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Advance of crop loan by co-operatives at zero percent interest in Dharwad District

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Abstract

Karnataka is a predominantly agricultural state with 10 agro-climatic zones facilitating the cultivation of a wide range of crops. The DCCBs occupy an important position in the co-operative credit structure. The finance granted by the DCCBs is given to the cultivators through PACS. Karnataka Government implemented, with effect from 01-04-2012, the scheme of providing short term agricultural loans to farmers at zero per cent interest rate. Though the zero interest crop loan scheme of the state Government implemented through DCC banks is highly attractive for the farming community and such loans are not available either through commercial banks or regional rural banks. To accomplish the objectives of the study, both secondary and primary data were collected. KCC Bank, Dharwad was purposively selected for the study. Further, from each taluk in Dharwad district, two PACS and from each selected PACS, ten beneficiaries were selected randomly. The agriculture loan advanced by KCC bank in Dharwad was almost the short-term loan with medium-term loan having negligible share. The analysis of individual societies indicated that the proportion of the demand for zero per cent interest loan met by KCC bank varied widely across societies from around 12 per cent to 65 per cent. For the district as a whole, it was around 15%. Recovery percentage of zero per cent interest loans was more than 96 per cent. The main constraints in the implementation of zero per cent interest loan as expressed by cooperatives included inadequate funds, delay in getting interest subsidy from the state government and interference by local leaders among others. The important policies suggested by the study are government should create a separate corpus for smooth performance of zero percent interest loan scheme and interest subsidy from the state government should be credited as early as possible to the Central Banks.

Keywords: Zero per cent interest loan scheme, credit, short-term loan, co-operatives and crop loan

Introduction

Karnataka is a predominantly agricultural state with 10 agro-climatic zones facilitating the cultivation of a wide range of crops. Economy of the State is mainly dependent on agriculture as more than 60 per cent of the total population is engaged in agricultural sector. As such, agricultural credit assumes a great significance on account of the fact that it is a critical input to support and sustain crop production. The co-operative credit system is the oldest sector of the co-operative movement and consists of short term credit, medium term credit and long term credit structures. Short term structure is a three tier structure with Primary Agricultural Credit Societies (PACS) in rural areas, District Central Co-operative Banks (DCCB) at the district level and the Karnataka State Co-operative Apex Bank at the state level. The short term credit structure provides short term credit for crop production and medium term credit for small developments through PACS. Out of 5,352 PACS in the state, 5,149 PACS are functioning and are affiliated to 21 DCCBs with 680 branches. The DCCBs secure refinance facilities from National Bank for Agriculture and Rural Development Bank (NABARD) and Apex Bank.

The DCCBs occupy an important position in the co-operative credit structure. The success of the co-operative credit movement largely depends upon the role and financial strength of the DCCBs. The finance granted by the DCCBs is given to the cultivators through PACS. Hence, the Co-operative banking structure has been conceptualized to play a vital role in providing timely, adequate and cheaper credit to the farmers for basic support to core agricultural activities.

Zero interest crop loan scheme

Karnataka Government implemented, with effect from 01-04-2012, the scheme of providing short term agricultural loans to farmers up to Rs. 1.00 lakhs at zero per cent interest rate and crop loans above Rs.1 lakh to Rs.3.00 lakhs were continued to be lent at one per cent. With effect from 01-04-2013, the Government increased the limit of interest free short term loan from Rs.1 lakh to Rs. 2 lakhs, and with effect from 01-04-2014, zero per cent limit of short

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term agricultural loan was further increased from Rs. 2 lakhs to Rs. 3 lakhs. Zero Interest Crop Loan Scheme increases the short term credit flow to rural areas, particularly to the farmers. The main objective of the scheme is to provide farmers with financial backing in order to increase the production and productivity of crops in the state. Though the zero interest crop loan scheme of the state Government implemented through DCC banks is highly attractive for the farming community and such loans are not available either through commercial banks or regional rural banks, the performance of this scheme has been far from being satisfactory. This scheme has been unable to cater to the needs of a large number of farmers for various reasons.

The proportion of internal resources and refinance from NABARD and Cooperative Apex bank in the total lending of crop loan by DCC bank has been using internal resources for 52 per cent of the zero per cent interest loan advanced and the remaining 48 per cent is being refinanced by NABARD (40%) and Apex Bank (8%). DCC banks get interest subsidy at 10 per cent from GOK on zero percent interest loans only after the borrower promptly repays loan within a year and auditor prepares the interest subsidy bill. The DCC banks send quarterly interest subsidy bills to GOK; normally it takes about a year to get interest subsidy from GOK.

