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Bureaucracy, Access to Official Subsidized Credit and the Parallel Credit System for Agriculture in Morrinhos

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Abstract

Agribusiness leads Brazilian midwestern economy, among the three states of the region, Goiás stands out in the cultures of soy, corn and rice. The whole country handles a wide range of pesticides while funding production official credit and inducing production through post green revolution technics. Morrinhos has a great number of farmers who depend on subsidised credit provided by the government through public policies that provide below market interest rates in order to achieve greater involvement in agricultural production. However, inability to meet the required criteria, bureaucratic and time-consuming processes make some producers choose their own means finance production. They finance production through credit offered by companies that have a higher rate than the one offered by the official credit program, but which has a less bureaucratic approach to release the amount. However, most of the time these institutions do not require any kind of social and environmental criteria in order to promote sustainable production, on the contrary, they encourage the use of pesticides and establish contract clauses to enforce the of a specific pesticide as a condition to grant the credit.

Thus, this paper proposes an investigation of the difficulties encountered when applying for official credit that make farmers take part in this paralleled credit system even though it ends up less sustainable and more expensive than official credit. The research aims to examine what the biggest challenges for sustainable agriculture in Morrinhos are, and to provide information that can contribute to access to credit, as well as to achieve sustainable practices. The data will be achieved through interviews with some regional producers, simulation of credit application and contact with the regional rural union in order to denote the best way to promote sustainable agriculture and integrate farmers to official credit system.

Keywords: Agriculture, credit, social justice, sustainable development