestock 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 9423thousand ton in 2010-2011(NDDB, 29 Feb 2012) per annum. Though the situation of total milk production in Punjab is better but 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 lead 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 a very important role in adoption of dairy farming. In this business credit is given for the construction of animal shed, purchase of animals, milking machine and other dairy equipments. The loan amount varies depending upon the purpose for which the loan is given.In the present study an attempt has been made to ascertain the constraints perceived by dairy farmers in adoption and repayment of dairy loans.

Table 1. Constraints Perceived by Dairy farmers in availing dairy loans in all respondents in punjab

7	Aspect	Category	Less than 10 animals N=77		10 - 20 animals N = 45		More than 20 animals N=28		All Respondents N=150	
			Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
I	Too many intermediaries	Extreme	46	59.74	27	60.00	15	53.57	88	58.67
		Moderate	23	29.87	13	28.89	10	35.71	46	30.67
		Negligible	8	10.39	5	11.11	3	10.72	16	10.66
II	Illiteracy of the borrowers	Extreme	28	36.36	12	26.66	5	17.86	45	30.00
		Moderate	38	49.35	27	60.00	17	60.71	82	54.67
		Negligible	11	14.29	6	13.34	6	21.43	23	15.33
III	Attitude of the Loan Officer	Extreme	36	46.75	18	40.00	11	39.29	65	43.34
		Moderate	24	31.17	16	35.56	11	39.29	51	34.00
		Negligible	17	22.08	11	24.44	6	21.42	34	22.66
IV	High Rate of Interest	Extreme	45	58.44	29	64.45	17	60.71	91	60.67
		Moderate	28	36.37	12	26.67	10	35.72	50	33.33
		Negligible	4	5.19	4	8.88	1	3.57	9	06.00
V	Problem of Financial Guarantor	Extreme	34	44.16	17	37.78	11	39.29	62	41.33
		Moderate	34	44.16	21	46.67	13	46.43	68	45.34
		Negligible	9	11.68	7	15.55	4	14.28	20	13.33
VI	Inadequate Loan Amount	Extreme	26	33.77	16	35.56	12	42.86	54	36.00
		Moderate	34	44.16	22	48.89	14	50.00	70	46.67
		Negligible	17	22.07	7	15.55	2	7.14	26	17.33
VII	Lengthy complicated loan procedure	Extreme	37	48.05	21	46.67	11	39.29	69	46.00
		Moderate	28	36.37	16	35.56	14	50.00	58	38.67
		Negligible	12	15.58	8	17.77	3	10.71	23	15.33
VIII	Policy of Banks	Extreme	32	41.56	17	37.78	8	28.57	57	38.00
		Moderate	29	37.66	18	40.00	13	46.43	60	40.00
		Negligible	16	20.78	10	22.22	7	25.00	33	22.00
IX	Role of other departments	Extreme	20	25.97	17	37.78	7	25.00	44	29.33
		Moderate	29	37.66	14	31.11	8	28.07	51	34.00
		Negligible	28	36.37	14	31.11	13	46.43	55	36.67
X	Mode of Payment	Extreme	22	28.57	13	28.89	9	32.14	44	29.33
		Moderate	24	31.17	17	37.78	10	35.72	51	34.00
		Negligible	31	40.26	15	33.33	9	32.14	55	36.67

Source: Calculated from field survey
Note: **Frequency implies the number of Dairy farmers**

Table 2 Degree of seriousness of constraints in availing dairy loans in all respondents in Punjab

S. No.	Aspect	Less than 10 animals N=77			10-20 animals N=45			More than 20 animals N=28			All Respondents N=150		
		Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order
I	Too many intermediaries	192	2.49	2	112	2.49	2	68	2.43	2	372	2.48	2
II	Illiteracy of the borrower	171	2.22	6	96	2.14	8	55	1.96	9	322	2.15	8
III	Attitude of the loan officer	173	2.45	3	97	2.16	6	61	2.18	6	331	2.21	5
IV	High rate of Interest	195	2.53	1	115	2.56	1	72	2.57	1	382	2.55	1
V	Problem of financial guarantor	179	2.32	4	100	2.23	4	63	2.25	5	342	2.28	4
VI	Inadequate loan amount	163	2.12	8	99	2.2	5	66	2.36	3	328	2.18	6
VII	Lengthy complicated loan procedure	179	2.32	4	103	2.29	3	64	2.28	4	346	2.31	3
VIII	Policy of Banks	170	2.21	7	97	2.16	6	57	2.04	7	324	2.16	7
IX	Role of other departments	146	1.90	9	93	2.07	9	50	1.79	10	289	1.93	9
X	Mode of Payment	145	1.88	10	88	1.96	10	56	2.00	8	289	1.93	9

