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ACCESS TO AGRICULTURAL FINANCE: A CASE STUDY

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Abstract

Despite a well developed credit delivery structure the pace of credit disbursement to agriculture is declining, regional imbalance seems to be widening and share of small farmers is declining.
On the positive side, the heavy reliance on the existing network of formal financial institutions has given immense uplift to the growth of SHGs in India.
In this context the paper undertakes the following : (a) reviews relevant success stories in the other parts of the country in agriculture sector (b) identifies the impediments in the flow of credit to the disadvantaged sections such as small and marginal farmers, tenant farmers and landless labourers through a case study in Jaunpur, U.P., India and (c) presents a number of solutions to bridge the gap between the demand and supply of timely credit.

Keywords: Agriculture, Group Lending, Microfinance, SHG, Jaunpur

1. INTRODUCTION

Agriculture sector is a key component of the Indian Economy. Even though the contribution of Agriculture in overall GDP of the country has declined from 44.5 per cent in 1970-71 to around 18.5 percent in 2006-07, agriculture continues to be the principal source of livelihoods for around 62.0% of the country's population. In the last decade while the Indian economy has done quite well overall, achieving a Compounded Annual Growth Rate (CAGR) of over 6.0%, agriculture has remained sluggish with a CAGR of only 2.0%. It is a serious structural crisis which gets lost in the roar of our self-congratulation. Further, a steeply rising food import bill is likely to put a severe strain on

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the Indian government's efforts to reduce poverty and more equitably distribute the economic gains of the last four years.

It is our belief that for India, a rapid growth in the rural economy overall, and within that of agriculture, is highly feasible and may hold the key to addressing India's problems of growth and poverty eradication - unlike in the rest of the region where urbanization and growth in manufacturing have been the principal drivers.

However, for this to happen, key ingredients would be an adequate supply of credit and the availability of tools for the management of considerable risks that agriculture is exposed to.

At present, institutional agricultural credit is mainly disbursed by commercial banks, cooperative banks and Regional Rural Banks (RRBs) under the multi-agency approach. These banks over time have established an impressive branch network: about 47,000 branches of scheduled commercial banks (including RRBs) and over one lakh outlets of cooperatives in rural and semi-urban areas.

Despite a well developed credit delivery structure, the outreach of banks has remained restricted for various reasons. Though the ratio of agricultural credit to agricultural GDP increased from 5.4 percent in 1970s to 8.7 per cent in 2001-02, yet agricultural credit as a proportion to total credit has decelerated from 20.5 per cent to 10.5 per cent during the same period indicating lower deployment of credit in agriculture.

On the positive side, the emergence of NABARD led SHG-Bank Linkage Programme in the rural areas, with credit linkage of over 29 lakh SHGs by 31 March 2007, as the largest and fastest growing microfinance programme of the world is a major break-through achieved by the banks in the last few years. Similarly, the microfinance initiatives of SIDBI and *Rashtriya Mahila Kosh* have also been showing positive results in providing access to microfinance services to the poor through different models of credit delivery. The main advantage of Self-Help Groups lies in their joint liability and consequent "peer monitoring" of member borrowers. In association with sponsoring NGOs, they serve to reduce the transaction and monitoring costs of small lending for the banks as well as reach credit to the absolute poor. It is therefore hardly a surprise that they have attracted considerable attention in the rural banking sector as well as from the government in recent years.

2. REVIEW OF LITERATURE

Despite the significant strides achieved in terms of spread, network and outreach of rural financial institutions, the quantum of flow of financial resources to agriculture continues to be inadequate.

2.1. According to the RFAS (2003), some 66% of large farmers have a deposit account ; 44% have access to credit. Meanwhile, 70% of marginal farmers do not have a bank account and 87% have no access to credit from a formal source.

2.2. Tripathy (2003) has found that government agencies particularly banks and microcredit institutions, work with a safe target group-not the real poorest, because of funding accountability concerns; government microcredit programmes and staff tend to be both paternalistic and distrustful of the poorest; and identifying and reaching the poorest is extremely time consuming.

