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Non-Recovery of Loans and Consequent Problem of Overdues of Agricultural Credit Provided by the Regional Rural Banks- a Comparative Study in Two Districts (Bhadrak and Keonjhar) in Odisha, India

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Abstract:

The institutional credit plays a very useful role in enhancing productivity, production and income in the farm sector. For a predominantly rural and agrarian state like Odisha characterized by the presence of high incidence of poverty, unemployment, low productivity of agriculture, low capital formation, inadequate irrigation facilities and uneconomic size of land holdings, provision of credit in right quantity and in right time to the small, marginal and tenant farmers and share croppers in the state is of utmost importance for stimulating agricultural production, expanding employment, enhancing income and poverty reduction. Several studies made earlier found that institutional credit made available to the farmers has produced significant positive impact on productivity, production, employment and income in agriculture sector. It is therefore expected that the borrowers will pay the loans along with interest within stipulated time period from the increased income without difficulty. However, such expectation of the policy makers and the lending institutions has not become fully true. Unless the growing delinquency in repayment of agricultural credit is corrected, the ability of financial institutions to recycle their funds would be highly restricted and ultimately it would severely restrict the growth of agricultural production. In view of this, it is worthwhile to study the problem of overdues in the two sample blocks of the two sample districts chosen for the study.

Here an attempt is made to measure the extent of overdues of agricultural credit granted by the regional rural banks to the farmers category wise and to identify the causes of such overdues in the study area and also to suggest the measures to overcome the problem of overdues.

1. Introduction

The institutional credit plays a very useful role in enhancing productivity, production and income in the farm sector. Several studies made earlier found that institutional credit made available to the farmers has produced significant positive impact on productivity, production, employment and income in agriculture sector. It is therefore expected that the borrowers will pay the loans along with interest within stipulated time period from the increased income without difficulty. However, such expectation of the policy makers and the lending institutions has not become fully true. Unless the growing delinquency in repayment of agricultural credit is corrected, the ability of financial institutions to recycle their funds would be highly restricted and ultimately it would severely restrict the growth of agricultural production. In view of this, it is worthwhile to study the problem of overdues in the two sample blocks of the two sample districts chosen for the study.

Here an attempt is made to measure the extent of overdues of agricultural credit granted by the regional rural banks to the farmers' category wise and to identify the causes of such overdues in the study area and also to suggest the measures to overcome the problem of overdues.

2. Methodology

In order to study the problem of overdues of bank credit a list of farmers in Basudevpur block of Bhadrak district who borrowed from Kalinga Gramya bank in 2009-10 and another list of farmers in Keonjhar Sadar block of Keonjhar district who borrowed from Baitarani Gramya Bank in the same year but not fully repaid up to 2010-11 are prepared as found from the bank records. Thereafter all these farmers in each sample block are divided into three strata on the basis of operational holdings, viz. marginal farmers (MF), small farmers (SF) and medium and big farmers (MeBF). Then a sample of hundred (100) farmers taken from each list comprising all categories has been selected on the basis of proportional allocation. Distribution of sample farmers in the two sample districts is shown in Table 1.

Survey method is adopted for canvassing questionnaire for in-depth study to collect dis-aggregating data on various aspects of farm households who have availed credit from the regional rural banks as well as who have not availed credit from the regional rural banks.

In addition to primary survey data, secondary sources of information are collected from economic survey reports of the government of Odisha, bulletins of RBI, reports of NABARD and sponsored commercial banks and other sources. Information is also collected from the records of RRBs located in the study region and also officials of these banks wherever necessary. The cross-tabulation method has been followed for analyzing data collected from the sample households. Simple averages, percentages, ratios and co-efficient of variation (C.V.) have been used to draw inferences for the study.

