Constraints perceived by dairy farmers in adoption and repayment of dairy loans

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ABSTRACT

The present study was conducted on two villages of one block of Hoshiarpur District of Doaba region of Punjab to find constraints perceived by dairy farmers in adoption and repayment of dairy loans. Majority of dairy farmers belong to different categories according to herd size. Most of dairy farmers considered shortage of quality breed animals, too many intermediates, of milk, high cost of feed and fodder, expensive animals, low milk production and high rate of interest, problem of financial guarantor, policy of banks, low price of milk and inadequate loan amount as the serious problem

Keywords: Adoption, constraint, dairy farmers, intermediates, 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 & 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 9423 thousand 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 component 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.

MATERIALS AND METHODS

The present study was conducted in Hoshiarpur District of Doaba Region of Punjab Hoshiarpur district has many villages in different blocks. The sampling procedure employed to select ultimate unit of sample was random sampling technique. Mukerian block was selected from the district and then two villagers (Hyatpur and Manjpur) 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 perceptible constraints was prepared in consultation with extension scientists, available literature and dairy owners. To find out the severity of constraints among the on three point continuum the sample respondents mean scores were found 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.

RESULTS 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 constraints contribute more in hindrance and other less. As Table 1 shows in loan procedures constraints like too many intermediates, high rate of interest and policy of banks are considered most sever while role of other departments and mode of payment are considered least severe by dairy farmers having less than 10 animals. Role of intermediates like guarantors, insurance agents etc. which make the loan procedure complicated. Rate of interest for   agricultural allied sectors is much higher as compare to agriculture sector. In dairy sector

Table 1: Constraints Preceived by the Diary farmers in the growth and distribution of dairy loans

Aspect	Category	Less than 10 animals N = 26		Less than 20 animals N = 16		More than 20 animals N=8		Overall 50 percentage
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	
Too many intermediates	Extreme	20	77	14	88	7	87.5	82
	Moderate	3	11.5	2	12	1	12.5	12
	Negligible	3	11.5	0	00	0	000	06
Illiteracy of the borrowers	Extreme	9	35	4	25	2	25	30
	Moderate	13	50	11	69	6	75	60
	Negligible	4	15	1	6	0	00	10
Attitude of the Loan Officer	Extreme	7	27	4	25	1	12.5	24
	Moderate	8	31	5	31	3	37.5	32
	Negligible	11	42	7	44	4	50.0	44
High Rate of Interest	Extreme	17	65	11	69	6	75	68
	Moderate	8	31	4	25	2	25	28
	Negligible	1	4	1	6	0	00	4
Problem of Financial Guarantor	Extreme	12	46	8	50	5	62.5	50
	Moderate	11	42	7	44	3	37.5	42
	Negligible	3	12	1	6	0	000	8
Inadequate Loan Amount	Extreme	11	42	7	44	4	50	44
	Moderate	11	42	7	44	4	50	44
	Negligible	4	16	2	12	0	00	12
Lengthy complicated loan procedure	Extreme	9	35	5	31	3	37.5	34
	Moderate	13	50	7	44	4	50.0	48
	Negligible	4	15	4	25	1	12.5	18
Policy of Banks	Extreme	13	50	8	50	4	50	50
	Moderate	6	23	5	31	2	25	26
	Negligible	7	27	3	19	2	25	24
Role of other departments	Extreme	11	42	9	56	2	25	44
	Moderate	5	19	3	19	2	25	20
	Negligible	10	39	4	25	4	50	36
Mode of Payment	Extreme	5	19	6	38	4	50	30
	Moderate	7	27	6	37	2	25	30
	Negligible	14	54	4	25	2	25	40

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 too many intermediates , high rate of interest , role of other department s, problem of financial guarantor and policy of banks as major problems .Most of dairy farmers belong to poor to moderate society, finding of financial guarantor is very difficult for them. Policies of banks vary from time to time, as most of respondents are illiterate, cannot take the benefits of policies of bank. They consider attitude of loan officer , role of other departments , mode of payment of loan are as negligible problems.

Large dairy farmers having more than 20 animals consider too many intermediates , high rate of interest , problem of financial guarantor and inadequate loan amount as major problems. Dairy farming require very high investment. The farmers need high amount of loan for starting business. The loan sanctioned by bank cannot fulfill their requirement. These farmers consider role of other departments and attitude of loan officer as negligible problem.

On pooled analysis of all 50 respondents it was observed that they consider too many intermediates, high rate of interest, problem of financial guarantor and policy of banks as severe problems while attitude of loan officer and mode of payment of loan as negligible problems.