2.3. In his paper on "*Current Issues in*

Agriculture Credit in India: An Assessment", Golait (2007) stated that notwithstanding the rapid spread of micro-finance programme, the distribution of SHGs is skewed across the States. More than 50 per cent of the total SHG credit linkages in the country are concentrated in the Southern States. In the States, which have a larger share of the poor, the coverage is comparatively low.

2.4. Thekkekra (2008) in her study on "*Impact of SGSY on SHG: Bank Linkages*"concluded that the SGSY has not succeeded because it has the mindset of making subsidy the cornerstone of undertaking poverty alleviation. The formation of SHG is essentially process oriented but the target chasing involved under the SGSY has lead to the formation of groups that are bound to fail.

2.5. As per the Report of Sub Group on Innovative Finance and Micro Finance (2007) , the SHGs have been quite active in disbursing small doses of credit but their foray into agriculture per se is somewhat limited. They have excelled in providing micro credit for activities allied to agriculture sector but the loans made for crop cultivation and land based activities are comparatively less.

2.6. Kashyap (2008) suggested that collective marketing in agriculture and non-timber forest produce is a way to fetch better prices by taking goods to the terminal markets. VELUGU project in Andhra Pradesh has organized SHGs and their federations into collective marketing of various agri-commodities resulting in significant improvement in the prices fetched.

3. SHG-BANK LINKAGE ROGRAMME

3.1. The SHG-Bank Linkage Programme, which was evolved by NABARD to meet the needs of disadvantaged sections of the rural society in relation to their access to financial services from the banking system, has met with significant success in southern states. During 2005-06, these efforts have resulted in credit linkage of 620,109 new SHG with mainstream banks registering 15 % growth over the previous year. The cumulative progress in financing SHGs from 1992 onwards, in physical and financial terms is given in Table 1.

Table 1. SHG-Bank Linkage-Cumulative Progress (1992-2006)

Upto end March	**No. of SHGs financed**	**Bank Loan (Rs. Million)**
1992-99	32,995	571
1999-00	114,775	1,930
2000-01	263,825	4,809
2001-02	461,478	10,263
2002-03	717,360	20,487
2003-04	1,079,091	39,042
2004-05	1,618,456	68,985
2005-06	2,238,565	113,975

[Source: Progress of SHG-Bank Linkage in India, 2005-06, NABARD]

The experience of banks, NGOs and the poor has been excellent with nearly 95 % repayments of loans. The SHG-Bank Linkage Programme has helped in credit delivery even to some landless tenants and is also found to be working well even in the areas affected by militancy. The programme thus enabled an estimated 32.98 million poor households in the country gain access to microfinance from the formal banking system.(NABARD, 2005-06)

3.2. The SHG-bank linkage experience has been very strongly biased towards the southern part of India and has not provided a balanced access to all the regions.

4. GROUP LENDING IN AGRICULTURE SECTOR

Numerous studies have shown that microfinance – generally based on short term loans of modest amounts- can have a positive impact on the cash position of rural households, enhance the smoothing of their consumption and to a certain degree strengthen their resistance to economic shocks. However, many observers question the real ability of microfinance to stimulate household accumulation processes and to contribute to productive investment, especially in agriculture. Rural SHPIs spontaneously finance the development of activities such as commerce, crafts activities and agroindustrial processing. These activities generate regular, comparatively reliable income with rapid capital rotation that reduces risks and allows high rates of profitability. Few agricultural activities display these features. The financing of agriculture has specific constraints in terms of client diversity, the services necessary and in terms of risk. These factors help to explain the extreme caution of most microfinance institutions with regard to agricultural credit. However, observations of the services offered by SHPIs in the other parts of the countries strongly tamper the frequently proposed hypotheses that "*MFIs do not finance agriculture*".