3. Extent of Overdues

Generally, overdues can be measured in terms of number of defaulters or the amount of defaulted or both. In the present study extent of overdues can be measured on the basis of the following two criteria:

- Percentage of defaulters to total number of borrowers of the regional rural banks
- Percentage of overdues to total outstanding loan given by the regional rural banks

3.1. Extent of Overdues Measured in Terms of Number and Percentage of Defaulters

Table 2 presents data on the total number of borrowers, number of defaulters and the percentage of defaulters to the total number of borrowers in the whole study area (Bhadrak and Keonjhar districts combined). Here it is found that out of 200 number of borrowers from the regional rural banks, 51 (25.5 per cent) are defaulters. Considering the percentage of defaulters to the total number of borrowers in the whole study area on the basis of size of land holdings it is found that the medium and big farmers account for the highest percentage of defaulters (34.48 per cent) followed by the small farmers (27.58 per cent) and the percentage of defaulters to total number of borrowers in case of marginal farmers is minimum (22.12 per cent). Thus, there is a direct relation between farm size and percentage of defaulters to borrowers in the whole study area.

District wise analysis of the extent of default of the credit granted by the regional rural banks reveals that 27 per cent of borrowers are defaulters in Bhadrak district (Table 3). Considering the percentage of defaulters to total borrowers on the basis of size class of land holdings it is found that medium and big farmers account for the highest per cent of defaulters (33.33 per cent) followed by the small farmer (26.27 per cent) and the percent of defaulters in case of small and marginal farmers is minimum (24.07 per cent).

In Keonjhar district, 24 per cent of the total borrowers are found to be defaulters (Table 4). Here too, medium and big farmers (MeBF) account for the highest percentage of defaulters (36.4 per cent) followed by the small farmers (26.7 per cent) and percentage of defaulters is minimum (20.3 per cent) in case of marginal farmers. Thus, as in case of whole study area in each sample district there is a direct relation between the farm size and percentage of defaulters. However, the percentage of defaulters to total borrowers in Keonjhar district is less (24 per cent) compared to Bhadrak district (27 per cent). Percentage of defaulters operated by all categories (MF, SF and MeBF) in Keonjhar district are also lower than that of their counterparts in Bhadrak district though their net income per hectare of land in Keonjhar district is lower compared to their counterparts in Bhadrak district. This confirms our hypothesis that there is direct relation between size of the farm and the percentage of defaulters in the study area though the percentages of defaulters may vary in the two sample districts. Percentage of defaulters in Keonjhar district is smaller because of the following reasons.

- First, people of Keonjhar district are not litigant. They have strong desire to repay the loan as soon as possible to be free from debt.
- Second, cost of production of crop per hectare is lower since they grow less remunerative crops.
- Third, consumption expenditure incurred by the farmers in Keonjhar district is also comparatively low.
- Fourth, Keonjhar being a hilly district is not so much vulnerable to natural calamities like flood for which the chance of crop failure is less.

3.2. Extent of overdues Measured by the Percentage of Defaulted Amount to Total Outstanding Loan

Table 3 presents data relating to the average amount of credit outstanding, average number of overdues to the credit granted by the regional rural banks to farmers and the percentage of overdues to outstanding credit in the whole study area. Here it is observed that average amount of credit outstanding stands at Rs.14435 out of which overdues per defaulter is Rs4476 which implies that 31 per cent of average amount of outstanding credit constitutes overdues. Considering the percentage of overdues to the average amount of credit outstanding on the basis of size class of land holdings, it is observed that the medium and big farmers (MeBF) account for the highest percentage of overdues to outstanding credit (38.14 per cent) followed by the small farmers (30.97 per cent) and it is minimum (26.06 per cent) in case of the marginal farmers. District wise analysis relating to the extent of overdues can be carried out with the help of data shown in Table 3 and Table 4.

From Table 3 it is observed that average amount of credit outstanding is Rs 15616 in Bhadrak district, out of which average amount of overdues is Rs5123 which implies that 32.8 per cent of average amount of outstanding constitutes overdues. Considering the percentage of overdues to the average amount of credit outstanding on the basis of size class of land holdings it is observed that the medium and big farmers (MeBF) account for the highest percentage of overdues to outstanding credit (38.29 per cent) followed by the small farmers (SF) (33.28 per cent) and it is minimum in case of marginal farmers (MF) (28.27 per cent).