Source: Calculated from field survey

Table 3 Constraints Perceived by Dairy farmers in the repayment of dairy loans in Punjab

S. No.	Aspect	Category	Animals less than 10 N=77		10 – 20 animals N=45		Animals more than 20 N=28		All Respondents N=150	
			Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
I	Shortage of quality breed Animals	Extreme	44	57.14	23	51.11	11	39.29	78	52.00
		Moderate	26	33.76	14	31.11	9	32.14	49	32.67
		Negligible	7	9.10	8	17.78	8	28.59	23	15.33
II	Expensive Animals	Extreme	27	35.06	20	44.45	8	28.58	55	36.67
		Moderate	43	55.84	19	42.22	17	60.71	79	52.67
		Negligible	07	9.10	6	13.33	3	10.71	16	10.66
III	Less knowledge about quality breed Animals	Extreme	29	37.66	13	28.89	5	17.86	47	31.34
		Moderate	28	36.66	21	46.67	11	39.29	60	40.00
		Negligible	20	25.98	11	24.44	12	42.85	43	28.66
IV	Costly feed and fodder	Extreme	39	50.65	22	48.89	13	46.43	74	49.33
		Moderate	33	42.86	19	42.22	11	39.29	63	42.00
		Negligible	05	6.49	4	8.89	4	14.28	13	8.67
V	Low Milk Productivity	Extreme	40	51.95	20	44.44	8	28.57	68	45.33
		Moderate	30	38.95	21	46.67	11	39.29	62	41.33
		Negligible	7	9.10	4	8.89	9	32.14	20	13.34
VI	Low Price of milk	Extreme	47	61.04	25	55.56	19	67.86	91	60.67
		Moderate	24	31.17	13	37.78	8	28.57	49	32.67
		Negligible	6	7.79	3	6.66	1	3.57	10	6.66
VII	Delay in disbursement by co-operative societies	Extreme	19	24.68	10	22.22	7	25.00	36	24.00
		Moderate	39	50.64	19	42.22	8	28.57	66	44.00
		Negligible	19	24.68	16	35.56	13	46.43	48	32.00
VIII	Absence of good marketing system	Extreme	16	20.78	18	40.00	14	50.00	48	44.00
		Moderate	29	37.66	18	40.00	8	28.57	55	36.67
		Negligible	32	41.56	9	20.00	6	21.43	47	31.33
IX	Lack of knowledge about ration formulation	Extreme	31	4026	16	35.55	5	17.86	52	34.67
		Moderate	27	35.06	19	42.22	12	42.85	58	38.67
		Negligible	19	24.68	10	22.23	11	39.29	40	26.66
X	Exploitation by Animal traders	Extreme	34	44.16	16	35.55	5	17.86	55	36.67
		Moderate	31	40.26	22	48.89	11	39.29	64	42.67
		Negligible	12	15.58	7	15.56	12	42.00	31	20.66

XI	Exploitation by Milk Vendors	Extreme	32	41.56	14	31.11	8	28.57	54	36
		Moderate	29	37.66	20	44.44	6	21.43	55	36.67
		Negligible	16	20.78	11	24.45	14	50.00	41	27.33
XII	Failure of Milk Animals to conceive every year	Extreme	31	40.26	19	42.22	4	14.29	54	36.00
		Moderate	29	37.66	11	24.44	11	39.29	51	34.00
		Negligible	17	22.08	15	33.33	13	46.42	45	30.00
XIII	Repayment of old debt	Extreme	40	51.95	15	33.33	11	39.29	66	44.00
		Moderate	24	31.17	19	42.22	9	32.14	52	34.67
		Negligible	13	16.88	11	24.44	8	28.57	32	21.33
XIV	Expansion of farm	Extreme	13	16.88	5	11.11	4	14.29	22	14.67
		Moderate	39	50.65	27	60.00	16	57.14	82	54.67
		Negligible	25	32.47	13	28.89	8	28.57	46	30.66
XV	Diversion of funds	Extreme	10	12.99	9	20.00	4	14.28	23	15.33
		Moderate	26	33.77	10	22.22	12	42.86	48	32.00
		Negligible	41	53.24	26	57.78	12	42.86	79	52.67
XVI	Heavy Investment on Project	Extreme	13	16.88	10	22.22	14	50.00	37	24.67
		Moderate	24	31.17	15	33.33	4	14.29	43	28.67
		Negligible	40	51.95	20	44.45	10	35.71	10	46.66
XVII	Mode of Repayment	Extreme	4	5.19	10	22.22	5	17.86	19	12.67
		Moderate	25	32.47	18	40.00	5	17.86	48	32.00
		Negligible	48	62.34	17	37.78	18	64.28	83	55.33

