



# BUREAUCRACY, ACCESS TO OFFICIAL SUBSIDIZED CREDIT AND THE PARALLEL CREDIT SYSTEM FOR AGRICULTURE IN MORRINHOS, GOIÁS, BRAZIL



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## INTRODUCTION

Agribusiness leads the economy of the Brazilian Midwest. The country completely handles a wide range of pesticides while financing official production credit and induces production through post-green revolution techniques.

The official rural credit is a cost made available by the Government to finance national production, at this point the Government offers producers a loan with subsidized interest below market value and imposes some requirements, which producers must stick to in order to gain access to the amount. Thus, due to the delay and the bureaucracy in obtaining official credit, some producers choose to acquire financing through companies that have a higher rate than that offered by the official program, but have a less bureaucratic approach to provide funding. However, most of the time these institutions do not require any socio-environmental criteria that promote sustainable production, in contrast to this, they encourage the use of pesticides often exposed in contractual clauses to obtain credit.

In this follow-up, the present work aims to investigate the main difficulties encountered by farmers in the city of Morrinhos, Goiás, Brazil when accessing official credit and the biggest challenges for the promotion of a more sustainable agriculture and, through the collected data, to provide information that contribute to access to credit, as well as the reach of sustainable practices.

## MATERIALS AND METHODS

- Identify the number of producers using official credit in the city of Morrinhos, Goiás, Brazil, using data provided by the Rural Workers Union;
- Carry out a credit application simulation;
- Select 10% of the producers and interview them;
- Make a form on the official rural credit and the other methods of obtaining the amount;
- Contact the regional rural union, in order to debate the best way to promote more sustainable agriculture;
- Integrate as many farmers as possible into the official credit system.



Fig. 1: Soybean crop located in the Morrinhos region, Goiás, Brazil

## Sectorial Structure of the State of Goiás economy

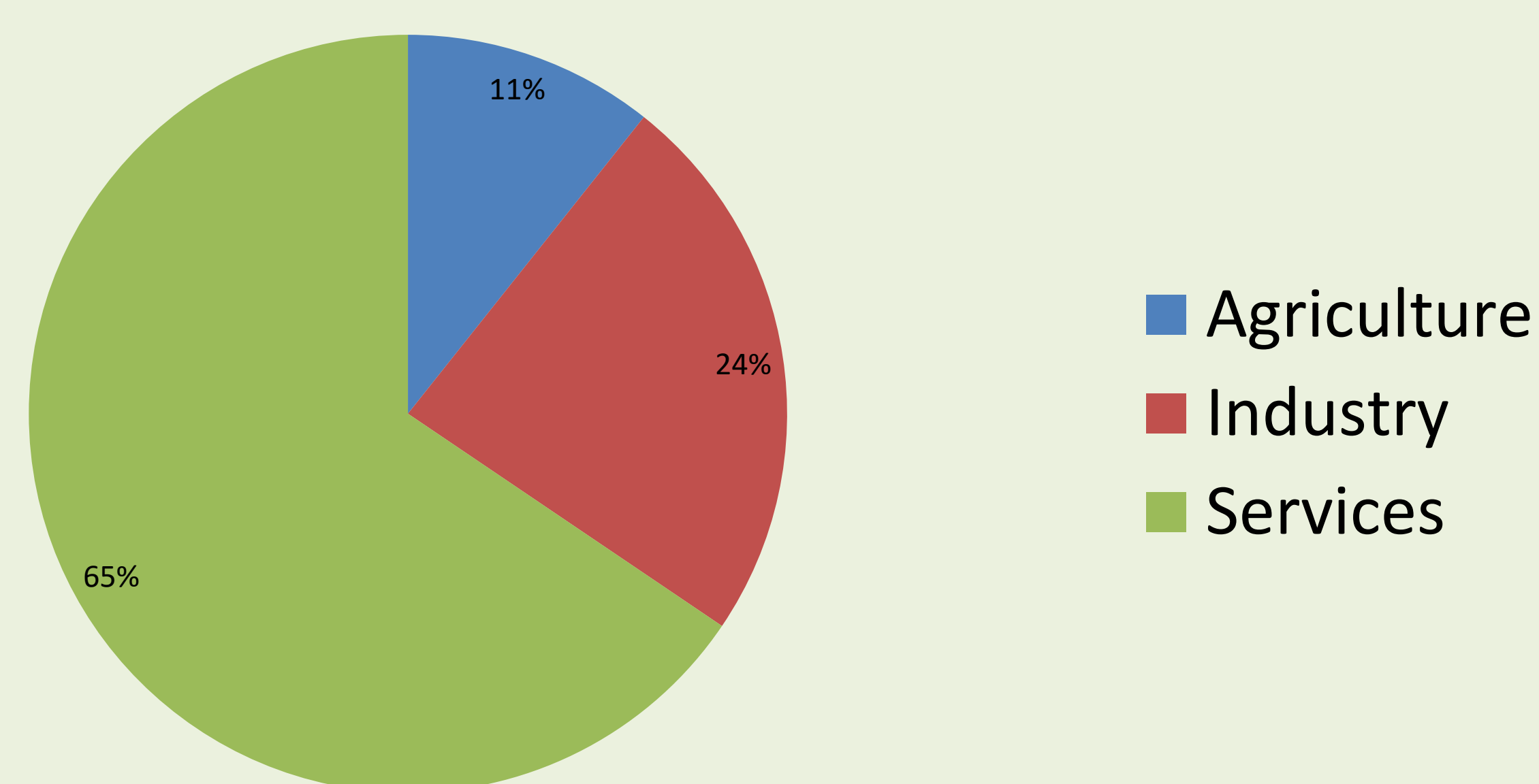


Fig. 2: Sectorial Structure of the State of Goiás Economy. (IMB, 2017).

## CONCLUSION

Producers in Morrinhos barely use official rural credit, most of them prefer to acquire it through other means because they find it easier and less bureaucratic. This research helped some producers to understand rural credit, its importance and to consider the possibility of using it.

The publication of information pertinent to this issue can reach a significant number of people who are unaware of official rural credit with subsidized interest, thus, greater adherence to credit may occur and, consequently, an improvement in the socio-environmental practices linked to the program.

Ignorance makes people choose something easier, but more often problematic, for example, financing that encourages unsustainable practices, generates higher interest rates and causes more damage to the environment..

## RESULTS

- In the municipality of Morrinhos there is a Rural Workers Union which assists rural producers in matters pertaining to Official Rural Credit with subsidized interest;
- Rural Credit was institutionalized through Law N. 4,829/1965, and since then it has an important role in the development of agricultural activity, as well as fomenting continuous growth of national economy. However, after more than 50 years, some producers do not even know official credit exist and many of those who know it give up trying to access it because of it takes a long time and a lot of bureaucracy to attain the required criteria;
- To promote more sustainable agriculture, expanding collaboration between farmers is essential, because it can make the chain of producers stronger. Since the agricultural sector is responsible by over 5% of Brazilian GDP, formed by large- and small-scale producers that contribute to provide food for the whole world, it is important to make access to funding easier.
- Brazil in third greatest food exporting country in the world. With this huge production, socio-environmental policies that also consider financial incentives are fundamental. Otherwise, environment would suffer the consequences of misuse and over usage of natural resources and people would not be able to fulfill the social function of the land in providing food.

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