

CHAPTER 14

HOLDINGS WITH CREDIT

Of the 3364.1 thousand agricultural holdings in Nepal in 2001/02, only 801.3 thousand holdings or 23.8 percent had taken advantage of loan or credit facilities from different sources. In 1991/92, some 22.7 percent holdings of the total holdings had reported of having availed of loans or credit facilities from different sources. Over the decade

between 1991/92 and 2001/02 there was an increase of 1.1 percent. The main source of credit reported in 2001/02 was non-institutional sources. There were 481.9 thousand holding (60.1% of the total holdings) with loan from this source. In 1991/92, some 51.0 percent holding had credit or loan from institutional sources.

Table 14.0 Summary Statistics

Source	Number of Holdings ('000)	
	1991/92	2001/02
1. Sajha only	43.0	33.5
2. Agriculture Development Bank only	205.0	228.0
3. Commercial Bank only	44.6	35.0
4. Non-institutional only	306.0	481.9
5. More than one sources	23.6	22.9
Total holdings with credit	622.2	801.3

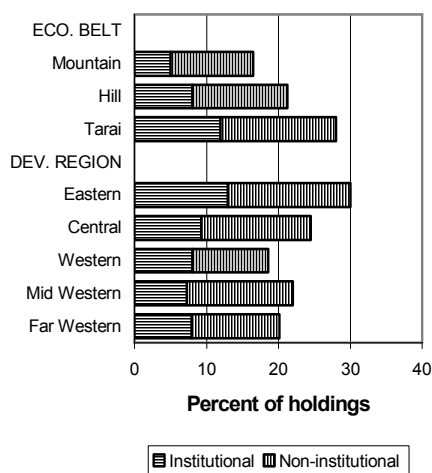
14.1 Agricultural Credit

Information on agricultural credit was collected in 1991/92 and in 2001/02 census of agriculture. Agricultural credit is not usually collected in a census but the information is important to policy makers and program implementers in agriculture. A question was asked whether each agricultural holding had an existing agricultural loan or not. If there is a loan, the source from where the loan was obtained was also asked.

14.2 Holdings with credit

Of the 3,364,100 agricultural holdings of Nepal in 2001/02, only 801,300 holdings or 23.8% had reported of having a loan or

FIGURE 14.1: HOLDINGS WITH AGRICULTURAL CREDIT, 2001/02



credit from several sources. There was a slight increase from those who had loans in 1991/92 at 22.7% of the total holdings of 2,726,100.

The main source of credit reported in 2001/02 was non-institutional sources with 481,900 holdings or 60.1% of the total holdings with loans (801,300). In 1991/92, the main source of credit of the majority of the holdings (about 51%) with loans was from institutional sources. The ten

percentage points difference indicated a shift of the sources of credit from institutional sources to non-institutional sources.

14.3 Regional comparisons

Among the ecological belt, Tarai reported the highest proportion of agricultural holdings with credit at 28% of the total holdings of 1,479,500 in 2001/02. In 1991/92, the proportion of holdings with credit was 26.8% of the total. Mountain belt reported the lowest proportion of holdings with loans, at 16.5% of the total in 2001/02. This percentage was lower than that of 1991/92, which was 18.6%. In the Hill belt area, the proportion of holdings with loans was 21.3% of the total in 2001/02 and in 1991/92, it was lower at 20.2%.

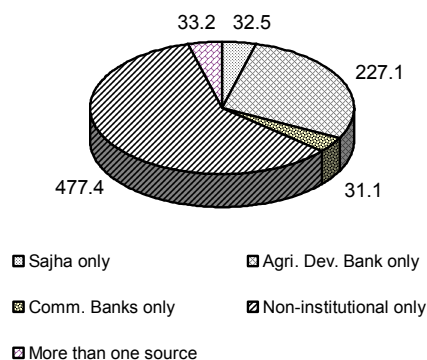
Eastern region reported the highest proportion of holdings with loans at 27.9% of the total and Far-Western region reported the least with only 15.3% of the total holdings with loans.

14.4 Source of credit

There were four specific sources of credit reported by the agricultural holdings in 1991/92 as well as in 2001/02. The only difference was the extent of availing of the specific source of loan. The sources of credit in 2001/02 in the order of importance were: Non-institutional source, 60.1%; Agricultural Development Bank (ADB), 30.9%; Sajha, 6.4% and Commercial banks, 5.5%, see TABLE 14.3.