Out of 10 per cent interest subsidy received from GOK, 2.5 per cent goes to PACS as margin money to operate zero per cent crop loan scheme. Further, DCC banks pay 5.2 per cent interest to the refinancing agencies. Some DCCBs feel that this leads them to a loss. In addition, since 52 percent of the loan advanced is financed by the internal sources, DCCBs feel that these funds have a huge opportunity cost. On the other hand, farmers feel that they are not getting adequate amount of interest free loan, while PACS argue that they are not getting adequate funds from the DCC banks for the purpose. Thus, it was felt instructive to analyze the performance of zero per cent crop loan scheme implemented through cooperatives with the following specific objectives:

1. To analyze the status of advance of zero per cent interest loan to farmers by co-operatives in Dharwad district
2. To examine the problems faced by KCC Bank and

primary co-operatives in the implementation of the scheme

Methodology

To accomplish the objectives of the study, both secondary and primary data were collected. Secondary data was collected from KCC bank, Dharwad with respect to demand for interest free loan by farmers in the district, actual advances made by cooperatives, proportion of short-term loans in the total agriculture loans, repayment position of interest free loans etc. Information on the problems experienced by the cooperatives in the implementation of the scheme of interest free loan was collected from the officials of KCC Bank and primary cooperatives by using pre-tested structured questionnaires prepared for the purpose. In addition, the primary data were collected from sample farmers by personal interview method regarding the benefits received by them and problems faced in availing interest free loan.

Sampling

KCC Bank, Dharwad was purposively selected for the study. Further, from each taluk in Dharwad district, two primary agricultural credit cooperative societies, and from each selected society, ten beneficiaries were selected randomly. Thus, the sample consisted of ten primary credit cooperative societies and 100 beneficiaries, besides KCC Bank, Dharwad.

Results and Discussion

The important findings of the present study are presented hereunder. Table 1 shows an increasing trend in share capital, deposits and loans of KCC Bank except reserve funds during the study period from 2008-09 to 2016-17. The share capital of KCC Banks increased from Rs. 1770.70 lakhs to Rs. 3699.74 lakhs with a growth rate of 0.43 per cent during the study period. The deposits collected by KCC Bank increased from Rs. 26142.74 lakhs in 2008-09 to Rs. 39908 lakhs in 2016-17 at a growth rate of 5.93 per cent. The loans also increased from Rs. 22237.28 lakhs in 2008-09 to Rs. 46389.73 lakhs in 2016-17 implying a growth rate of 9.76 per cent.

Table 1: Sources of Funds of KCC Bank, Dharwad (Rs. lakhs)

Year	Owned funds		Borrowed funds		Total
	Share capital	Reserves	Deposits	Loans	
2008-09	1770.70	8474.61	26142.74	22237.28	58625.33
2009-10	5354.40	8485.46	25133.28	22877.00	61850.14
2010-11	5783.94	7041.70	25593.86	29426.89	67846.39
2011-12	5511.00	5548.39	24722.59	37544.33	73326.31
2012-13	3316.09	4158.36	30648.73	38143.82	76267.00
2013-14	3393.57	4316.32	32476.28	36612.11	76798.28
2014-15	3462.87	4138.61	33552.11	41228.96	82382.55
2015-16	3611.26	4348.50	34506.90	44519.18	86985.84
2016-17	3699.74	4405.90	39908.23	46389.73	94403.60
Average	3989.29 (5.29)	5657.54 (7.50)	30298.30 (40.19)	35442.14 (47.01)	75387.27 (100.00)
CAGR	0.43	-9.42	5.93	9.76	5.77

Note: Figures in the parentheses are percentages to the overall average in the last column

