

**AN ANALYSIS OF PRODUCTION LOAN DISBURSED BY A  
PRIVATE BANK IN THIRUKOVIL DIVISIONAL  
SECRETARIAT DIVISION**

**MYLVAGANAM RAVEENDRAN**



FAG399



Project Report  
Library - EUSL

**FACULTY OF AGRICULTURE  
EASTERN UNIVERSITY  
SRI LANKA**

**2015.**

**PROCESSED**  
Main Library, EUSL

## ABSTRACT

The study was designed to sustainability of the loan recovery plan, analyze socio economic condition of the loan beneficiaries, the credit disbursement and credit needs of the beneficiaries and to identify the factors affecting repayment of loan disbursed by a private bank in Thirukovil Divisional Secretariat in Ampara District.

Secondary data were collected from the loan application of the credit borrowers of paddy cultivation and were analyzed using statistical software SPSS for frequencies, liner regression analysis.

Aspects of economic characters of the borrowers, credit support, were studied. The average area of land cultivated by paddy farmers was 7.25 acres. The main source of financial support is provided by a state bank and a private bank.

The main problem of the study was marketing of agricultural produce. This problem exists in paddy and other food crop sectors due to the uncertainty in the income of the farmers as a result of their inability to sell the produce profitably. Often, farmers cannot earn an income, which is sufficient to cover at least the cost of cultivation. This problem persists among farmers and consumers, as during the off-season when supply is reduced, the process tend to escalate.

Financing agriculture became the responsibility of the banking system only in 1967. Prior to this channeling of credit ,was the responsibility of the Department of Agrarian Services,

The following factors affecting to the sustainable ,repayment of the loan price fluctuation. Economic status of the society including cost and returns and perception, knowledge and skill of the beneficiaries. Multistage sampling technique was employed in data collection. In this regard, the DS area will be stratified into 96 number of loan beneficiaries from the bank.

The sustainability of the production and development will be mainly dependence on internal and external factors on resources and users are credit management capacity of the loan beneficiaries, resources availability, technology and education.

## Table of contents

ABSTRACT	I
ACKNOWLEDGEMENT	II
TABLE OF CONTENTS	III
LIST OF TABLES	
LIST OF FIGURES	
<b>Chapter 01</b>	<b>1</b>
1.1 Introduction	1
1.1 Background	1
1.2 Financial Support for cultivation	2
1.3 Research problem	2
1.4 Objective of the Study	4
1.5 Limitation of the Study	4
<b>Chapter 2</b>	<b>5</b>
2.0 Literature Review	5
2.1 Credit Disbursement	5
2.2 Collateral for loans	7
2.3 Agriculture loans	8
2.4 Credit Guarantee Schemes	10
2.5 Credit Needs and Credit Disbursement	11
2.6 Loan Interest	12
2.7 Loan Repayment	13
2.8 Method of loan repayment	15
2.9 Problems of loan repayment	15
2.10 Agriculture Credit Policy	16

<b>Chapter 03</b>	<b>18</b>
3.0 Research Methodology	18
3.1 Introduction	18
3.2 Study are	18
3.3 Selection of Sample	18
3.3.1 Loan Distribution	19
3.4 Data Collection	19
3.5 Conceptual Frame work	21
3.6 Data analysis	21
3.7 Economic model and the variables	21
<b>Chapter 04</b>	<b>24</b>
4.0 Result and Discussion	24
4.1 Socio economic characteristic of loan beneficiaries	24
4.1.1 Social aspects of loan beneficiaries	24
4.2 Land ownership and extend of cultivation	25
4.2.1 Land tenure	25
4.2.2 Land Ownership	25
4.3 Cost and expenditure on paddy cultivation	25
4.4 Source of Irrigation for paddy cultivation	26
4.5 Cost and Benefit of paddy farming	26
4.6 Factors affecting outstanding loan amount	27
4.7 Factors determining amount of loan needed	28
4.8 Factors affecting repayment of loan	28
<b>Chapter 05</b>	<b>31</b>
5.0 Conclusion of the study	31
5.1 Summary	32
<b>Reference</b>	<b>33</b>