It may be noted that those holdings that availed of loans from ADB only was 28.5% and the rest (2.4%) of the borrowers from ADB had also loans from other sources, i.e. 1.7% of the holdings borrowed also from Sajha and 0.6% in combination with commercial banks. This was also true for holdings that borrowed from commercial

FIGURE 14.2: HOLDINGS WITH CREDIT, NEPAL, 2001/02, SOURCE OF CREDIT ('000)



banks where only 4.4% reported Commercial banks as their only source of credit while 0.6% of them also availed of the ADB aside from their loan from commercial banks. The same is also true for Sajha borrowers where only 4.2% of the total holdings was the only source of credit; about 1.7% borrowed from ADB in combination with Sajha and 0.4% in combination with commercial banks.

It should be noted that the percentage of borrowers from ADB, commercial banks and Sajha decreased in 2001/02 when compared with the levels of borrowers from the same sources in 1991/92.

14.5 Comparisons of small and large holdings

As the size of the holding becomes bigger, the proportion of holdings availing of credit from institutional sources increases and the proportion of borrowers from non-institutional sources decreases. In 2001/02, only 6.1% of small holdings borrowed from institutional sources while the large holdings registered a 20.7% availment. On the other hand, 15.6% of the small holdings borrowed from non-institutional sources while only 10.3% among large holdings availed of this source.

FIGURE 14.3: HOLDINGS WITH CREDIT BY SIZE OF HOLDING, NEPAL, 2001/02

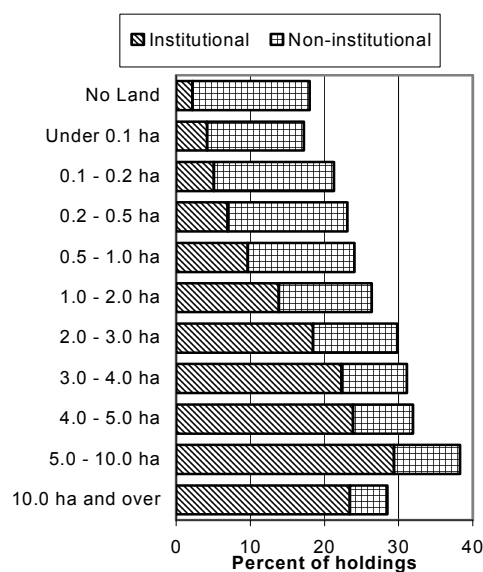


TABLE 14.1: NUMBER AND PERCENT OF HOLDINGS BY SOURCE OF AGRICULTURAL CREDIT AND BY ECOLOGICAL BELT, NEPAL, 1991/92 AND 2001/02

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TABLE 14.2: NUMBER AND PERCENT OF HOLDINGS BY WHETHER HAVE AGRICULTURAL CREDIT AND DEVELOPMENT REGION, NEPAL, 1991/92 AND 2001/02

Source of credit	Development region					Nepal
	Eastern	Central	Western	Mid Western	Far Western	
Number of holdings ('000)						
1991/92						
Holdings with credit	177.4	216.2	112.1	75.9	40.4	622.0
Institutional sources	97.8	105.5	60.5	33.0	19.2	316.0
Non-institutional sources	79.7	110.7	51.6	42.9	21.2	306.0
Holdings without credit	458.9	639.2	496.7	295.6	223.7	2114.0
Total holdings	636.4	855.3	608.8	371.5	264.1	2736.1
Number of holdings ('000)						
2001/02						
Holdings with credit	243.4	254.2	133.2	103.2	67.3	801.3
Institutional sources	104.8	96.6	57.6	34.1	26.4	319.4
Non-institutional sources	138.6	157.6	75.6	69.1	40.9	481.9
Holdings without credit	566.6	781.6	582.6	366.4	265.7	2,562.8
Total holdings	810.0	1,035.8	715.8	469.5	333.0	3,364.1
Percent to total						
1991/92						
Holdings with credit	27.9	25.3	18.4	20.4	15.3	22.7
Institutional sources	15.4	12.3	9.9	8.9	7.3	11.6
Non-institutional sources	12.5	12.9	8.5	11.5	8.0	11.1
Holdings without credit	72.1	74.7	81.6	79.6	84.7	77.3
Total holdings	100.0	100.0	100.0	100.0	100.0	100.0
2001/02						
Holdings with credit	30.1	24.5	18.6	22.0	20.2	23.8
Institutional sources	12.9	9.3	8.0	7.3	7.9	9.5
Non-institutional sources	17.2	15.2	10.6	14.7	12.3	14.3
Holdings without credit	69.9	75.5	81.4	78.0	79.8	76.2
Total holdings	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 14.3: NUMBER AND PERCENT OF HOLDINGS WITH AGRICULTURAL CREDIT BY SOURCE OF CREDIT, NEPAL, 1991/92 AND 2001/02