Source: Calculated from field survey
Note: Frequency implies the number of dairy farmers.

Table 4 Degree of seriousness of constraints in the repayment of dairy loans in all respondents in Punjab

S. No.	Aspect	Less than 10 animals N=77			10 – 20 animals N=45			More than 20 animals N=28			Total Respondents N=150		
		Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Mean score	Rank Order	Total constraint score	Average	Rank Order
I	Shortage of quality breed Animals	191	2.48	2	105	2.34	4	59	2.11	6	355	2.37	3
II	Expensive Animals	174	2.25	7	104	2.31	5	61	2.18	4	339	2.26	5
III	Less knowledge about quality breed Animals	163	2.12	11	92	2.04	12	49	1.75	13	304	2.03	11
IV	Costly Feed and Fodder	188	2.44	3	108	2.4	2	65	2.32	2	361	2.41	2
V	Low Milk Productivity	185	2.40	4	106	2.36	3	55	1.96	8	348	2.32	4
VI	Low Price of milk	195	2.53	1	112	2.49	1	74	2.64	1	381	2.54	1
VII	Delay in disbursement by co-operative societies	154	2.00	12	84	1.87	13	50	1.78	10	288	1.92	13
VIII	Absence of good marketing system	138	1.79	14	99	2.2	6	64	2.29	3	301	2.01	12
IX	Lack of knowledge about ration formulation	166	2.16	10	96	2.13	8	50	1.78	10	312	2.08	9
X	Exploitation by Animal traders	176	2.29	6	99	2.2	6	49	1.75	13	324	2.16	7
XI	Exploitation by Milk Vendors	170	2.21	8	93	2.07	11	50	1.78	10	313	2.09	8
XII	Failure of Milk Animals to conceive	168	2.18	9	94	2.09	9	47	1.68	16	309	2.06	10
XIII	Repayment of old debt	181	2.35	5	94	2.09	9	59	2.11	6	334	2.23	6
XIV	Expansion of farm	142	1.84	13	82	1.82	14	52	1.86	9	276	1.84	14
XV	Diversion of funds	123	1.60	16	73	1.62	17	48	1.71	15	244	1.63	16
XVI	Heavy Investment on Project	127	1.65	15	80	1.78	16	60	2.14	5	267	1.78	15
XVII	Mode of Repayment	110	1.43	17	83	1.84	14	43	1.54	17	236	1.57	17

Source: Calculated from field survey

Materials and Methods

The study was conducted in Punjab state during 2011-2012. From Malwa region Sangrur district was selected. One block Bhwanigarh was selected from the district and then two villages Gehlan and Harkishanpura were selected from the district. Amritsar district was selected from Majha region andVerka block was selected from the district.Two villages Dhattal and Khankot were selected from the block. Hoshiarpur district was selected from Doaba region and Mukeria block ws selected. Two villages Hyatpur and Manjpur were selected from the block. This was in accordance with the study done by Sharma *et al.* (2010). Three categories of dairy farmers were (less than 10 animals), medium dairy farmers (10 to 20 animals)and large dairy farmers (more than 20 animals). (Kumar *et al.* 2009). A separated list of all dairy farmers was prepared from selected villages and total of one hundred 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 availing 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 continumm 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 score.