Table 2 shows the mean score and ranking order of different constraints that small, medium and large farmers are facing. The first three ranks attained in all categories are too many intermediates (2.76), high rate of interest (2.64) and problem of financial guarantor (2.42) respectively. It is suggested that rate of interest on dairy loans should be lowered as in agricultural loans and procedure of loan sanctions should be made easy.

Constraint perceived by dairy farmers in repayment of dairy loans

There are many factors which cause problem in repayment of dairy loans by dairy farmers. Table 3 shows the various constraints which are perceived by dairy farmers in repayment of dairy loans. Small farmers low milk productivity, low milk price, shortage of quality breed animals and expensive animals as major constraints. Quality of milk is dependent on good quality animals and type of feed given to them. Due to lack of fulfilling both conditions, the animals 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, exploitation by milk vendors mode of repayment and diversion of funds are negligible problems. Most of small farmers are not calculative of keeping animals, so they consider these problems as negligible.

Table 2: Constraints Preceived by the Diary farmers in the growth and distribution of dairy loans

Aspect	Less than 10 animals N=26			Less than 20 animals N=16			More than 20 N=8			Overall N=50		
	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
Too many intermediate	69	2.65	I	46	2.87	I	23	2.8	I	138	2.76	I
Illiteracy of the borrower	57	2.19	VI	35	2.18	VII	18	2.25	V	110	2.2	VI
Attitude the loan officer	487	1.84	IX	29	1.81	X	13	1.62	X	90	1.8	X
High rate of Interest	68	2.61	II	42	2.62	II	22	2.75	II	132	2.64	II
Problem of financial guarantor	61	2.34	III	39	2.43	III	21	2.62	III	121	2.42	III
Inadequate loan amount	59	2.26	IV	37	2.31	IV	20	2.5	IV	116	2.32	IV
Lengthy complicated loan procedure	57	2.19	VI	33	2.06	IX	18	2.25	V	108	2.16	VII
Policy of Banks	58	2.23	V	37	2.31	IIV	18	2.25	V	113	2.26	V
Role of other departments	53	2.03	VIII	37	2.31	IV	14	1.75	IX	104	2.08	VIII
Mode of Payment	43	1.65	X	34	2.12	VIII	18	2.25	V	95	1.9	IX

Table 3: Constraints received by the dairy farmers about the repayment of Loans.

Aspect	Category	Animals less than 10 N=26		Animals less than 20 N=16		Animals more than 20 N=8		Total animals 50 percentage
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	
Shortage of quality breed Animals	Extreme	24	92	14	87.5	6	75	88
	Moderate	2	8	2	12.5	2	25	12
	Negligible	0	0	00	000	0	00	0
Animals are very expensive	Extreme	9	35	8	50	3	37.5	40
	Moderate	17	65	8	50	5	62.5	60
	Negligible	0	00	00		0		00
Less knowledge about quality breed Animals	Extreme	9	35	5	31	3	37.5	34
	Moderate	10	38	7	44	2	25	38
	Negligible	7	27	4	25	3	37.5	28
Feed and Fodder is costly	Extreme	14	54	6	38	5	62.5	50
	Moderate	11	42	7	43	2	25.0	40
	Negligible	1	04	3	19	1	12.5	10
Milk Productivity is low	Extreme	15	58	7	44	1	12.5	46
	Moderate	11	42	9	56	5	62.5	50
	Negligible	0	00	0	00	2	25.0	04
Price of milk is low	Extreme	17	65	11	69	6	75	68
	Moderate	8	31	5	31	2	25	30
	Negligible	1	4	0	00	0	00	2
Delay in payment by co-operative societies	Extreme	9	35	4	25	3	37.5	32
	Moderate	14	54	8	50	1	12.5	46
	Negligible	3	11	4	25	4	50.0	22
Absence of good marketing system	Extreme	8	31	9	56	4	50.0	42
	Moderate	10	38	4	25	3	37.5	34
	Negligible	8	31	3	19	1	12.5	24

(*Contd.*)