4.1. Success Story - Banana Plantation

Ittamma Polkurthi, SKS Client since: April 2000; Age: 39, Married; Children: Six, ages 11, 12, 18, 20, 23, 25; Hometown: Medak, India; Current loan: 4th loan, $350 ;SKS borrower since: April 2000; Business: Banana plantation.

Ittamma Polkurthi and her family were forced from their home and land because the government was building a new dam. They were under-compensated and paid only enough to purchase one empty acre of land. Furthermore, they had to leave during harvest, with no means to feed their family or build shelter. As a result, Ittamma and her husband, in-laws and two oldest children were forced to sell themselves into bonded labor, meaning they worked for nothing more than a small amount. Although illegal, this cruel practice occurs frequently.

Ittamma took out her first $45 loan four years ago and used it to cultivate their land. She was able to harvest some crops, earning just enough to repay her loan. With subsequent loans, she bought banana plants and started a banana plantation on her acre. She harvested and sold her bananas, earning $1,100. With these profits, she rebuilt her house, leased two additional acres, planted more bananas and even bought a buffalo for her family and to sell the surplus milk. She has also hired several employees to help with the banana plantation. Most important, she paid off the debts and freed her family from bonded labor.

Using loans totaling just over $400, this family of eight went from destitute poverty to being productive landowners with a profitable and expanding business and employees. They were freed from the entrapment of bonded labor and became integral and respected members of the community in just four years.

5. THE PRESENT STUDY

To identify the inhibitors to flow of credit to the disadvantaged section of farming community in northern part of India, an in-depth study was conducted through semi-structured questionnaire in the *Sirkoni* block situated at the bank of *Sai* river of *Jaunpur* district in U.P. which is a part of northern agricultural belt. Out of total reported area i.e.16970 hectare, the total cultivable land of *Sirkoni* block is 14823 hectare (84%). The total irrigated land is about 60 % of total cultivable land. The means of irrigation are canals and tube wells and the major crops of this area are rice, wheat and maize. Potato and other vegetables are also grown substantially in this area. There is network of three branches of nationalized banks and three branches of regional rural bank in the block.

Some of the important interventions of governmental and non governmental agencies particularly the SHG bank linkages in the block are somewhat discouraging. SHPIs operating in the block have not played the desired role of supporting the SHG-Bank linkage. As on 31st March 2007 only 19 percent of 32 SHGs formed in the block were financed by RRBs and commercial banks by providing loan of Rs. 200,000. Total number of *Kisan Credit Cards* issued was 249 whereas not a single *Bhoomiheen Credit Card* meant for landless labourers and share croppers has been issued so far. These figures explain that *Sirkoni* is a neglected area.

Two NGOs of local origin are established in the block to promote SHG-Bank linkage. One of them formed seventeen groups including one group of men and till date 47 % of the groups are linked to the local bank .The total saving of the group is Rs. 1.25 lakhs and amount of cash credit limit sanctioned is Rs. 2 lakhs so far .The other NGO work on SHG promotion at convenience. This piecemeal approach speaks about benign negligence of NGOs participation in the development process.

Finally, the area is chosen for convenience of qualitative data collection since the researcher is well versed with the local language and acclimatized with the climatic and socio-economic conditions of the area.

The study of the *Sirkoni* Block with these features would reveal the prevailing problems in flow of credit to farming community living under BPL and the scope of further interventions.

5.1. Objective

This particular study is intended to assess the status of banking outreach so as to meet the needs of the underserved farming community. The barriers to access to formal banking system have been identified as relating to financial illiteracy, gender, income and assets, inconvenience, paperwork, proof of identity and so on. However, efforts are being made by lending authorities to include the excluded from the banking system. Such a causal analysis is essential for understanding the relative role of alternative interventions to improve access to affordable financial services through financial education, leveraging technology and generating awareness. Hence, the aim of the research was to assess the role of micro-finance in agricultural sector. The conclusions of the study are based on a pilot study of thirty marginal farmers/ landless labourers from different villages of the block , members of the SHGs and interviews with members of the SHGs and authorities of lending agencies working in that area.

