



**Research Paper**

## Factors influencing farm investment in borrower and non-borrower farm firms in Tamil Nadu

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**ABSTRACT :** Investment plays a vital role in the agricultural production process. It induces production and savings, further investment helps in the development of the economy. It plays an equally important role in farm economy especially in the era of technological revolution. The study was attempted to assess the impact of farm finance and investment on profitability of farms in Annur block of Coimbatore district. This block was purposively selected for the study since it has the highest number of borrowers for agriculture purpose from commercial banks and it also has the highest loan amount given for agricultural purposes. From the selected block, four villages were selected randomly for the study. The tools of analysis included conventional percentage analysis, returns to investment, net cash income. The borrower farms depend more on the Commercial banks (55.00 %) to meet their farm investment and it was followed by Regional Rural Banks (15.00 %) and Co-operative Banks (15.00 %). The contribution of relatives and friends to the total farm investment was 12.50 per cent and the money lenders contributed about 2.50 per cent to the total farm investment in the borrower farm firms. The gross income was calculated for the borrower and non-borrower farms, the results revealed that borrowers had higher gross income (Rs. 314301.07) than that of the non-borrowers (Rs. 208116.40). The major contributor of income for the borrowers was crop income (45.04 %), which was followed by livestock income (34.90 %) and then by non-farm and off farm income (20.06 %). In the non-borrowers crop income contributed (57.82 %) of the total income, followed by livestock income (25.62 %) and then by non-farm and off farm income (16.56 %). Returns from the investment were higher in case of the borrower farms as the returns from investment ratio was 1.61, whereas in the non-borrowers it was 1.15. The net cash income obtained was also higher in the borrower farms (Rs. 154818.75) than that of the non-borrower farms (Rs. 92980.67).

**KEY WORDS :** Conventional percentage analysis, Returns to investment, Net cash income

**Paper History :**

**Received :** 11.09.2015;

**Revised :** 07.01.2016;

**Accepted :** 16.01.2016

**HOW TO CITE THIS PAPER :** Sangeetha, R., Kavitha, B. and Shanmugam, T.R. (2016). Factors influencing farm investment in borrower and non-borrower farm firms in Tamil Nadu. *Internat. Res. J. Agric. Eco. & Stat.*, 7 (1) : 22-28.