From Table 4 it is observed that average amount of credit outstanding is Rs13106 in Keonjhar district out of which average amount of overdues is Rs 3748 which implies that 28.6 per cent of average amount of outstanding on the basis of size class of land holdings it is observed that medium and big farmers (MeBF) account for the highest percentage of overdues to outstanding credit (37.90 per cent) followed by the small farmers (SF) (28.22 per cent) and it is minimum in case of marginal farmers (MF) (23.19 per cent).

Thus, in the whole study area as well as in each sample district the relation between farm size and the percentage of overdues to average amount of credit outstanding is found to be direct though the extent of overdues in case of each category of farmers is smaller

in Keonjhar district compared to the corresponding category. This confirms our hypothesis that the relation between the farm size and the percentage of overdues to average amount of credit outstanding is direct in each sample district though the percentage of defaulted amount is different in two districts.

4. Causes of Overdues

During the field survey farmers who borrowed from the regional rural banks stated a number of reasons for which they have failed to repay the loan in time. In course of interview with the bank officials several causes for non-recovery of loans also came to surface. These reasons can be broadly divided into the following three categories as per the model followed by Rathne (1983).

- Lack of ability to repay the loan.
- Lack of desire to repay the loan.
- Lack of monitoring by the banks for collection of loan.

Table 5. exhibits the categories of defaulters and the amount defaulted in the study area as well as the reasons for default.

4.1. Lack of Ability of the Borrowing Farmers to Repay the Loan

Inability of the borrowing farmers to repay the bank loan in time mainly arises due to the reasons such as: (i) Failure of crops, (ii) Use of credit for unproductive purposes, (iii) High cost of cultivation, (iv) High consumption expenditure (v) Failure to sell the produce at right price. Such defaulters who don't have ability to repay loan are non-willful defaulters⁴.

4.1.1. Failure of Crops

It is found from Table 5 that 19.61 per cent of borrowers in the whole study area (18.53 per cent in Bhadrak district and 20.83 per cent in Keonjhar district) are defaulters and 24.72 per cent of loans constitute overdues in the whole study area (26.00 per cent in Bhadrak district and 22.73 per cent in Keonjhar district) due to crop failure in view of inadequate and irregular rainfall. Such borrowers who have failed to repay loan due to crop failures are found to depend on rain water for undertaking agricultural operations since they don't get irrigation facilities because their land is located away from canals and other sources of irrigation.

4.1.2. Use of Credit for Unproductive Purposes

During the field survey it was found that 21.57 per cent of borrowers in the whole study area (18.53 per cent in Bhadrak district and 25.00 per cent in Keonjhar district) are defaulters and 23.69 per cent of loans constitute overdues in the whole study area (21.77 per cent in Bhadrak district and 26.64 per cent in Keonjhar district) because credit is put to unproductive purposes such as marriage and other ceremonial needs, sudden illness and death, repayment of past loans etc. instead of being used for agricultural purposes.

4.1.3. High Cost of Cultivation

It is also found that 9.80 per cent of borrowers in the whole study area (11.11 per cent in Bhadrak district and 8.33 per cent in Keonjhar district) are not in a position to repay the loan in time because agricultural operation is not viable in view of the high cost of cultivation. Such borrowers are found to depend upon the hired labours for undertaking agricultural operations because of their old age and physical limitations. Since wage rate during sowing and harvesting time is comparatively higher in rural areas, cost of cultivation is large making agricultural operations non-viable. In this case 8.09 per cent of loan constitutes overdues in the whole study area (8.53 per cent in Bhadrak district and 7.41 per cent in Keonjhar district).