5.2. Methodology

As the study is mainly based on primary data, Participatory Rural Appraisal (PRA) techniques, consisting of in-depth interview of individual respondents with semi-structured questionnaires, group discussions, community meetings and observation methods, were employed. For cross verification, the documents and records maintained by the group were checked. Besides, informal discussions were held with the NGO facilitators, District Development Manager of NABARD and Branch Managers of the respective banks. The field study was conducted during April 04-May 10, 2007 and further cross verification through field visits were done during June 10- 25, 2007. Considering complex nature of the field study, the data so collected were processed and tabulated using a computer for analysis and interpretation.

Before discussing the results, it is desired to present the profile of the respondents.

The socio-economic status of the respondents shows that they are within the age group of 19-65 years and maximum of them (69%) are between 30-40 years. The average age estimated is 32 years. About 93 per cent are married, 85 per cent have joint families and the average family size is 8 members. Around 15 per cent of them are illiterate, followed by 45 per cent studied up to 5th standard, 25 per cent up to 10th standard and rest up to 12th standard. As regards economic conditions, 66 per cent of the respondents reported to be within the official category of ‘below the poverty line (BPL): average annual income less than Rs. 11,800. With 58 per cent of the respondents being landless, 42 per cent having land less than one acre. The major sources of earnings of the BPL members were daily labour, selling vegetable produce in the market nearby and share cultivation.

5.3. Discussion and Findings

I) The credit need of sample group is very nominal as 66 % of them has borrowed amount less than Rs. 5000, 13 % between Rs. 5000 and Rs. 10,000, 20 % between Rs.10,000 and Rs.15000 and the rest felt the need of credit for more than Rs. 15,000. The interesting fact to note is that their non farming credit needs are much more (87 %) than farming ones. A major amount of loan is taken to fulfill their contingency needs (26%). Similarly, marriage celebration in the family also account for the major chunk of the credit off-take. Other purposes to avail loan are education of their children and house repairing. Their credit needs are small but frequent and they have little or no saving at all.

II) In spite of the fact that Government has floated number of schemes for farmers/landless labourers and commercial and rural banks are flooded with funds , the access of the sample group members to formal banking system is just 20 % whereas informal channel still enjoys the major share. The moneylenders are seen as more flexible than institutions. In some cases interest charged by money lenders is as high as 60 %. However, around 50 % of the informal financing is done by neighbours and relatives at nominal or no interest at all.

III) The majority of the respondents hesitate to go to bank and perceive paperwork, collateral requirement and unavailability of non-productive loan as major hurdle . The experience of those who got loan sanctioned from bank is that the process of sanctioning of loan takes around two weeks' time whereas they don't plan their lives in advance and alternatively seek for the informal lending source.

IV) Majority of the members were not aware of the various schemes of the government of availing credit upto Rs. 50000 at low interest rate without collateral (crop loan) and *Bhoomiheen Kisan Credit Cards* which is specifically meant for them. They were also unaware about group lending and only 13 % of them had heard of such groups. In rural areas customers cannot be expected to come to branches in view of opportunity cost and time and hence banks will have to reach out through a variety of devices such as weekly banking, mobile banking, satellite offices, rural ATMs and use of Post offices. (Thorat, 2006)

From the above findings it is evident that most of the marginal farmers and landless labourers don't have access to basic financial services which includes savings, loans and insurance in a manner that is reasonably convenient and flexible in terms of access and design and reliable in the sense that the savings are safe and that insurance claims will be paid with certainty.(Morduch, 2003)

5.4. Lenders' perspective

Based on the above findings informal discussions were held with the NGO facilitators, Block facilitator, District Development Manager of NABARD and Branch Managers of the respective banks and following impediments are identified in the flow of credit to the section under study.

5.4.1. Unappealing clientele base

Bankers lack the requisite information on their clients. While this is true in any transaction, this is exacerbated in the case of landless labourers because of the absence of collateral and personal credit history—information that usually allows bankers to estimate the creditworthiness of clients to a reliable degree. In addition, traditional financial institutions do not promulgate the sort of outlook or policies that would encourage their staff to lend to the share croppers and landless labourers.