Aspect	Category	Animals less than 10 N=26		Animals less than 20 N=16		Animals more than 20 N=8		Total animals 50 percentage
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	
No knowledge about ration formulation	Extreme	12	46	5	31	2	25	38
	Moderate	10	38	5	31	4	50	38
	Negligible	4	16	6	38	2	25	24
Exploitation by Animal traders	Extreme	13	50	4	25	2	25	38
	Moderate	10	38	8	50	5	62.5	46
	Negligible	3	12	4	25	1	12.5	16
Exploitation by Milk Vendors	Extreme	13	50	3	19	3	37.5	38
	Moderate	5	19	7	44	2	25.0	28
	Negligible	8	31	6	37	3	37.5	34
Animal could not conceive every year	Extreme	8	31	7	44	1	12.5	32
	Moderate	6	23	3	19	1	12.5	20
	Negligible	12	46	6	37	6	75.0	48
Loan Income Generation	Extreme	17	65	4	25	2	25.0	46
	Moderate	5	19	7	44	3	37.5	30
	Negligible	4	16	5	31	3	37.5	24
Expansion of farm	Extreme	6	23	3	19	1	12.5	20
	Moderate	14	54	7	44	6	75.0	54
	Negligible	6	23	6	37	1	12.5	26
Diversion of funds	Extreme	4	15	1	6	1	12.5	12
	Moderate	5	19	4	25	4	50.0	26
	Negligible	13	66	11	69	3	37.5	62
Heavy Investment on Project	Extreme	7	26	2	12	5	62.5	28
	Moderate	9	35	4	25	1	12.5	28
	Negligible	10	39	10	63	2	25.0	44
Mode of Repayment	Extreme	1	4	4	25	2	25.0	14
	Moderate	8	31	3	19	1	12.5	24
	Negligible	17	65	9	56	5	62.5	62

Table 4: Constraints Preceived by the Diary farmers about the repayment of loans

Aspect	Less than 10 animalsN=26			Less than 20 animalsN=16			More than 20N=8			OverallN=50		
	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
Shortage of quality breed Animals	76	2.92	I	46	2.87	I	22	2.75	I	144	2.88	I
Animals are very expensive	61	2.3	VII	40	2.5	III	19	2.37	IV	120	2.4	IV
Less knowledge about quality breed Animals	54	2.07	XI	33	2.06	VII	16	2.0	VIII	103	2.06	XI
Feed and Fodder is costly	65	2.5	IV	35	2.18	VI	20	2.5	III	120	2.4	IV
Milk Productivity is low	67	2.57	III	39	2.43	IV	15	1.87	XVI	121	2.42	III
Price of milk is low	68	2.61	II	43	2.68	II	22	2.75	I	133	2.66	II
Delay in payment by co-operative societies	58	2.23	IX	32	2.0	IX	15	1.87	XII	105	2.1	X
Absence of good marketing system	52	2.0	XII	38	2.37	V	19	2.37	IV	109	2.18	VIII
No knowledge about ration formulation	60	2.3	VIII	31	1.93	XI	16	2.12	VIII	107	2.14	IX
Exploitation by Animal traders	62	2.38	VI	32	2.0	IX	17	2.13	VII	111	2.22	VI
Exploitation by Milk Vendors	57	2.19	X	29	1.81	XIII	16	2.0	VIII	102	2.04	XII
Animal could not conceive every year	48	1.84	XV	33	2.06	VII	11	1.37	XVII	92	1.84	XIII
Loan Income Generation	65	2.5	IV	31	1.93	XI	15	1.87	XII	111	2.22	VI
Expansion of farm	52	2	XII	29	1.81	XIII	16	2.0	VIII	85	1.7	XV
Diversion of funds	39	1.5	XVI	22	1.37	XVII	14	1.75	XV	75	1.5	XVII
Heavy Investment on Project	49	1.88	XIV	24	1.5	XVI	19	2.37	IV	92	1.84	XIII
Mode of Repayment	36	1.38	XVII	27	1.68	XV	13	1.62	XVI	76	1.52	XVI

Medium farmers consider shortage of quality breed animals, low milk price, absence of good marketing system as major constraints. In Punjab state due to monopoly of few companies, there is exploitation of dairy farmers leading to low price of milk. No knowledge about ration formulation, animal could not conceive every year, mode of repayment and diversion of funds are considered negligible problems by this category of farmers.

Large farmers consider shortage of quality breed animals , costly feed and fodder and low price of milk as major constraints while non conception of animals every year , delay in payment by co-operative societies and mode of repayment are considered negligible problems.

The pooled analysis of all 50 respondents reveal that shortage of quality breed animals , low price of milk, diversion of funds and mode of repayment are major constraints while exploitation by milk vendors and animals could not conceive every year are negligible constraints.

Table 4 shows that when mean score and rank order of these constraints are calculated in all categories of farmers , shortage of quality breed animals was ranked first with mean score (2.88), low price of milk was ranked second with mean score (2.66), low milk productivity was third with mean score (2.42) . It is therefore suggested that quality of animals should be improved so that milk productivity of animals can be increased. Government 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 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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