4.1.4. High Consumption Expenditure

High consumption expenditure is also found to be an important cause of loan default in the whole study area. 9.80 per cent of farmers in the whole study area (11.56 per cent in Bhadrak district and 8.33 per cent in Keonjhar district) stated that they find no surplus to repay the loan after making their consumption expenditure. In this case 9.74 per cent of loan constitutes overdues in the whole study area (11.11 per cent in Bhadrak district and 6.94 per cent in Keonjhar district). Consumption expenditure of borrowers operated by this category is high because size of their family is large on the one hand and educational expenditure of their children is large on the other.

4.1.5. Failure to Sell the Produce at Right Price

It is also observed that 13.73 per cent of borrowers in the whole study area (11.11 per cent in Bhadrak district and 16.65 per cent in Keonjhar district) failed to repay the loan in time since they could not sell their produce at the price fixed by the government when the government was buying paddy from the farmers through rice millers. As a result, they were forced to sell their surplus produce to the middle men later on at lower prices and their sales proceeds were not enough for repayment of loan. In this case 12.80 per cent of loan constitutes overdues in the whole study area (8.99 per cent in Bhadrak district and 18.65 per cent in Keonjhar district).

4.2. Lack of Desire of the Borrowing Farmers to Repay the Loan

It is found that some farmers don't repay the loan to the banks although they have capacity to repay. Such borrowers are willful defaulters. Willful default is found to arise because of the following reasons:

- Expectation of loan waiving by the government
- Link with the politicians of the ruling party

These are explained below:

4.2.1. Expectation of Loan Waiving by the Government

Some farmers in the study area do not want to repay since they consider bank loans as grants. This cause is closely linked with the defects in the policies of the government to waive the agricultural loan for fulfilling the promises made in the election manifesto of the ruling party several times in the past. As stated before, some borrowers also expect that they may not be required to repay bank loan if such loan waiving scheme is declared by the government as populist measure to secure votes from them. It is found from Table 5 that 5.88 per cent of borrowers in the whole study area (7.41 per cent in Bhadrak district and 4.18 per cent in Keonjhar district) are defaulters and 5.09 per cent of loans constitute overdues in the whole study area (6.20 per cent in Bhadrak district and 3.4 per cent in Keonjhar district) come under this category.

4.2.2. Link with the Politicians of the Ruling Party

Some farmers are also found not to repay the loan since they have link with the influential politicians operated by the ruling party. They don't pay any importance to the notices given by the bank to repay the loan because of their political backing. Bank officials don't take action against such borrowing farmers because of fear of their transfer to inconvenient location without basic facilities such as education and health care for their children. 5.88 per cent of borrowers in the whole study area (7.41 per cent in Bhadrak district and 4.18 per cent in Keonjhar district) are defaulters and 4.54 per cent of loans are overdues in the whole study area (5.68 per cent in Bhadrak district and 2.8 per cent in Keonjhar district) come under this category.

4.3. Lack of Monitoring by the Banks for Collection of Loan

Farmers in this category have both ability and desire to repay loan but they don't repay because of lack of pressure from the banks upon them to repay loan in time. The farmers believe that they will neither suffer penal interest rates nor endanger their subsequent borrowing because of their defaults. Policy of the bank to waive penal interest and grant of loans to defaulters earlier under "one-time loan settlement scheme" made several times in the past support this belief. Sometimes some bank staff having link with the borrowers are believed to encourage borrowers not to repay. Lack of monitoring of the banks account for 13.73 per cent of defaulters in the whole study area (14.81 per cent in Bhadrak district and 12.50 per cent in Keonjhar district) involving 11.33 per cent of the loan overdues in the whole study area (11.27 per cent in Bhadrak district and 11.43 per cent in Keonjhar district).

5. Suggestions for Solving the Problem of Overdues

For solving the problem of non-recovery of loans and overdues of credit the following suggestions are made:

First, a suitable environment should be created so that the farmers who are willing to repay but fail to repay due to failure of crops and other reasons can raise their income and repay the loan. The following steps can be taken in this direction to raise their income for repayment of the loan.