5.4.2. Legal and regulatory Framework

I) The regulation is rigorous in applying the prudential norms for income recognition and non-performing assets. This has made the banks bottomline oriented, affecting the attitude towards lending to agriculture, which is considered risky. The longer tenor loans are considered even more risky. So lending to agriculture is seen more as an obligation than as an opportunity.

II) The borrower does not have a clear title or the procedures for creating a charge are cumbersome. There is a tendency to seek land records for any loan and it becomes difficult if the borrower is borrowing from different sources for his short-term and long-term needs. In case of share croppers, the landlord usually does not offer his land as collateral.

III) the tendency of institutions is to lend to purposes where it is easy to create a charge (an endorsement on the ownership papers in case of tractors), repossess the asset and sell it whereas in case of landless labourers and share croppers no collateral is being possessed.

5.4.3. Poor infrastructure development in rural zones

Agricultural production is conducted in rural zones whose infrastructure is generally poorly developed. Social facilities may also be underdeveloped: no hospital, few dispensaries, schools a long way away, poor access to price information etc. These conditions aggravate the physical distance from urban zones that increases transaction costs in the sale of farm production and can make the supply and purchase of inputs and agricultural equipment difficult or expensive. It also results in poor encouragement for managers to work in rural zones and increases the cost of follow up and monitoring.

It is estimated that typically, for the aforesaid marginal farmer where the loan size would be below Rs 10,000, the basic transactions costs per farmer on the annual loans averages about Rs. 500-600 or higher.

5.4.4 Factors specific to Agricultural sector

I) The major risk for the agricultural sector concerns yields. Whatever the level of inputs, the final production volume is uncertain because of climatic uncertainties, diseases or attack by insect pests. For cattle, the production risks are those of shortages of feed, diseases or the death of livestock.

II) Subsistence farming being practiced and lack of commercial concepts among farmers.

III) Lack of irrigation / agriculture implements / fertilizers leading to poor agriculture productivity.

IV) Low productivity on account of small landholding size.

V) High expenditure on crop production due to lower use of high yielding seeds, fertilizers, etc.

5.4.5. Lending to group in Agricultural Sector

Lending to group in agricultural sector is also not hassle free for lending agencies. Some of the major problems are outlined as:

I) Long-term prospects:

The longer-term prospect for SHGs linked to banks is unclear. The NGOs or facilitator (in case of SGSY programme) in some cases have phased out from some areas after having linked the SHGs formed to banks[1].With NGO withdrawal the monitoring of the SHGs also ceases and there is little information on their activities.

The logical path for members of SHGs linked to banks should be to graduate to (larger) individual loans under the bank's normal lending programme. This does not appear to be emerging, both on account of the absence of a vision at NGO and bank level as well as infrastructural and other constraints operative on the absorption of credit by poorer households[2].

II) Bank linkage and SGSY programme:

The SHG-bank linkage programme may continue, as initially envisaged, in the form of a supplementary credit programme in rural areas. However, the situation is further complicated by the introduction, on a nation-wide basis, of the SGSY programme that provides comparatively larger loans for identified activities to families officially classified as poor, along with training and infrastructural support. In fact the SGSY is effectively another SHG-bank linkage programme that is directed towards asset promotion and microenterprise. The subsidy element goes against the principles of SHG development that are being promoted by

NGOs and the banks. There is however, scope for convergence between bank linkage and the SGSY. The larger loan facility of the latter, not linked to savings, can be provided for well-functioning SHGs after an initial period of savings-linked loans.

