

## **RURAL CREDIT IN FAMILY AGRICULTURE**

**Cleberon Eller Loose**

Doctor in Administration. Researcher of GEPSCAL UNIR/CNPq, Brazil.

Professor of Dept. from Accounting Sciences, Federal University of Rondônia, Rondônia Brasil. Email:  
cleberonloose@unir.br

**Marcos Tadeu Simões Piacentini**

Master in Administration. Researcher of GEPAC UNIR/CNPq, Brazil.

Professor of Dept. from Administration, Federal University of Rondônia, Rondônia Brasil.  
Email: marcos.piacentini@unir.br

**Eliseu Adilson Sandri**

Doctor in Health Sciences.

Professor and Researcher at the Federal University of Roraima in Management Course in Indigenous  
Collective Health of the Insikiran Institute of Indigenous Higher Education.

Email: eliseusandri@yahoo.com.br

**Alexandre Leonardo Simões Piacentini**

Master in Administration.

Professor of Dept. Forest Engineering, Federal University of Rondônia, Rondônia, Brazil. Email:  
piacentini@unir.br

**Robison de Almeida Moura**

Bachelor in Accounting Sciences, Federal University of Rondônia, Rondônia Brasil.

### **Abstract**

*Rural credit in family farming, as an instrument of leverage for growth in agricultural production, plays a fundamental role in fostering the local economy. Thus, this shields small farmers against market competitiveness. Hence, this study aimed to analyze the perception among rural producers of agricultural credit in family farming as an instrument for strengthening their productive capacity, income distribution in rural areas and the promotion of farmers' quality of life. For this, bibliographic research and a field study were carried out, collecting data through interviews with small farmers who are members of an association of small producers in a Brazilian state in the Amazon region. The results show that rural credit has a strong influence on the local economy and is this important for family farming. A credit line already served all the respondents and 70% stated that between 91% and 100% of the resources used in production were originally bought on credit and unanimously said that rural credit had an impact on increasing income and income production.*

**Keywords:** Rural; Credit; Family farming; Development;

## **1. Introduction**

This reflects the thinking of Schneider, Mattei and Cazella (2004), who see rural credit in family farming as its method of strengthening productive capacity, contributing to job creation and income distribution in rural areas and promoting farmers' quality of life.

According to Lourenzani (2006), small farmers are responsible for increasing the supply of their products, most often in a new form, mitigating food shortages and contributing to the lowering the cost of the basic food basket. However, Mattei (2014) states that the distribution of rural credit was not always like it is today; this view is adopted by Souza (2017), who reports that no public policy at all the national level met the needs of small producers until the end of the twentieth century. To promote the growth of family farming in the country, the National Program for the Strengthening of Family Farming – PRONAF – was created in 1996 and was very soon successful.

Family farming plays a significant socio-economic role in Brazilian agribusiness, as can be evidenced by data from the Ministry of Agrarian Development (MDA) (BRAZIL, 2017) that directly links Brazil's economic growth to family farming. The reason is that food production is geared to feeding the country, including the urban population and generating jobs and income for small farmers. Given the need for a better understanding of the use of rural credit, this study presents the following research problem: what is the perception of agricultural credit among the food producers?

Following this research problem, the general objective of this study aimed to highlight the perception of rural credit among food producers as a driving force for agricultural activity, in investment, costing or in the commercialization of production.

The present study had the following specific objectives: to describe the producers' profile; identify the main credit lines that are available for the promotion of family farming for ASPRUV (Association of Small Rural Producers) producers; verify the percentage of resources used in the production that comes from rural credit; and identify the advantages of agricultural credit in the processes of family agriculture.

The study is justified by the relevance of the theme, which contributes more to existing work and the direction of future research on this vast subject than agribusiness accounting, especially in issues related to rural credit. Since the methodology of applied research is characterized as exploratory-descriptive in its approach and is classified as qualitative with quantitative aspects, the method to be used is deductive.