- i. The government should create sufficient irrigation infrastructure such as canal, installation of deep and medium deep tube wells, and provision of lifting water through pumps from reservoirs like ponds, tanks and rivers. Government should also encourage the farmers to install shallow tube-wells, dug-wells and dig ponds, tanks and to buy electrical pumps with their own funds or with the loans made available from the banks at concessional interest rate. So, the provision of adequate irrigation facility will act as an insurance against failure of crops in the event of erratic and inadequate rainfall and stabilize production and income of the farmers. Once the incomes of the farmers become stable, the non-willful defaulters will come forward to repay the loan.
- ii. Loan should be made available by the bank to farmers in right time and right quantity so that they can make proper use of such credit for increasing production and income and thereby able to repay the loan in time.
- iii. From the day one of grant of credit, the bank officials must impress upon the farmers to use the loan for the purpose for which it is granted. They must make the borrowers understand that failure on their part to use credit for productive purpose will not help in increase their income and capacity to repay the loan. Besides the field officers of the bank must make field visit to see whether the borrowing farmer cultivates his land and grows the crops in line with the plan indicated in the loan application. Banks should provide incentives in form of low interest rate, speedy grant of loan needed for the second time etc. to the loan beneficiaries who repay the loan in time.
- iv. Officials in the department of agriculture who are in charge of extension services must pay regular visit to the fields for improving the capacity building of the farmers through training in respect of the crops to be grown, quality and quantity of seeds, fertilizers and pesticides to be used and the time and quantum of irrigation water to be applied for augmenting production, productivity and income.
- v. Booklets in Odia on various themes such as crops to be grown, seeds fertilizers and water to be used and facilities of new knowledge and technology available for improvement in agricultural sector should be prepared and circulated among the farmers in the villages. Besides credit consciousness should be created amongst the farmers by means of adopting various methods of publicity like arranging meetings in villages, issuing illustrative pamphlets, brochures, organizing audio-visual shows in fairs/melas about the advantages of institutional credit and need for prompt repayment of their dues.
- vi. For reduction of cost of cultivation government must make the modern farm implements easily accessible to all farmers particularly the marginal and small farmers at reasonably lower rent (cost to cost) at the block level. Besides, the quality seeds, fertilizers and pesticides should also be made available to the farmers at right price in right time for increasing productivity and production of agriculture sector.

- vii. Government must make suitable arrangements for purchase of crops from the farmers after the harvest at the minimum support prices fixed by the government so that they can repay the crop loan in time. Failure on part of the government to make arrangement to buy crops from the farmers leads to distress sale and weakening their economic condition and non-repayment of loan.
- viii. For improvement in the bargaining power of the farmers the government must encourage the farmers to create storage facility on co-operative basis. Provision of cold storage facility will check the distress sale of potatoes and other vegetables and will thereby increase the income of the farmers.
- Secondly, the following steps may be taken for reducing willful defaults.
 - The government should declare willful default of bank loans as a criminal offence and initiate stringent steps to recover such loans.
 - The banks should be empowered to seize private assets of defaulters who have siphoned off loans for personal gains and not used for the purpose for which the loan was granted.
 - Thirdly, for reducing the extent of over dues and non-recovery of loans the following steps are needed to be taken by the lending institutions through effective monitoring of the use of credit, disposal of the produce of the farmers and loan repayment by the farmers.
 - RRBs must have sufficient well-trained, supervising staff to monitor and supervise the end –use of credit which ensure the efficient use of credit for productive purposes. And whenever needed, they should provide guidance to the borrowers for utilizing the credit to the optimum level.
 - The institutional agencies should educate the farmers to borrow only for right purposes and to repay the loan in time. Besides they must disburse loans in right time in right quantity.
 - Incentives should be provided to the bank officials who help in achieving the loan recovery target fixed by the bank.
 - Action should be taken against the officials who have extended loans to persons without verifying their antecedents and loan repayment capacity.