Results and Discussion

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

Table 1 lists the constraints perceived in availing of dairy loans by all the respondents of sampled dairy farms of study area. Among all respondents, small dairy farmers were 77, medium dairy farmers were 45 and large dairy farmers were 28. High rate of interest (60.67 per cent), too many intermediaries (58.67 per cent), lengthy complicated loan procedure (46 per cent) and attitude of the loan officer (43.34 per cent) were accepted as extreme problems while illiteracy of the borrower (54.67 per cent), inadequate loan amount (46.67 per cent), problem of financial guarantor (45.34 per cent), and policy of banks (40

per cent) were accepted as moderate constraints. Role of other departments (36.67 per cent) and mode of payment (36.67 per cent) were considered negligible constraints in availing dairy loans. To solve the problems faced by dairy farmers, it is suggested that there should be no intermediaries between bank and a loanee. The loan officer should be helpful and he should guide the dairy farmers properly about the documents required and procedure of taking loan. Rate of interest on dairy loans should be lowered as in agricultural loans and procedure of sanctioning of loans should be easy. Policy of banks regarding loan should be simplified, as most of the dairy farmers considered illiteracy of the borrower as moderate problem. Financial guarantor should be provided by banks .Loan amount given to the dairy farmers should be adequate as the inadequate amount sanctioned by the bank cannot fulfill their requirements. Due to ignorance of dairy farmers, they considered role of other departments and mode of payment of loan as negligible constraints. There is a need to aware the dairy farmers about the role of other departments and mode of payment of loan for the development of dairy sector.

On the basis of analysis it can be concluded that high rate of interest, too many intermediaries and lengthy complicated loan procedure were the major problems in availing dairy loans in all respondents of sampled dairy farmers of Malwa, Majha and Doaba regions.

Table 2 describes the degree of seriousness of these constraints with the help of total constraint score; mean score and ranking order of different constraints in all the respondents of Malwa, Majha and Doaba regions. The first three ranks attained in all categories were high rate of interest (2.55), too many intermediaries (2.48), and lengthy complicated loan procedure (2.31) respectively. Thus above cited constraints were accepted as severe constraints.

Constraints Perceived by Dairy Farmers in the Repayment of Dairy Loans

After the analysis of constraints in availing dairy loans, it is now pertinent to analyse the constraints in repayments of dairy loans. In our primary survey an attempt has been made to identify some constraints felt by dairy farmers which hinder timely repayment of dairy loans by them.

Table 3 lists the constraints perceived by all the

sampled dairy farmers regarding repayment of dairy loans. In total sample of 150 respondents constraints like low price of milk (60.67 per cent), shortage of quality breed animal (52 per cent), costly feed and fodder (49.33 per cent), low milk productivity (45.33 per cent), absence of good marketing system (44 per cent) and repayment of old debt (44 per cent) were accepted as major constraints. Expansion of farms (54.67 per cent), Expensive animals (52.67 per cent), delay in payment by co-operative societies (44 per cent), exploitation by animal traders (42.67 per cent), less knowledge about quality breed animals (40 per cent), lack of knowledge about ration formulation (38.67 per cent) and exploitation by milk vendors (36.67 per cent) were accepted as moderate problems by all the dairy farmers. Mode of repayment (55.33 per cent), diversion of funds (52.67 per cent) and heavy investment on project (46.66 per cent) were considered as negligible problems. Due to high cost of feed and fodder and lack of good marketing system, dairy farmers cannot obtain more returns from dairy farming. Dairy farmers are also facing the problem of repayment of old debts. Price of milk is low as compared to the costs emerged in producing milk. All the above cited constraints create hindrance in the repayment of dairy loans.

To solve the problems in repayment of dairy loans, it is suggested that there is a need of quality breed animals to improve the quality and quantity of milk production. Different programs like National Dairy Plan I should be started in all districts of Punjab to improve the quality of milch animals. Training programs for dairy farmers about ration formulation and quality breed animals should be arranged by government .There should be a check on animal traders and milk vendors who exploit the dairy farmers.

Table 4 lists the severity of constraints regarding repayment of dairy loans with the help of total constraint score and mean score. When mean score and rank order of these constraints were calculated in all the categories of dairy farmers, low price of milk had the top ranking with mean score (2.54) followed by costly feed and fodder with mean score

(2.41) and shortage of quality breed animals with mean score (2.37). It is therefore suggested that for the improvement in quality and quantity of milk production, the problems of shortage of quality breed animals, costly feed and fodder and low price of milk should be solved by government. Government should take appropriate steps to increase the price of milk and give subsidies on feed and fodder.

Conclusion

From the above analysis it was observed that shortage of quality breed animals, high rate of interest, low price of milk, high cost of feed and fodder, animals are expensive, problem of financial guarantor, exploitation by animal traders and milk vendors were considered as the major problems by all the respondents. So it is suggested that there is a need of good quality animals and to reduce the cost of feed and fodder. 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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