This is an applied research study because it looks for answers or generates knowledge regarding current problems. The procedures are classified as bibliographic and field research, in which interviews were used as the data collection technique, with semi-structured questions put to farmers in the Association of Small Rural Producers (ASPRUV), located on line P / 18 Velha, KM 03, municipality of Santa Luzia D' Oeste / RO, at its regular meeting on the 1st Thursday of September. Finally, the data were processed by content analysis using electronic tools.

## **2. Brazilian Rural Credit Instruments**

In a situation where capital is scarce, such as most family farmers experience, the observed result of effort often provides minimal gain, which may be little more than its cost and, not infrequently, is less. In this

context, Rural Credit has been one of the leading public policy instruments for the promotion of family farming.

Rural credit is an instrument that allows farmers to equate the ratio of personal consumption and inputs to production, whether their income is continuous or seasonal. This feature also allows farmers to invest in fixed and human capital, thus making it easier to modernize and innovate (Miranda, Lemos and Bittencourt 2013). In Brazil, the body responsible for the creation, or elaboration of the rules and description of the purposes and conditions is the Central Bank of Brazil, which establishes the directives that must be followed by all agents that compose the National Rural Credit System (SNCR). Established by Law No. 4829/65 and governed by Decree No. 58.380 / 66, rural credit aims to promote agricultural production, within the criteria, guidelines and instructions for granting rural credit.

According to the Ministry of Agriculture, Livestock and Supply (MAPA 2016), rural credit is considered to be a costing modality whose resources are intended to cover such regular expenses as the acquisition of inputs, payment of labour, etc., for one or more periods, whether the product is agricultural or livestock. Investment credits are resources invested in goods or services whose enjoyment takes place over a more extended period; that is, over years.

Currently, the main credit instrument in Brazil is the National Program for Strengthening Family Farming, PRONAF, created in 1996. Its main objective is to provide financial support to agricultural and non-agricultural activities carried out in rural establishments or nearby areas, generating income and increasing productivity in family farming. The lines offered by this program are listed in Table 1 below:

Table 1: PRONAF Credit Lines

<b>Pronaf Costing</b>	Purpose: to finance expenses related to production costs, strengthening agricultural activity, provoking profitability and qualifying family labour.
<b>Pronaf costing and marketing for family agribusiness</b>	Purpose: to support the processing and industrialization of production, the acquisition of inputs, packaging, stockpiling, marketing support services and advances based on the price of products intended for sale.
<b>Pronaf agroindustry (income aggregation investment credit facility)</b>	Purpose: to meet investments in infrastructure, trying to reach the processing, storage, processing, marketing, forest products, extractivism and the exploration of rural tourism
<b>Pronaf Woman.</b>	Purpose: to meet proposals from rural women, associated with a technical project or simplified proposal.
<b>Pronaf Agroecology</b>	Purpose: to finance agroecological or organic production systems, covering the implementation and maintenance costs of the enterprise.
<b>Pronaf echo</b>	Purpose: to finance investments in renewable energy technology, conservation practices, water storage, acidity correction and soil fertility.
<b>Pronaf more food</b>	Purpose: to serve young people, encouraging their stay in the countryside by providing the implementation, expansion or modernization of the structure of production activities, storage and

	transportation in the rural establishment
<b>Pronaf Microcredit (Group B)</b>	Purpose: to modernize the production and service infrastructure developed in the rural establishment, whether in agricultural or non-agricultural activities.
<b>Pronaf Forest</b>	Purpose: to finance technical projects focused on agroforestry systems, ecologically sustainable logging, forest management plans, the enrichment of areas that already have forest cover and the recovery of degraded areas.
<b>Pronaf Quotas - Parts</b>	Purposes: to promote the payment of quota shares by Pronaf beneficiaries associated with cooperatives and to provide cooperatives with working capital, funding, investment or sanitation.
<b>Pronaf Semiarid</b>	Purpose: to promote sustainable investments by implementing and expanding, restoring, or modernizing productive infrastructure, focusing on the sustainability of semi-arid ecosystems.
<b>Young pronaf</b>	Purpose: to serve young people, encouraging their stay in the countryside by providing the implementation, expansion or modernization of the structure of production activities, storage and transportation in the rural establishment.