Table 2 presents the average annual amount of agriculture, non-agriculture and cash credit loans advanced by KCC bank in Dharwad district for the period of 2007-08 to 2011-12 and 2012-13 to 2016-17. It can be seen that average total loan advanced per annum including agriculture and non-agriculture loan increased from Rs. 5,444.67 lakhs during the period 2007-08 to 2011-12 to Rs.12,186.29 lakhs during 2012-13 to 2016-17. Further, there was an increase in the average

agriculture loans per annum from Rs. 4,284.21 lakhs to Rs. 9,391.53 lakhs between the two periods. The average advances of short-term loan increased from Rs. 4282.84 lakhs during period 1 to Rs. 9,259.99 lakhs during period 2. Similarly, medium-term loan advances increased from Rs. 1.37 lakhs to Rs.131.53 lakhs during these periods. In the total loan advanced by KCC bank in Dharwad district, agriculture loans accounted for around 80 per cent with non-agriculture

loans and cash credit loans accounting for the rest. It can be concluded from the table that over these two periods, the agriculture loan advanced by KCC bank in Dharwad district

was almost the short-term loan with medium-term loan having negligible share in the study area.

Table 2: Average Annual Amount of Agriculture, Non-agriculture and Cash Credit Loans Advanced by KCC Bank in Dharwad District (Rs. Lakhs)

Period	Average Annual Agriculture Loans			Average Annual Non Agriculture Loan	Average Annual Cash Credit Loan	Average Total Loan (4+5+6)
	Short-Term Loan	Medium-Term Loan	Total (2+3)			
1	2	3	4	5	6	7
2007-08 to 2011-12	4282.84 (99.96)	1.37 (0.04)	4284.21 (78.68)	684.54 (12.58)	475.92 (8.74)	5444.67 (100.00)
2012-13 to 2016-17	9259.99 (98.60)	131.53 (1.40)	9391.53 (77.07)	2398.71 (19.68)	396.05 (3.25)	12186.29 (100.00)

Note: 1. Figures in the parenthesis in column (2) and (3) indicate percentages to the total in column (4)

2. Figures in the parenthesis of column (4), (5) and (6) indicate percentages to the overall totals in column (7)

3. Cash credit loans include lending to small scale firms, Kirana shops, furniture shops, etc.

Table 3 indicates Taluka wise average annual amount of short-term loan disbursed by KCC bank Dharwad through PACS in Dharwad district. It can be made out from the table that the average annual amount of short-term loan disbursed by KCC Bank, Dharwad through PACS in both periods was maximum in Navalagund Taluka followed by Kundagol, Dharwad, Hubballi and Kalaghatagi taluka. The share of Navalagund taluk in cooperative short term credit disbursed in the district was 40.82% and 37.07% during the periods 2007-

08 to 2011-12 and 2012-13 to 2016-17. The reason for Navalagund taluk having maximum share in short term loan was the cultivation of maize, groundnut and green gram crops in the taluka which have a high cost of cultivation. Similarly, in the case of Kundagol taluka, large amount of credit was disbursed due to the commercial cultivation of chilli and cotton crops. Hence, the farmers growing these crops availed a large amount of short-term loan from the PACS in the respective taluks.

Table 3: Taluka Wise Average Annual Amount of Short-Term Loan Disbursed by KCC Bank Dharwad through PACS in Dharwad District (Rs. Lakhs)

Period	Dharwad	Hubballi	Kalaghatagi	Navalagund	Kundagol	Overall Average
2007-08 to 2011-12	535.18 (11.94)	617.34 (13.77)	337.29 (7.52)	1829.74 (40.82)	1163.25 (25.95)	4482.80 (100.00)
2012-13 to 2016-17	1422.75 (15.36)	1016.68 (10.98)	614.75 (6.64)	3432.99 (37.07)	2772.82 (29.94)	9259.99 (100.00)

Note: Figures in the parenthesis are percentages to the overall average in the last column

Table 4 presents demand, advances and recovery of normal short-term loans advanced by KCC Bank through PACS in Dharwad district prior to zero per cent interest period. It can be depicted from the table that in the year 2007-08, there were around 32,808 applicants who demanded Rs. 10,952.08 lakhs of which an amount of Rs. 3483.01 lakhs was disbursed to 16,531 applicants. For the year 2008-09, 33,720 applicants demanded Rs. 10,952.08 lakhs and 8,133 applicants were actually granted a loan amount of Rs. 1,987.29 lakhs. In 2009-2010, there were 34,479 applicants demanding Rs. 17,494.93 lakhs. However, only 8,464 applicants were disbursed loan

amounting to Rs. 2,621.81 lakhs. For the financial year 2010-11, there were 34,954 applicants who had applied for loan amounting Rs. 18,864.79 lakhs and the number of applicants who were sanctioned loan was 16,219. For the year 2011-12, 35,531 applicants applied for the loan, of which around 24,296 applicants were sanctioned. Over the years, around 34,299 applicants applied for loan annually of which around 43% were sanctioned loan. The average amount of loan demanded was Rs. 15,911 lakhs and around 27 percent of it was actually advanced.

