Visit us - www.researchjournal.co.in ■ DOI : 10.15740/HAS/IRJAES/7.1/7-14

International Research Journal of Agricultural Economics and Statistics

Volume 7 | Issue 1 | March, 2016 | 7-14 ■ e ISSN-2231-6434

Research Paper

Impact of credit on investment in tissue culture banana cultivating farms

■ S. PADMA RANI AND K. MANI

See end of the paper for authors' affiliations

Correspondence to :

S. PADMA RANI
Department of Agronomy, Tamil Nadu Agricultural University, AICRP-IFS, COIMBATORE (T.N.) INDIA
Email: padmaranisenthil@yahoo.com

ABSTRACT : Agriculture Credit became increasingly important especially when the cultivators adopt modern technology, huge farm investments which required more finance than the traditional method of farming. There should be a balance between investment credit along with production credit for agricultural growth. Less availability of production or investment credit adversely influences the adoption of new modern technology and agricultural investments, which in turn lowers the productivity and production, and also pushes the farmers to borrow from non-institutional sources. The study is based on primary data collected from a sample of farm households comprised of two different groups, namely (i) borrower, (ii) non-borrower. The borrowers where again classified into two groups, (i) Conventional variety of banana (Nendran, Kadali, and Poovan) growers, (ii) Tissue culture banana (G9) growers comprising of Short Term and Long Term loan borrowers. Under each of above categories, forty five sample farm households with a total of 180 samples respondents were surveyed. The impact of credit on farm investment was assessed by comparing the category of long term borrowers growing tissue culture growing farms with that of non-borrower cum non adopter farms. Logit model was used for analyzing the effects of long term credit on farm investment. Results of the Logit regression model revealed that the net operated area, long term loan amount, education level, family size, and previous investment by farmer are significantly influencing on investment behaviour of banana growing farmers. Positive co-efficient for farm size indicated the farmer's ability to access the investment loans for making farm investment by pledging land as the security. The term loan amount, net operated area and previous investment had shown positive effect on investment.

KEY WORDS : Short term credit, Term loan, Investment, Logit model, Marginal effect

HOW TO CITE THIS PAPER : Rani, S. Padma and Mani, K. (2016). Impact of credit on investment in tissue culture banana cultivating farms. *Internat. Res. J. Agric. Eco. & Stat.*, **7** (1) : 7-14.

Paper History :
Received : *03.12.2015;*
Revised : *03.01.2016;*
Accepted : *12.01.2016*