Source: Central Bank of Brazil (2017), adapted by the author (2018).

According to the Central Bank (2017), the PRONAF modalities in 2017 ranged from 2.5% to 5.5% per year, making it clear that the interest rates charged are the lowest compared to the lines financing, such as overdraft and personal loans, with rates of 359.94% per year, 112.66% per year.

### 3. Family Agriculture in Brazil

Family farming has contributed dramatically, especially in peripheral regions, to the Brazilian economy, generating jobs, foreign exchange and the commercialization of various products and fostering the economic growth of families. Corroborating this view, Lima and Wilkinson (2002) confirm that family agricultural activity providing opportunities for social work, contributes to men’s choosing to remain in the countryside and to the development and sustainable growth of small and medium-sized municipalities, diversifies production systems, and empowers environmentally responsible businesses.

According to Miranda, Lemos and Bittencourt (2013), granting agricultural credit is a strategy to accelerate economic growth, which increases technical efficiency, allows rural producers to purchase more farm machinery and implements and gives them access to assistance with techniques in the field.

#### 4. Methodology

The study is characterized as applied research following the deductive method, taking a qualitative approach with quantitative aspects. It is qualitative in verifying the use of rural credit in the production processes of family farming; it uses semi-structured interviews; and it is quantitative when it transforms the information collected from the farmers into numbers.

The research has an exploratory, descriptive character, which is concerned with knowing, in theory, the possibilities of categories and then classifying, describing and comparing the data collected in the interviews along the lines used by Nascimento et al. (2018).

Following the understanding of Piacentini et al. (2018), the qualitative approach seeks to discover and classify variables based on their relationship. The exploratory objective seeks familiarity with a theme to make the problem explicit. In its procedures, the present research is classified as bibliographic and field research, observing the precepts that SILVA (2017) advocates. Twenty farmers were given semi-structured questionnaires in interviews at the headquarters of the Association of Small Rural Producers of the Municipality of Santa Luzia D'Oeste in Rondônia - ASPRUV. Content analysis was employed on the data with the help of electronic tools such as Word and Excel and then they were grouped according to the degree of similarity and the objectives established.

#### 5. Results Analysis and Discussion

To characterize the study participants, it was first observed that the most representative age group, representing 35% of the respondents, was between 41 and 50 years old. 35% of the respondents had completed elementary school, followed by 25% whose course at the elementary school had been interrupted. Only 5% had attended higher education, on an agronomy course, but they had not completed this. Thus, the vast majority were illiterate or poorly educated. Still, according to Table 1, they had been working for some time as rural producers in the field of agriculture, but 30% ranged between 30 and 40 years old, which shows that they had been producing food while the scheme was in operation.

Regarding the family groups of the interviewees, initially based on the data presented in Table 2, it can be seen 50%, the largest group, are in households of 3 to 4 individuals, followed by 30% with 1 to 2 individuals in the household. From Table 2, we can see that the largest group of interviewees come from the south, corresponding to 30%, followed by those from the Southeast and Northeast regions, both 25%. 75% of them stated that they were married.

Regarding the activities performed by the producers, 65% had the care of livestock as their primary activity, 35% were engaged in agriculture and 24% in fish farming. The cattle ranchers also reported secondary activities to supplement their income, such as cattle-raising and agriculture. Asked about the products of their work with livestock, 55% of the respondents produced milk and only 10% beef, but 35% said they produced both. These results corroborate the view of Lourenzani (2006) in line with the thinking of Portugal (2002): that family farming plays a significant socio-economic role in agribusiness, in terms of the diversity of production for which family farming is responsible, such as certain items that make up the basic provisions for the nation, such as beans, rice, corn, vegetables, cassava, etc.