Table 4: Demand, Advances and Recovery of Short-term Loans advanced by KCC Bank through PACS in Dharwad District Prior to Zero Per cent Interest Period (Rs. in lakhs)

Year	No. of applicants	No. of applicants advanced loan	Amount of loan demanded	Amount of loan disbursed	Amount of loan recovered
1	2	3	4	5	6
2007-08	32808	16531 (50.38)	10952.08	3483.01 (31.80)	2127.04 (61.07)
2008-09	33720	8133 (24.11)	10952.08	1987.29 (18.15)	2142.24 (107.80)
2009-10	34479	8464 (24.54)	17494.93	2621.81 (14.99)	2891.34 (110.28)
2010-11	34954	16219 (46.39)	18864.79	5142.05 (27.26)	3887.55 (75.60)
2011-12	35531	24296 (68.37)	21293.51	8180.03 (38.42)	4057.72 (49.61)
Average	34299	14729 (42.94)	15911.48	4282.84 (26.91)	3021.18 (80.87)

Note: 1. Figures in the parenthesis in column (3) indicate percentages to the column (2)

2. Figures in the parenthesis of column (5) indicate percentages to the column (4)

3. Figures in the parenthesis of column (6) indicate percentages to the column (5)

Demand, Advances and Recovery of Zero percent Interest loans by KCC Bank through PACS in Dharwad district during Zero percent interest period is presented in Table 5. It can be observed from the table that for the year 2012-13, there were around 37,806 applicants for the loan of which 21,238 were sanctioned loan. During this period, the total amount of loan

demanded was Rs. 47,293.76 lakhs and actual amount disbursed was Rs. 8,033.81 lakhs. For the year 2013-14, applicants were around 39,000 in number with a demand of Rs. 48,009.70 lakhs. However, loan was disbursed to 25,767 applicants to the tune of Rs. 9,140.15 lakhs. In 2014-15, the number of applicants, who demanded loan was 39,439 and

loan was lent to 23,402 applicants. The amount of loan demanded was Rs. 48,456.88 lakhs, of Rs. 9763.67 lakhs was disbursed. For the year 2015-16, there were around 43,267 applicants, of which 23,524 were actually sanctioned to the tune of Rs. 9,848.39 lakhs. In the year 2016-17, applicants for the loan were 43,814 in number with a demand for Rs. 82,005.20 lakhs. Around 22,727 applicants were actually

sanctioned loan amounting to Rs. 9,514.25 lakhs. On an average, during the study period, there were 40,665 applicants annually and around 57 per cent of them were advanced loan. The average amount of loan demanded by them annually was around Rs. 61,366.98 lakhs, while the actual amount disbursed was only 15 per cent. Average recovery percentage was high at 96 per cent.

Table 5: Demand, Advances and Recovery of Zero Per cent Interest Loans by KCC Bank through PACS in Dharwad District (Rs. Lakhs) During Zero Per cent Interest Period

Year	No. of applicants	No. of applicants advanced loan	Amount of loan demanded	Amount of loan disbursed	Amount of loan recovered
1	2	3	4	5	6
2012-13	37806	21238 (56.18)	47293.76	8033.81 (16.99)	8114.55 (101.01)
2013-14	39000	25767 (66.07)	48009.70	9140.15 (19.04)	8996.71 (98.43)
2014-15	39439	23402 (59.34)	48456.88	9763.37 (20.15)	9325.91 (95.52)
2015-16	43267	23524 (54.37)	81069.35	9848.39 (12.15)	9067.32 (92.07)
2016-17	43814	22727 (51.87)	82005.20	9514.25 (11.60)	9067.32 (95.30)
Average	40665	23332 (57.37)	61366.98	9259.99 (15.08)	8914.36 (96.46)

Note: 1. Figures in the parenthesis in column (3) indicate percentages to the column (2)

