

## CREDIT

The Agricultural Development Bank (ADB/N) is responsible for advancing loans for fruit and vegetable production in the district. As can be observed from Table 12, the bank has disbursed Rs 1,920,000 for fruit and vegetable cultivation. This amount seems to be quite small for five years, in view of the development potential of fruits and vegetables in the district.

**Table 12: Loan Disbursement for Horticultural Crops in Rasuwa District for a Five-year Period**

| Fiscal Year | Disbursement (Rs '000) | Collection (Rs '000) |
|-------------|------------------------|----------------------|
| 1986/87     | 363                    | 25                   |
| 1987/88     | 571                    | 39                   |
| 1988/89     | 531                    | 74                   |
| 1989/90     | 353                    | 36                   |
| 1990/91     | 102                    | 58                   |
|             | ----                   | ----                 |
|             | 1920                   | 232                  |

Source: ADB/N, Kathmandu

The loan disbursement thus far indicates that either farmers are not willing to take loans or ADB/N is following a complicated procedure for advancement of loans. Since the trend of disbursement is decreasing while that of collection is increasing, it appears that ADB/N is stressing repayment rather than disbursement. Farmers are willing to receive loans from the bank but the procedure is complex and interest rates are high. They can receive loans without collateral, albeit with high interest rates, that can be used for any purpose from local moneylenders or traders.

Horticultural crops with a long gestation period can be a risky investment from the farmers' point of view. There are no subsidies on interest. For innovative farmers, loan advancement may be approved for about 80 per cent of the scheme with collateral by the ADB/N. However, the collateral cannot be sold.

Horticultural crops require a high initial investment and this is difficult for most resource-poor farmers. Clear-cut policies, i.e., (1) 100 per cent loan advancement; (2) subsidised interest rate for fruit cultivation; (3) interest charge only after fruiting; (4) consumers' loan, particularly during the gestation period; (5) production loans for fruits and vegetables; and (6) exemption from the collateral system for small farmers are urgently required.