Regarding income, 60% of the respondents stated that the average family income includes between one and two minimum wage-packets, followed by 25% who answered that their average comprised between 3 and four minimum wage-packets and 15% whose income was less than the minimum monthly wage. The importance of rural credit in family farming is that it drives the acceleration of rural development, which, according to Lourenzani (2006), liberates resources that will be used to fund, invest in and commercialize production.

In this regard, when asked about the use of a credit line, all the study participants stated that, in addition to having the intended use returned, the interviewees pointed out that the financing of the activity increased yield and productivity by 40%, 25%, 20% or 15%. The credit line most often used by producers was "Pronaf Custeio" (70% had used it), followed by "Pronaf Mais Alimentos" (30). This shows that the producers perceived rural credit as a propellant to agricultural activity, helping to determine the modernization of agriculture allied to economic growth, either by the promotion of investment in infrastructure, by stimulating new rational methods in the production system or the preservation of the environment and the correct use of land.

According to Leite and Wesz (2014), rural credit has become a tool for transforming and innovating in the agribusiness sector; this capacity was observed by the interviewees. Rural credit impressed 70% of the respondents, who perceived more and more keenly the impact made on the increase of production and income. 20% of them reported an increase of income and 10% had noted a growth in output. This confirms the view of Miranda, Lemos and Bittencourt (2013), who regard the granting of agricultural credit as a strategy to accelerate economic growth. It increased technical efficiency, allowed rural producers to purchase farm machinery and implements and gave them access to technical assistance in the field. The information collected from the farmers into numbers.

## 6. Conclusion

The general objective of this study was to highlight the farmer's perception of rural credit, within the criteria, guidelines and instructions for granting credit, as a driving force for pastoral activity, in which it has become an indispensable tool in the modernization of Brazilian agricultural business. It has guidelines aimed at promoting rural production, providing leverage for the growth and expansion of activity, with a mission to strengthen productive capacity, generating employment and income distribution in rural areas and promoting the quality of farmers' lives.

The information obtained from the farmers shows that all had made the use of a credit line and intended to use it again, to finance activity at low rates of interest. This indicated their perception of credit: 70% of the respondents stated that between 91% and 100% of the resources used in production originates from confidence and unanimously acknowledged that the interest rates favoured the use of rural credit.

Thus, corroborating the importance of rural credit in family farming in the view of agricultural producers, it was found that 100% of the respondents agreed that rural credit had some impact and 70% of them said that it had the effect of increasing production and income. From the above, it may be concluded that rural credit promotes the growth and expansion of agricultural activity, strengthening its productive capacity. Finally, for future studies, such research is recommended in other areas of business, as well as in different

municipalities of the State of Rondônia, to reveal more about the role played by rural credit in family farming.