Source of credit	1991/92		2001/02	
	Holdings with credit ('000)	Percent	Holdings with credit ('000)	Percent
Sajha only	43.0	6.9	33.5	4.2
Agricultural Development Bank only	205.0	32.9	228.0	28.5
Commercial Banks only	44.6	7.2	35.0	4.4
Sajha & Agricultural Development Bank	20.1	3.2	13.9	1.7
Agricultural Development Bank & Commercial Banks	2.3	0.4	5.0	0.6
Sajha & Commercial Banks	0.6	0.1	3.0	0.4
Sajha, Agricultural Development Bank & Commercial Banks	0.3	-	0.0	0.0
Sajha, Commercial Banks Agricultural Development Bank & Non-institutional	0.3	-	1.0	0.1
Non-institutional only	306.0	49.2	481.9	60.1
Total holdings with credit	622.0	100.0	801.3	100.0
Sajha only	43.0	6.9	33.5	4.2
Sajha & Agricultural Development Bank	20.1	3.2	13.9	1.7
Sajha & Commercial Banks	0.6	0.1	3.0	0.4
Sajha, Agricultural Development Bank & Commercial Banks	0.3	-	0.0	0.0
Sajha, Commercial Banks Agricultural Development Bank & Non-institutional	0.3	-	1.0	0.1
Total borrowers from Sajha	64.3	10.2	51.4	6.4
Agricultural Development Bank only	205.0	32.9	228.0	28.5
Sajha & Agricultural Development Bank	20.1	3.2	13.9	1.7
Agricultural Development Bank & Commercial Banks	2.3	0.4	5.0	0.6
Sajha, Agricultural Development Bank & Commercial Banks	0.3	-	0.0	0.0
Sajha, Commercial Banks Agricultural Development Bank & Non-institutional	0.3	-	1.0	0.1
Total borrowers from Agricultural Development Bank (ADB)	228.0	36.5	247.9	30.9
Commercial Banks only	44.6	7.2	35.0	4.4
Agricultural Development Bank & Commercial Banks	2.3	0.4	5.0	0.6
Sajha & Commercial Banks	0.6	0.1	3.0	0.4
Sajha, Agricultural Development Bank & Commercial Banks	0.3	-	0.0	0.0
Sajha, Commercial Banks Agricultural Development Bank & Non-institutional	0.3	-	1.0	0.1
Total borrowers from commercial banks	48.1	7.7	44.0	5.5

TABLE 14.4: NUMBER AND PERCENT OF HOLDINGS WITH AGRICULTURAL CREDIT BY SOURCE OF CREDIT AND SIZE OF HOLDING, NEPAL, 2001/02

Size of holding	Institutional source		Non-institutional source		All holdings	
	Holdings ('000)	Percent	Holdings ('000)	Percent	Holdings ('000)	Percent
Total	319.4	9.5	481.9	14.3	3,364.1	100.0
No Land	0.6	2.2	4.2	15.8	26.7	100.0
With Land	585.1	17.5	929.2	27.8	3,337.4	100.0
Under 0.1 ha	11.0	4.2	33.9	13.0	260.5	100.0
0.1 - 0.2 ha	17.6	5.1	56.0	16.2	346.1	100.0
0.2 - 0.5 ha	67.9	7.0	156.6	16.1	972.3	100.0
Small	96.5	6.1	246.5	15.6	1,578.9	100.0
0.5 - 1.0 ha	88.4	9.7	131.4	14.3	915.7	100.0
1.0 - 2.0 ha	81.4	13.8	73.7	12.5	588.6	100.0
Medium	169.8	11.3	205.1	13.6	1,504.3	100.0
2.0 - 3.0 ha	29.0	18.5	17.8	11.3	157.0	100.0
3.0 - 4.0 ha	11.5	22.3	4.6	8.9	51.6	100.0
4.0 - 5.0 ha	4.8	23.9	1.6	8.1	20.2	100.0
5.0 - 10.0 ha	6.3	29.4	1.9	8.9	21.6	100.0
10.0 ha and over	0.9	23.4	0.2	5.1	3.8	100.0
Large	52.5	20.7	26.1	10.3	254.2	100.0

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