Sl. No	District	Block	Borrowing Farmers			
			MF	SF	MeBF	Total
1	Bhadrak	Basudevapur	54	28	18	100
2	Keonjhar	Keonjhar Sadar	59	30	11	100
3	Whole Study Area	Basudevapur + Keonjhar Sadar	113	58	29	200

Table 1: Distribution of Sample Farmers who borrowed from the RRBs in 2009-10 but not repaid by 2010-11 in the Study region
Source: Field Survey (2010-11)

Sl.No	Size Class of Farmer	No of Borrowers	No of Defaulters	Percentage of Defaulters to the total number of Borrowers	Average Amount of Credit Outstanding	Average Amount of Overdues	Percentage of Overdues to Credit Outstanding
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Marginal Farmers(MF)	113	25	22.12	11865	3092	26.06
2	Small Farmers(SF)	58	16	27.58	14509	4493	30.97
3	Medium and Big Farmers(MeBF)	29	10	34.48	20740	7910	38.14
4	ALL Farmers	200	51	25.50	14435	4476	31.00

Table 2: Extent of Default/Overdues of the Credit Granted by the Regional Rural Banks to Farmers in the Whole Study Area (Bhadrak And Keonjhar Districts) on the Basis of Size of Land Holdings.
Source: Field Survey (2010-11)

Sl.No	Size Class of Farmers	No of Borrowers	No of Defaulters	Percentage of Defaulters to the total number of Borrowers	Average Amount of Credit Outstanding	Average Amount of Overdues	Percentage of Overdues to Credit Outstanding
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Marginal Farmers (MF)	54	13	24.07	12892	3644	28.27
2	Small Farmers (SF)	28	8	26.57	15741	5238	33.28
3	Medium and Big Farmers (MeBF)	18	6	33.33	21352	8175	38.29
4	ALL Farmers	100	27	27.00	15616	5123	32.80

Table 3: Extent of Default/Overdues of the Credit Granted by the Regional Rural Banks (Kalinga Gramya Bank) to Farmers in Bhadrak District on the Basis of Size of Land Holdings.

Source: Field Survey (2010-11)

Sl.No	Size Class of Farmers	No of Borrowers	No of Defaulters	Percentage of Defaulters to the total number of Borrowers	Average Amount of Credit Outstanding	Average Amount of Overdues	Percentage of Overdues to Credit Outstanding
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Marginal Farmers(MF)	589	12	20.3	10753	2494	23.19
2	Small Farmers (SF)	30	8	26.7	13278	3747	28.22
3	Medium and Big Farmers (MeBF)	11	4	36.4	19823	7512	37.90
4	ALL Farmers	100	24	24.0	13106	3748	28.60

Table 4: Extent of Default/Overdues of the Credit Granted by the Regional Rural Banks (Baitarani Gramya Bank) to Farmers in Keonjhar District on the Basis of Size of Land Holdings.

Source: Field Survey (2010-11)

Sl. No	Reasons	Bhadrak District				Keonjhar District				Whole Study Area			
		No. of Defaulters	Percentage of Defaulters to Total	Amount of over-dues	Percentage of overdues to total	No. of Defaulters	Percentage of Defaulters to Total	Amount of overdues	Percentage of overdues to total	No. of Defaulters	Percentage of Defaulters to Total	Amount of overdues	Percentage of overdues to total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A.	Lack of Ability to Repay												
1	Failure of crops	5	18.53	35965	26.00	5	28.83	20446	22.73	10	19.61	56411	24.72
2	Use of credit for unproductive purposes	5	18.53	30114	21.77	6	25.00	23963	26.64	11	21.57	54077	23.69
3	High cost of cultivation	3	11.11	11813	8.53	2	8.33	6665	7.41	5	9.80	18478	8.09
4	High consumption expenditure	3	11.11	15984	11.56	2	8.33	6243	6.94	5	9.80	22227	9.74
5	Failure to sale the produce at right price and right time	3	11.11	12438	8.99	4	16.65	16776	18.65	7	13.73	29214	12.80
	Total	19	70.37	106314	76.86	17	17.83	74093	82.37	38	74.51	180407	79.04
B.	Lack of desire to repay												
1	Expectation of loan waiving	2	7.41	8572	6.20	1	4.18	3058	3.4	3	5.88	11630	5.09
2	Link with the politician of the ruling party	2	7.41	7851	5.68	1	4.18	2519	2.8	3	5.88	10370	4.54
	Total	4	14.82	16423	11.87	2	8.36	5577	6.20	6	11.76	22000	9.63
C	Lack of monitoring by the bank for collection of loan	4	14.81	15584	11.27	3	12.50	10282	11.43	7	13.73	25866	11.33
	Total	4	14.81	15584	11.27	3	12.50	10282	11.43	7	13.73	25866	11.33
	Grand Total	27	100.00	138321	100.00	24	100.00	89952	100	51	100.00	228273	100.00

