



Perception of Tenant Farmers on Delivery Mechanism of Institutional Credit through Loan Eligibility Cards in Andhra Pradesh- A Case Study

N T Krishna Kishore, Seema and G Raghunadha Reddy

Department of Agricultural Economics, College of Agriculture, Rajendra Nagar
Hyderabad, Andhra Pradesh

ABSTRACT

The findings of the study indicated that majority of the farmers perceive that owners of land are willing to provide oral lease than the written lease (3.3 %). A slightly more than half of the tenant farmers have responded positively (56.7%) on timely issuing of LEC cards. The majority of the tenant farmers responded negatively (96.7 %) regarding credit disbursement of financial institutions on par with scale of finance. All the tenant farmers have positively responded on coverage under National Agriculture Insurance Scheme. A large group of tenant farmers (91.7%) have positively responded to level of finance fixed irrespective of leased land. Majority of tenant farmers (95%) expressed that financial institutions willingness to provide finance to Joint Liability Group than individual LEC holders to fulfill their security norms. Only a small group (38.3 %) of tenant farmers perceived that they have access to timely credit.

Key words : Agriculture credit, Financial institutions, Loan Eligibility Cards, Tenant farmer.

In Andhra Pradesh, the number of tenant farmers are increasing each year due to changes in the socio-economic conditions in the villages and migration of land owners to urban areas or diversifying into other professions. According to the Government of Andhra Pradesh statistics there are about 26 lakh tenant farmers with unviable cultivation practices mostly due to poor access to institutional credit. To address to this problem, Government of Andhra Pradesh has initiated an innovative program of issuing Loan Eligibility Cards (LEC's) to the tenant farmers in order to enable them to have access to the institutional credit, and also get the coverage under crop insurance, input subsidy and other benefits from the government agencies, by safe guarding the rights of the land owners/ pattadar of the land. The Government of Andhra Pradesh has drafted an act called "Andhra Pradesh Loan and Allied Benefits Eligibility Card (Permitted Cultivators) Act, 2011 to safe guard the land owner's interest and to benefit the tenant farmers and bring them out from the debt trap.

The salient features of the draft bill "Andhra Pradesh Loan and Allied Benefits Eligibility Card (Permitted Cultivators) Act, 2011" as follows:

(1) To provide Loan Eligibility Cards to tenant farmers for cultivation of land.

(2) To provide farmers, access to public financial institutions for loan, claiming insurance, input subsidy etc.

(3) To claim damages to the crop.

(4) To infuse confidence among the farming community and to prevent suicides.

(5) To safe guard the rights of the land owners/ pattadar of the land who have given land on lease for permitted cultivation.

The present case study was taken up with the objective to assess the perception of tenant farmers on the mechanism of availing institutional credit through this program.

MATERIAL AND METHODS

Since, this program is first of its kind therefore an exploratory study was conducted to access the information. West Godavari district of Andhra Pradesh was purposively selected as large number of tenant farmers are existing here. Similarly, Bhimavaram mandal has been selected for the study on the criteria that large number of tenant farmers are concentrated here. Three villages have been selected from the mandal for the study. A total of 60 tenant farmers with a number of 20 per each selected village were considered. Random sampling method was followed to select farmers. The interview schedule comprised of 3 formats suitable to each

group i.e., for collecting information on perceptions at land owner level, perceptions at revenue official's level, and perceptions at finance institution level. The farmers were asked to express their response to the statements in "Yes" or "No". A score of two and one were given to the positive and negative statements respectively. The results were expressed in the form of frequencies and percentages for each response category for the purpose of discussion.

RESULTS AND DISCUSSION

Perceptions of tenant farmers regarding responses at land owner's level

The tenant farmers expressed that their land owners were willing to provide oral lease (100 %), whereas only (3.3 %) few land owners are willing to provide written lease. The reasons expressed by them are the fear of losing ownership if it is a written lease document as most of the owners would be subjected to land ceiling act and tenancy act.

The tenant farmers expressed that more than 50 percent of land owners are willing to allow them to avail the Loan Eligibility Cards, whereas other owners did not give their willingness to apply for LEC cards (41.7%). The reason for this response is the fear that their tenancy may be recorded by the revenue officials which might affect land owner ship claims in the long run, Further once the LEC card is issued on the land to the tenant, the owner will not be eligible to avail any other loan on the same land that has been leased out.

About 48.3 percent of the tenant farmers are confident that the land owners would renew lease for the consecutive year even after the tenant farmer has been issued LEC card on the land. Whereas

51.7% of the tenant farmers revealed that the land owners may not lease out the land to them the next season due to the fear that the tenant farmers may claim legal rights over the land.

Perceptions of tenant farmers regarding responses at revenue officials

A large number of tenant farmers (95%) revealed that revenue officials are willing to record the tenancy provided there is no objection from the land owner. A minor percentage of the tenant farmers (5%) felt that revenue officials are not willing to record the tenancy, the reason being that the land owners may raise objections in such cases.

About 91.7% of respondents indicated the willingness of the revenue officials for accepting the application for LEC cards, and only 8.3 % perceived negative response. About 76.7% of tenant farmers perceived willingness of the revenue officials to issue LEC cards and 23.3% farmers have responded negatively.

