

LOAN DISBURSEMENT IN ANIMAL HUSBANDRY

(With Reference to Agriculture Development Bank of Nepal, Bagar, Pokhara)

A Thesis

**Submitted to Department of Economics, Prithvi Narayan Campus,
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in Partial Fulfillment of the Requirements for the Degree of**

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In

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Submitted by

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LOAN DISBURSEMENT IN ANIMAL HUSBANDRY ...

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2014

LETTER OF RECOMMENDATION

This thesis entitled LOAN DISBURSEMENT IN ANIMAL HUSBANDRY (With Reference to Agriculture Development Bank of Nepal, Bagar, Pokhara) submitted by Yashoda Gautam has been prepared under my supervision and guidance. I hereby recommended this thesis for approval by the thesis committee.

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APPROVAL LETTER

We certify that the thesis entitled "*Loan Disbursement in Animal Husbandry With Reference to Agriculture Development Bank of Nepal, Bagar, Pokhara*" submitted by Yashoda Gautam to Department of Economics, Prithvi Narayan Campus, Pokhara, Faculty of Humanities and Social Sciences, Tribhuwan University, in partial fulfillment of the requirements for the Degree of **MASTER OF ARTS** in **ECONOMICS** has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said Degree.

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ABSTRACT

This study entitled "Loan Disbursement in Animal Husbandry With Reference to Agriculture Development Bank of Nepal, Bagar, Pokhara" has been carried out in practical fulfillment for the Master's Degree of Art in Economics.

The main objective of the study is to analyze the loan disbursement pattern from ADBN, Bagar, Pokhara in the past 10 (during 2060/61- 2069/70) years, to find out the rate of growth of disbursement for loan and changes in interest rate in animal husbandry and its responses from the farmers in and around Pokhara. This study was based on both Primary and Secondary Data. Primary data have been collected through the personal direct interview taken by the researcher herself. First, a set of questionnaires was formed based on the farmers' experience with loan from the bank and the occupation they are in. Later, the farmers were interviewed from the field or personal visits. For the data collection, ten households were selected. In this sampling, the farmers represented all three categories under animal husbandry i.e. cow/buffalo farming, pig farming and goat farming. Secondary data were taken from the bank itself. The data were based on the facts recorded during 2060/61 to 2069/70.

The study has discovered that the average income of the farmers in sample was 69 thousand per month which was in class interval of 60-70 thousand and average saving was the 28 thousand per month. It was in class interval of 20-30 thousand. The farmers are not happy with the present heavy rate of interest and the risk they have in their occupation. They also expressed the problem created by the shortage of the workforce in animal husbandry.

The data show that, during the year (2060-2069), the highest total loan disbursement of ADBN, Bagar was 176.35 million in 2064/65 and the lowest was 109.74 million in 2062/63. The highest loan disbursement in animal husbandry was 16.23 million (14.79%) in 2062/63 and lowest was 2.57 million (21.60%) in 2060/61. The highest growth rate of loan disbursement in animal husbandry was 214.8% in 2061/62. Similarly, the rate of interest for the loan in Animal husbandry was the highest in 2060/61 with 16% p.a. and it reached its lowest point in 2065/66 at 11% p.a. This growth in the disbursement in loan directly indicates the growth in the demand for loan from the bank. It is a good sign for the agricultural development in the

country. The highest principal collection was 189.27 in 2062/63 and lowest was Rs. 24.69 thousand in 2060/61. The highest interest collection was 39.92 thousand in the last year (2069/70) and the lowest was 5.48 thousand in the first year (2060/61).

The low interest rate was encouraging the farmers in paying the interest in time. The repayment trend might have been affected by the socio-economic condition of the farmers but the interest payment seems to directly move with the rate of interest. Yet, the bank has not been able to increase the total loan ratio for the animal husbandry in the way the loan amount has gone. In this regard, the bank needs to rethink upon the loan disbursement pattern if the importance of the animal husbandry is realized.

The study has been able to point that the disbursal for loan for Cow/Buffalo farming is much higher than for Goat and Pig farming. The observation shows that pig and goat farming raise much concern about the pasture and the environment. This increase in interest for only one category of animal husbandry is also a reason behind the low flow of loan for this occupation in compared to other categories in the bank. Therefore, the concerned authorities should act out to address the issues of the farmers in time so that the country can benefit a lot from this occupation

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ABBREVIATIONS

ADBN	Agriculture Development Bank, Nepal
AIC	Agribusiness Innovation Center
APP	Agricultural Perspective Plan
BAFIO	Bank and Financial Institution Ordinance
DLS	Department of Livestock Services
GDP	Gross Domestic Production
GNP	Gross National Production
HMG	His Majesty's Government
ICIMOD	International Centre for Integrated Mountain Development
ILDPA	Integrated Livestock Department Programme
INGO	International Non-Governmental Organization
LRSC	Land Reform Saving Corporation
NGO	Non-Governmental Organization
NRB	Nepal Rastra Bank
SFDP	Small Farmer Development Programme
VDC	Village Development Committee