2. Figures in the parenthesis of column (5) indicate percentages to the column (4)

3. Figures in the parenthesis of column (6) indicate percentages to the column (5)

Table 6 presents average annual demand, advances and recovery of short term loan by KCC bank in Dharwad district. For the period from 2007-08 to 2011-12 the average number of applicants were around 34,299 of which 14,729 applicants were granted the loan. Average amount of loan demanded for the period was Rs. 15,911.48 lakhs and average amount of loan advanced was Rs, 4,282.84 lakhs with the average recovery of around 81 per cent. For the period from 2012-13 to 2016-17, the average number of applicants was 40,665, of which 23,332 applicants were advanced loan. Average

amount of loan demanded was Rs. 61,366.98, with the average loan disbursement of Rs. 9259.99 and recovery per cent of around 96. The average number of applicants for short-term loan, average number of applicants advanced loan, average amount of loan demanded and average recovery percentage increased considerably during zero per cent interest regime compared to the earlier period in the district. However, the average demand met declined during zero per cent period since the KCC Bank faced the problem of shortage of funds *vis-à-vis* huge demand.

Table 6: Average Annual Demand, Advances and Recovery of Short-term Loans by KCC bank in Dharwad district (Rs. Lakhs)

Period	Average No. of applicants	Average No. of applicants advanced loan	Average amount of loan demanded	Average amount of loan disbursed	Average amount of loan recovered
1	2	3	4	5	6
2007-08 to 2011-12	34299	14729 (42.94)	15911.48	4282.84 (26.91)	3021.18 (80.87)
2012-13 to 2016-17	40665	23332 (57.37)	61366.98	9259.99 (15.08)	8914.36 (96.46)

Note: 1. Figures in the parenthesis in column (3) indicate percentages to the column (2)

2. Figures in the parenthesis of column (5) indicate percentages to the column (4)

3. Figures in the parenthesis of column (6) indicate percentages to the column (5)

Table 7 presents average annual demand and advances of zero per cent interest loan by selected PACS in Dharwad district for the period 2012-13 to 2016-17. Ten Primary Agricultural Cooperative Societies were selected for the study in respect of which, average number of applicants for loan, average number of applicants that were advanced loan, average amount of loan demanded and the amount of actual advance were calculated. Over a period of five years from 2012-13 to 2016-17, the average number of members that applied for loan ranged from 88 in Amaragol PACS to 871 in Aravatagi PACS per annum. However, there was a wide variation across the societies as far as the proportion of applicants that were actually advanced loan. While this proportion was cent per

cent in Amaragol PACS, it was just 24.28 per cent in Noolvi PACS. The annual average amount of loan demanded by the members of selected societies varied from Rs. 94.97 lakhs in Devikoppa society to Rs. 1246 lakhs in Alagawadi society. However, while 65.43 per cent of loan demand was met in the case of Kamalapur society, just 11.87 per cent of the demand was met in the case of Noolvi society. It was interesting to note that the recovery percentage of all the selected societies over five years was 100. This finding regarding the selected societies closely matches the finding that 96.46 per cent of short term loan advanced by KCC bank through the primaries in Dharwad district during the period 2012-13 to 2016-17 was recovered annually, on an average.

Table 7: Average Demand and Advances of Zero Per cent Interest Loans by Selected PACS in Dharwad District (Rs. Lakhs) (2012-13 to 2016-17) (n=10)

PACS	Average No. of Applicants	Average No. of Applicants Advanced Loan	Average Amount of Loan Demanded from KCC Bank	Average amount of loan Disbursed to Farmers	Average amount of loan Recovered
1	2	3	4	5	6
Kamalapur	457	379 (82.90)	501.90	328.38 (65.43)	328.38 (100.00)
Aravatagi	871	370 (42.43)	937.51	168.44 (17.97)	168.44 (100.00)
Amargol	88	88 (100.00)	144.00	55.17 (38.31)	55.17 (100.00)

Noolvi	380	92 (24.28)	341.24	40.51 (11.87)	40.51 (100.00)
Rottigod	372	300 (80.60)	617.10	269.37 (43.65)	269.37 (100.00)
Yaliwal	550	413 (75.05)	616.88	157.30 (25.50)	157.30 (100.00)
Arekuratti	156	73 (46.42)	312.66	43.72 (13.98)	43.72 (100.00)
Alagawadi	582	285 (48.97)	1246.02	213.47 (17.13)	213.47 (100.00)
Devikoppa	178	154 (86.49)	94.97	31.34 (33.00)	31.34 (100.00)
Tavarageri	617	355 (57.57)	367.00	97.44 (26.55)	97.44 (100.00)