Table 5: Reasons for Loan Overdues in the Whole Study Area (Bhadrak and Keonjhar Districts combined)

Source: Field Survey (2011-12)

6. Notes

- Overdues refers to the amount due for payment but not yet paid by the borrowers to the bank. Generally credit is regarded as overdues if it is not repaid within six months of receipt. But in case of agricultural credit, credit is regarded as overdues if it is not repaid within one year of receipt.
- A borrower who does not repay the loan installments in time (within one year of receipt in case of agricultural loan) is known as defaulter.
- The defaulters who don't have the capacity to repay the loan are termed as non-willful defaulters.
- Willful defaulters are those who don't repay the loan even having the capacity to repay. According to RBI, a willful defaulter is one who has not used bank funds for the purpose for which it was taken and who has not repaid loans despite having adequate liquidity to repay the loan.

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Annexure

Sl. No	Reasons	Bhadrak District				Keonjhar District				Whole Study Area			
		No. of Defaulters	Percentage of Defaulters to Total	Amount of overdues	Percentage of overdues to total	No. of Defaulters	Percentage of Defaulters to Total	Amount of overdues	Percentage of overdues to total	No. of Defaulters	Percentage of Defaulters to Total	Amount of overdues	Percentage of overdues to total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A.	Lack of Ability to Repay												
1	Failure of crops	5	18.53	35965	26.00	5	28.83	20446	22.73	10	19.61	56411	24.72
2	Use of credit for unproductive purposes	5	18.53	30114	21.77	6	25.00	23963	26.64	11	21.57	54077	23.69
3	High cost of cultivation	3	11.11	11813	8.53	2	8.33	6665	7.41	5	9.80	18478	8.09
4	High consumption expenditure	3	11.11	15984	11.56	2	8.33	6243	6.94	5	9.80	22227	9.74
5	Failure to sale the produce at right price and right time	3	11.11	12438	8.99	4	16.65	16776	18.65	7	13.73	29214	12.80
	Total	19	70.37	106314	76.86	17	17.83	74093	82.37	38	74.51	180407	79.04
B.	Lack of desire to repay												
1	Expectation of loan waiving	2	7.41	8572	6.20	1	4.18	3058	3.4	3	5.88	11630	5.09
2	Link with the politician of the ruling party	2	7.41	7851	5.68	1	4.18	2519	2.8	3	5.88	10370	4.54
	Total	4	14.82	16423	11.87	2	8.36	5577	6.20	6	11.76	22000	9.63
C	Lack of monitoring by the bank for collection of loan	4	14.81	15584	11.27	3	12.50	10282	11.43	7	13.73	25866	11.33
	Total	4	14.81	15584	11.27	3	12.50	10282	11.43	7	13.73	25866	11.33
	Grand Total	27	100.00	138321	100.00	24	100.00	89952	100	51	100.00	228273	100.00

Table 1: Reasons for Loan Overdues in the Whole Study Area (Bhadrak and Keonjhar Districts Combined)

Source: Field Survey (2011-12)