III) Quality of groups:

The sustainability of SHGs is clearly related to the "quality" of groups promoted. A common characteristic of leading SHG promoters is the intensive training and capacity building undertaken at group level at various stages, which in turn contributes to higher costs of promotion. By now NGOs and banks have generally devised assessment criteria for appraisal and periodic evaluations of group performance and sustainability[3]. Assessment indicators include frequency and attendance of meetings, volume of savings, rotation of own savings, development of financial and skills, quality of leadership, etc. It is common to find, though only at field office level, data on ratings of groups into good, average and poor or similar categories. Broadly speaking, even best practice NGOs generally have only about 50% of groups placed in the highest category, with 30-40% of SHGs needing additional support and 10-20% failing to take off. This accounts for the varying duration of external inputs necessary in SHG promotion and development and makes the case for continued long-term NGO presence in the area.

IV) Financial and organisational sustainability:

Given their good repayment performance, the viability or sustainability of SHGs in financial terms is currently not an issue. SHG income through interest charges and fines, particularly for absence and late attendance of meetings, though small is matched by an extremely low-cost of operations limited to maintenance of books of accounts and payment of an honorarium to the local accountant. Typically, borrowings are a 12% per annum under the bank linkage scheme and on lending to members at 2% per month flat rate. However, it has been found that in case of SHG under SGSY scheme, the repayment rate is substantially lower than in case of non-subsidized SHG. This issue requires further probing.

The organisational sustainability of SHGs is more open to question. Little research has been done on the internal dynamics of SHGs, the access of relatively poor members to loans and the relative stake of, and costs borne and benefits realised by, different categories of members, e.g., the net borrowers, net savers and pure savers identified earlier. Experience suggests that even after a period of 3 to 5 years (the time usually taken for SHGs to achieve the experience and maturity required to function as an independent financial entity), SHGs are not equipped to engage directly with banks and other agencies[4].

V) The constraints associated with micro finance are non-productive loans and procedural delays for productive loans, inflexibility and delay in sanction and disbursement, high transaction costs, social obligations not a business opportunity, high interest rates and lack of training. The RBI's mid-term review of monetary and credit policy for 2003-04 (ET, Nov.4, 2003) recognizing these bottlenecks recommended that banks, to make micro-finance requirement of SHGs hassle-free, should keep SHGs out of formal regulations, follow simple and easy procedures with flexibility to suit local needs, and provide adequate incentives etc to strengthen the microfinance delivery mechanisms. Discussing this issue with bank officials reveals that there is not enough field staff in rural branches of banks to follow up the progress and monitoring of SHGs. Besides, it was suggested that one trained field staff per three branches should be recruited exclusively to look after the microfinance affair to fix the accountability on his part.

6. BRIDGING THE GAP

Farmers across the country have taken a beating. Their income rose by a measly 0.28 percent as compared to 4 percent in other sectors. Not surprisingly, a recent national sample survey showed that 40 percent of the farmers want to opt out of their current profession. Another disturbing feature is that every year, over 20000 farmers commit suicide out of despair over failing crops and impossibly high debt. (India Today, June 2007) The target of Rs. 225,000 crore for agricultural credit has been proposed for the year 2007-08 with a goal to bring another 50 lakh new farmers to the banking system. However, to include the excluded one the gap between demand and supply of timely credit needs to be bridged by taking following steps:

I) It is better for the borrower to have one institution cater to all the credit needs. It helps foster relationships and reduces documentation. Institutions are required to turn up at the borrowers' doorsteps on the due date to drive home the point that the loans were to be repaid on time. The development and leveraging of existing institutions is also desirable wherever it was possible.

II) During the interactions it was clear that the major impediment in term lending was pertaining to collateral. This is because land records are not in good order in most places. Even where records are in order, it is difficult to liquidate the collateral – particularly in the rural areas. The solution is in using more powerful social collateral rather than legal recourse.

III) The strong emphasis on group savings in kind and borrowing in kind under the Grain Bank approach has significant similarities with the SHG Bank Linkage Programme; the difference being that the savings and loans are in kind. The issue, therefore, is how to facilitate monetization of the savings and loans in kind and integrate the traditional approaches into the monetized microfinance system. Such an integration would enable the poor population to access need based financial services and also address the issues of food and seed securities.