Note: 1. Figures in the parenthesis in column (3) indicate percentages to the column (2)

2. Figures in the parenthesis of column (5) indicate percentages to the column (4)

3. Figures in the parenthesis of column (6) indicate percentages to the column (5)

Table 8 presents demand for zero per cent interest loan by the farmer members in different size groups and the amount of loan disbursed to them during the year 2017-18. A sample of 100 farmers was selected randomly for the analysis. The post classification of the selected farmers indicated that 14 of the selected farmers were small farmers, 54 were medium farmers and 32 were large ones. The average amount of loan demanded by the farmers in small, medium and large size groups was Rs.98,547/-, Rs. 2,31,329/- and Rs.3,00,000/-

respectively. However, as the table depicts, only around 13% of the loan demanded was actually disbursed to small farmers, while this proportion was 14% for medium sized farmers and 19% for large sized farmers. These results were close to the finding that the average amount of zero per cent interest loan disbursed in the district was around 15% of the loan amount demanded. Further, the results indicated that the proportion of demanded loan amount that was actually met was highest in the case of small farmers.

Table 8: Demand for zero per cent interest loan and actual amount advanced to different categories of farmers (Rs.) during 2017-18 (n=100)

Category of farmers	No. of farmers	Average amount of loan demanded	Average amount of loan disbursed
Small	14	98,547	12,476 (12.66)
Medium	54	2,31,329	32,647 (14.11)
Large	32	3,00,000	56,569 (18.86)

Note: Figures in the parenthesis are percentages to the average amount of loan demanded

The constraints faced in the implementation of zero percent interest loan scheme by the selected PACS in Dharwad district was analyzed by selecting a random sample of 10 primary societies. The results are depicted in table 9. Five important constraints faced by the PACS were identified and ranked accordingly. The first and the foremost problem faced during its operation was inadequate funds from KCC bank for advancing zero per cent interest loan, which was followed by the problems of delay in getting 2.5 per cent margin money from KCC bank. The third problem they highlighted was the interference of local leaders in the operation of zero per cent interest loan. The fourth and fifth problems were lack of required infrastructure and lack of adequate staff.

Table 9: Constraints Faced in the Implementation of Zero Percent Interest Loan Scheme by the Selected PACS in Dharwad District (n=10)

Sl. No.	Particulars	Rank
1.	Inadequate funds from KCC	1
2.	Delay in getting margin money from KCC bank	2
3.	Interference by local leaders	3
4.	Lack of required infrastructure	4
5.	Lack of adequate staff	5

Major research findings

- KCC Bank, Dharwad, which is the Central Bank for Dharwad, Haveri and Gadag districts registered a positive growth in share capital, deposits and loans borrowed from outside sources.
- In the total loan advanced by KCC bank in Dharwad district, agriculture loans accounted for around 80 per cent with non-agriculture loans and cash credit loans accounting for the rest.
- The agriculture loan advanced by KCC bank in Dharwad district was almost the short-term loan with medium-term loan having negligible share

- Navalagund and Kundagol taluks had higher share in the total short-term loans advanced by cooperatives in Dharwad districts compared to other taluks
- The analysis of individual societies indicated that the proportion of the demand for zero per cent interest loan met by KCC bank varied widely across societies from around 12 per cent to 65 per cent. For the district as a whole, it was around 15%
- The percentage of demand for zero per cent interest loan that was met by the cooperatives was smallest for small farmers (13%) followed by medium farmers (14%) and large farmers (19%).
- Recovery percentage of zero per cent interest loans was more than 96 per cent indicating farmers' desire to avail the benefits of zero per cent interest loan through prompt repayment.
- The main constraints in the implementation of zero percent interest loan as expressed by cooperatives included inadequate funds from KCC bank for advancing zero per cent interest loan, delay in getting 2.5 per cent margin money from KCC bank and interference by local leaders among others.

Policy Implications

1. KCC bank should try to provide the funds to PACS as per normal agricultural credit plan Zero per cent interest loan amount may be increased beyond Rs. 3 lakhs
2. Margin money of the PACS should be credited as early as possible
3. The government should create a separate corpus for smooth performance of zero percent interest loan scheme
4. The interest subsidy from the state government should be credit as early as possible to the Central Banks

Reference

1. KCC, Bank Dharwad
2. Selected PACS and beneficiaries in the study area