## 7. References

- [1] ALENTEJANO, Paulo Roberto. As relações campo-cidade no Brasil do século XXI. **Revista de Políticas Públicas**, v. 7, n. 2, p. 303-325, 2015.
- [2] ASSUNÇÃO, J.; CHEIN, F. **Condições de crédito no Brasil rural**. Revista de Economia e Sociologia Rural, Brasília, DF, v 45, n. 2, p. 367-407, 2007.
- [3] BRASIL, Ministério da Agricultura Pecuária e Abastecimento, 2016 – **Informações gerais sobre crédito rural**, disponível em <http://www.agricultura.gov.br/assuntos/politica-agricola/credito-rural>. Acesso em 06 de Mai. de 2018.
- [4] \_\_\_\_\_, Banco Central do Brasil, 2009. **Critérios de avaliação de crédito e regras para constituição de provisão**. Disponível em [http://www.bcb.gov.br/pre/normativos/res./1999/pdf\\_2686\\_v2\\_P.pdf](http://www.bcb.gov.br/pre/normativos/res./1999/pdf_2686_v2_P.pdf). Acesso em 05 de Mai. de 2018.
- [5] \_\_\_\_\_ Ministério do desenvolvimento agrário, 2017 – Brasil: **70 % dos alimentos que vão a mesa dos brasileiros são da agricultura familiar**. Disponível em <http://www.mda.gov.br/sitemda/noticias/brasil-70-dos-alimentos-que-v%C3%A3o-%C3%A0-mesa-dos-brasileiros-s%C3%A3o-da-agricultura-familiar>. Acesso em 20 de Mai. de 2018.
- [6] KÖCHE, José Carlos. **Fundamentos de metodologia científica**. Editora Vozes, 2016. 122-125 p.
- [7] LEITE, Sergio Pereira; WESZ, Valdemar J. J.; **Estado, políticas públicas e agronegócios no Brasil: Revisitando o papel do crédito rural**, R. PÓS CI. Soc. v. 11, n.22, p. 86-108, 2014
- [8] LIMA, D. M. A.; WILKINSON, J. **Inovação nas tradições da agricultura familiar**. Brasília, DF: CNPq/ Paralelo 15, 2002.
- [9] LOURENZANI, W.L. **Capacitação Gerencial de Agricultores Familiares: uma proposta metodologia de extensão rural**. Organizações Rurais & Agroindustriais, lavras, v.8, n.3, p. 313-322, 2006.
- [10] MATTEI, Lauro. **O Papel e a Importância da Agricultura Familiar no Desenvolvimento Rural Brasileiro Contemporâneo**, Revista. Econ. NE, Fortaleza, v. 3, p. 58-69, Jul.-Set. 2014.
- [11] MIRANDA, Marcelo Melo; LEMOS Marinho Emerson; BITTENCOURT, Almir Silva. **O Impulso do crédito Rural no Produto do Setor Primário Brasileiro**. Nexos Econômicos – CME- UFBA, 2013, v7, n1. P.9-30, jan/jun 2013
- [12] NASCIMENTO, Eliezer de S.; SÃO PEDRO FILHO, Flavio; PIACENTINI, Alexandre L. S.; PIACENTINI, Marcos T. S.; RAMOS, Elder G. **Directives for Sustainability Management in the Amazon Forest Economy**. International

Journal of Advanced Engineering Research and Science (IJAERS). Vol-5, Issue-4, Apr- 2018. P. 188-195.

[13] PIACENTINI, Alexandre Leonardo Simões; PEDRO FILHO, Flávio de São; CORDOVIL, Veronica Ribeiro da Silva; FERREIRA, Elvino; PIACENTINI, Marcos Tadeu Simões. **Technology for Innovating the Amazon's Fish-Farming Activity. International Journal of Advanced Engineering Research and Science (IJAERS)**, v. 5, n. 2, p. 10-19, 2018. <https://dx.doi.org/10.22161/ijaers.5.2.2>. ISSN: 2349-6495.

[14] PORTUGAL, Alberto Duque: **Desafio da Agricultura Familiar**. Disponível em: <https://ruralsustentavel.wordpress.com/2013/12/11/desafio-da-agricultura-familiar/> Acesso em 21 de Abr. de 2018.

[15] SILVA, Antonio Carlos Ribeiro. **Metodologia da pesquisa aplicada à contabilidade**. 2017.

[16] SCHNEIDER, Sergio e MATTEI, Lauro e CAZELLA, Ademir Antonio. **Histórico, caracterização, e dinâmica recente do PRONAF-Programa Nacional de Fortalecimento da Agricultura Familiar**. Porto alegre, 2004, p.21-50.

[17] SOUZA, Genival de. **Manual do Trabalho Acadêmico-Científico**. Alta Books Editora, 2017.

[18] VILAÇA, Márcio Luiz Corrêa. Pesquisa e ensino: considerações e reflexões. **Revista escrita: Revista do Curso de Letras da UNIABEU**, v. 1, n. 2, p. 59-74, 2010.