



Research
Paper

Credit gap for cotton production in western Vidarbha region

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ABSTRACT

The study was conducted to find the credit gap at existing level and recommended level. The results obtained have revealed that the credit gap at existing level of technology was observed at 11.14 per cent in cotton (Desi) crop and 3.39 per cent in cotton (hybrid) crop. At recommended level of technology, the credit gap was 31.96 per cent for cotton (hybrid) crop and 24.63 per cent for cotton (Desi) crop. The credit requirement is that the need for borrowed capital increased as the farmers shifted from existing cultivation practices to recommended cultivation practices.

Awaghad, P.R., Jaypatre, G.S., Thakare, A.B. and Bhopale, A.A. (2011). Credit gap for cotton production in western Vidarbha region, *Internat. Res. J. agric. Eco. & Stat.*, 2 (2) : 158-162.

Key words : Cotton, Credit gap, Cultivation practices

INTRODUCTION

Credit is the backbone of any type of business. Credit ensures that both the lender and borrower get profited. The person who lends the money derives monetary benefit in the form of interest from it, while the person who borrows the money can use it for productive purposes. Credit also gives life to stagnant property which otherwise can be made productive. Credit plays an important role in the cultivation of crops. The policy on agricultural credit has been one of progressive institutionalization aimed at providing timely and adequate credit to farmers for increasing agricultural production and productivity. The factors of production *viz.*, land, labour, capital and organization give the real boost to the process of production. Without capital nothing can be moved in the process. With the modernization of agriculture, the demand for new inputs like fertilizers, hybrid seeds, pesticides etc. are coming up. The level of use of modern inputs is influenced by several factors e.g. socio-economic factors, type of soil, cropping pattern and degree of technology to be adopted. Agriculture in India faces a problem of low productivity, which leads to low savings and low investments.

The credit requirement in this context assumes great importance. It will provide guidance to Agriculture Financing Institutions and Cooperatives for the effective

implementation of the rural credit policies (Balishtor and Singh, 1985). Looking to the importance, the research work was framed with the objectives to estimate the credit requirement and credit gap for cotton in Western Vidarbha Region.

MATERIALS AND METHODS

To assess the credit requirement of a farmer, one of the ways is based on realistic assumptions. The factors considered under realistic assumptions are area under different crops, the level of input used, recommended level of inputs or amount of inputs needed under existing level. These factors have been considered for the estimation of credit and credit gap for each crop and each size group of holdings under the existing level. The credit estimates at the recommended level of technology under the existing level would thus represent the demand for credit. The supply of credit is being represented by the provision of credit made by the financial institutions especially cooperatives in the area under study. Thus, the paper provides quantitative assessment the farm level data of 60 cultivators from Western Vidarbha Region for the year 2003-2004. Keeping the objectives in view, the data were analyzed by simple tabular approach method to accomplish the present study. The yield or productivity of cotton depends on the utilization of variable resources, which in