IV) The farmers require money for purchase of inputs. Presently the small and marginal farmers are not able to avail loans from the formal financial system mainly due to distance from branches and nature of landownership prohibiting them to mortgage. They have to approach local moneylenders who charge higher interest rates. A majority of these farmers are located in far flung areas, away from branches, hence they need to be serviced through Franchises / NGO partners who are present locally. In order to reduce frequency of cash transactions, a card based transaction system can be introduced with the help from FINO. ICICI Bank has already started working on these lines with few short listed NGOs and farmer groups.

V) Average land holding is very low in the studied area. There are very few large farmers. Hence to increase productivity farm mechanization need to be carried out at a fast pace, even if it is on shared basis. Use of power tillers need to be encouraged among the medium and small farmers.

VI) The pace and pattern of agricultural development is largely conditioned by the growth of infrastructure facilities relating to roads, electricity etc. There is strong international evidence to suggest that infrastructure investment is central both for accelerating growth and for reducing inequality and making growth patterns more pro-poor.(Jones, 2006)

7. CONCLUSION

The review of past research and performance of SHG-Bank linkage in India suggest that SHG-Bank linkage approach is found to be an effective instrument by which very poor people can access hassle free formal credit without any collateral security and simultaneously improve their thrift habits. The approach successfully builds upon the self help potential of the target group. Due to enhanced education of the people and their opportunity to build common fund for investment, they are induced to a considerable improvement in their economic situation. The approach also contributes to a social empowerment of the women. But the in-depth study of credit scenario in *Sirkoni* Block, reveals that group lending in agricultural sector is almost negligible. However, there are several experiments happening in the group financing of agriculture in other parts of the country that can be replicated across other states as well. The linkage and its impact can be made sustainable with the sincere interventions by the promotional agencies particularly the banks and the block authorities in the areas of awareness building, skill development and training, and continuous counseling till they reach in the runway within the scheduled time.

Notes:

1. This is not a widespread phenomenon. NGOs promoting SHGs and village sanghas under long-term donor partnerships for running integrated programmes have often resisted phasing out of their area of operations even after 10 to 15 years.

2 .This must be qualified by the fact that most SHGs have been linked to banks only in the latter half of the nineties and it is probably too early to expect SHG members to “graduate” on a large scale.

3 .NABARD has developed rating criteria for appraisal of groups for bank linkage, as have various banks. MYRADA uses very detailed criteria for evaluation of group performance, guidelines for financing self-help groups and guidelines for an evaluation to decide if NGO involvement can be phased out.

4. A senior manager of PRADAN, a mFI reports a vulnerable stage of “group fatigue”, two years or so after the formation of an SHG, when the initial enthusiasm of group functioning wears off and a period of renewed motivation is necessary.

ПРИСТУП ПОЉОПРИВРЕДНИМ ФОНДОВИМА: СТУДИЈА СЛУЧАЈА

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Абстракт

И поред добро развијеног кредитног система, исплата кредита пољопривредницима опада, ширисе регионална неуравнотеженост и опада удео малих фармера. С позитивне стране, смањено ослањање на постојећу мрежу формалних финансијских институција даје подршку мањим инвестиционим групама (СХГ) у Индији.

У том контексту овај се папир бави: (а) разматрањем важних прича о успеху у појединим деловима земље а везано за пољопривредни сектор. (б) идентификацијом сметњи у току кредита ка запостављеном сектору као што су мали и маргинални фармери, будући фармери и радна снага без своје земље. Истраживање се заснива на студији случаја спроведеној у Јаунпуру, Индија. (б) ова студија представља бројна решења да би се премостио распон између понуде и потражње орочених кредита.

Кључне речи: Пољопривреда, Микрофинансије, СЏГ, Индија

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Morduch, 2003: defines the important dimensions of access as being a. reliability – whether finance is available when needed or desired b. convenience – how easy it is to access finance c. continuity – ability to access finance repeatedly d. flexibility – whether the product is tailored to the needs of the household or enterprise.)

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