The timely issuing of LEC cards received a positive response from 56.7% of tenant farmers and only 43.3% were not happy with the timely issue of the card.

Perceptions of tenant farmers regarding responses of financial institution level

About 60% of the tenant farmers felt that the financial institutions are favorable to finance through the LEC cards, whereas 40% have responded negatively, the reason being that the financial institutions do not have enough security for sanctioning loan.

Table 1. Perceptions of tenant farmers on responses of the land owners

S.no	Attributes	Response	Response in Tenant farmers (n=60)	
			Number	%
1	Willingness to provide oral Lease	Yes	60	100.0
		No	0	0.0
2	Willingness to provide written lease	Yes	2	3.3
		No	58	96.7
3	Willingness from owners to apply for LEC cards	Yes	35	58.3
		No	25	41.7
4	Willingness from owners to renew lease to the next consecutive year for LEC cards	Yes	29	48.3
		No	31	51.7

Table 2. Perceptions of the tenant farmers regarding responses of revenue officials.

S.no	Attributes	Response	Response in Tenant farmers (n=60)	
			Number	%
1	Revenue official willingness to record the tenancy	Yes	57	95.0
		No	3	5.0
2	Revenue official willingness to accept the application for issue of LEC card	Yes	55	91.7
		No	5	8.3
3	Revenue official willingness to issue LEC cards	Yes	46	76.7
		No	14	23.3
4	Revenue official issuing LEC cards before cropping season / in time	Yes	34	56.7
		No	26	43.3

Table 3. Perception of tenant farmers regarding responses at financial institutions

S.no	Attributes	Response	Response in Tenant farmers (n=60)	
			Number	%
1	Willingness to finance LEC cards holders	Yes	36	60.0
		No	24	40.0
2	Willingness to finance as per scale of finance	Yes	2	3.3
		No	58	96.7
3	Willingness to cover under National Agriculture Insurance scheme	Yes	60	100.0
		No	0	0.0
4	Finance sufficient to cultivate total leased land	Yes	12	20.0
		No	48	80.0
5	Level of finance fixed irrespective of leased land	Yes	55	91.7
		No	5	8.3
6	Willingness to provide finance by forming Joint Liability Group of than individual LEC holder	Yes	57	95.0
		No	3	5.0
7	Timely availability of credit before the cropping season for LEC holders	Yes	37	38.3
		No	23	61.7

A small group of tenant farmers have responded positively and large group have responded negatively on the response of financial institution to extend credit as per scale of finance. This aspect is a major issue of concern by the farmers.

All the tenant farmers believe that once the credit is disbursed under LEC they would be covered under National Agriculture Insurance Scheme. Only a small group of tenant farmers (20%) responded positively on their perception on sufficiency of quantum of finance to cultivate total leased land whereas others responded negatively, they feel that

the quantum of financial support from the financial institution is not on par with the other farmers and they also indicated that the financial institutions are financing a fixed quantum of loan irrespective of the acreage under cultivation.

A large group of tenant farmers (91.7%) felt that the level of finance fixed is irrespective of leased land.

A majority of famers (95%) expressed the financial institution's willingness to provide finance to the Joint Liability Group of LEC holders than individual. The reason being that the financial

institutions are not willing to provide finance individually instead they are willing to provide the finance to LEC holders under Joint Liability Group to fulfill their security norms.

Only 38.3 % of tenant farmers expressed that they have access to timely availability of credit before the cropping season.

Thus to conclude, the study on the credit delivery mechanism to tenant farmers reveals that owners of the land have shown willingness to provide oral lease than the written lease. A slightly more than half of the tenant farmers have responded positively on timely issuing of LEC cards whereas majority of the tenant farmers responded negatively regarding credit disbursement of financial institution as per the scale of finance. All the tenant farmers have positively responded on coverage under National Agriculture Insurance Scheme. Only a small group of tenant farmers expressed that they have access to timely credit. To improve the impact of his system, procedures should be made more farmers friendly. Timely issue of LEC cards and financial institutions role to provide sufficient quantum of credit as per scale of finance for each unit of leased land has to be strengthened. More Awareness should be made amongst the land owners to lease in their land without fear of losing ownership under this system.

LITERATURE CITED

- Shanti Nirmala V, Sreenivasa rao I and Ananda rao V 2011** Level of awareness about Rythu Chaitanya Yatra Programme and its effect on the farmers in Andhra Pradesh *Journal Of Research ANGRAU*, 39(3) 38-41
- Chatterjee 2000** A study on the impact of National Watershed Development Project for Rainfed Areas (NWDPR) in Burdwan district of West Bengal. M.Sc.(Ag.) Thesis submitted to Acharya N.G. Ranga Agricultural University, Rajendranagar, Hyderabad.
- Sree Ramamurthy V 2000** A study on Janmabhoomi programme in Chittoor district of Andhra Pradesh. M.Sc. (Ag.) Thesis submitted to Acharya N.G. Ranga Agricultural University, Hyderabad.

(Received on 09.02.2012 and revised on 28.02.2012)