

## Requirement, provision and gap in credit for major crops of Amravati district (M.S.)

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### ABSTRACT

The study was prominently prosecuted to deal with the needs of the farmers in respect of short term agricultural credit and its provisions and utilization. The necessary data during the year 1995-96 were collected from 75 farmers belonging to 5 villages of Amravati District and then analyzed the said data.

The average actual credit gap per hectare based on the average cost of cultivation for cotton varieties namely AHH-468, AKH-4, LRA-5166, H-4 were Rs.1966.80, 944.27, 1689.39, 1883.48 and for jowar varieties namely CSH-5, CSH-9 were Rs.1778.26, 1581.98 respectively and for groundnut variety JL-24 was Rs.1219.54. Similarly, the average credit gap per hectare under modern technology amounted to Rs.2130.31, 1946.34, 1823.57, 2162.69, 1528.16, 2448.99, 1569.07 for the cultivation of cotton varieties namely AHH-468, AKH-4, LRA-5166, H-4 and jowar varieties CSH-5, CSH-9 and groundnut variety JL-24, respectively.

### INTRODUCTION

As traditional bound technology in agriculture has been to a wider extent substituted by the modern technology, now a days. The pattern of investment in agriculture, day by day is taking as form of inflatory trend. In other words, the farming business has gone under the adoption of new technology. The investment in agriculture has risen considerably. Agriculture credit need, therefore, be reconsidered in the light of its growing requirements (Desai and Mellor, 1993; Gadgil, 1994; Reddy, 1992 and Swaminathan, 1993). In many parts of the country, agricultural business seems to have become more capital intensive rather than labour intensive. In such parts of the country, the credit needs in agriculture are required to be analyzed with the separate understanding and treatment.

The credit requirement of the farmer depends on the recommended level of input for the adoption of modern technology and the cropping pattern that they adopt. Region wise requirement of the credit in agriculture is also studied initially. The size of land holding also affects the credit need in agriculture. The report of the Banking Commission (1972) has observed that there were large gaps in the institutional arrangement in respect of small, marginal and sub-marginal farmers affecting the agricultural business.

The provision of such credit has also to be analyzed in the light of existing cropping

pattern and application of modern technology in agriculture, considering this view in respect of the study of agricultural credit. It was decided to prosecute the research study on the requirement, provision and gap in credit for major crops of Amravati district (Shanke, 1996)..

### METHODOLOGY

Looking to the approach point of view, for assessing the credit needs with adoption of modern technology in agriculture in respect of major crops namely cotton, jowar and groundnut, the relevant data from 75 farmers belonging to 5 villages from Daryapur tahsil of Amravati district were collected and analyzed. 15 cultivators were selected randomly from each of the five villages on the basis of size of land holding owned by the farmers which were grouped as small sized group having 0 to 2.5 hectares, medium sized group having 2.5 to 5.0 hectares and large sized group having 5.0 hectares and above.

The survey method was used for collecting the necessary information confined to the crops grown for the years 1995-96. The relevant data from 75 farmers were then analyzed by sophisticated tools like cost concepts *i.e.* cost 'A', cost 'B' and cost 'C' and executed as per need. The attention was prominently paid to assess the provision of short term credit or crop loan for the cultivation of each specific crop grown by the farmers

### Key words :

Credit, Credit utilization, Repayment pattern, Cost of cultivation

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belonging to each land holding group. The short term credit in the selected area is afforded to the farmers by District Central Co-operative Bank (DCCB) and some Nationalized Bank through the primary Agricultural Credit Society (PACS) established in the villages under study.

The requirement of the short term credit by the farmers belonging to each land holding groups was estimated, if they want to introduce modern technology in agriculture in respect of major crops of the area mainly cotton, jowar and groundnut. Similar study was done by Tripathi, 1994 on wheat. The attention was also paid to evaluate the gap made by the finance of the specific type of credit received by them. The value of farm produce was estimated at the prevailing market rates of respected main produce and bi-product of the crop. The input-output ratio was worked out in case of each selected crop area on the basis of value of farm produce per hectare and the total variable cost *i.e.* cost 'A' per hectare.

## RESULTS AND DISCUSSION

It is necessary to have critical understanding about the requirement, provision and gaps of the credit in respect of farmers having different sizes of land holding. After analysis of the collected data.

It was observed from Table 1 that the average size of land holding of the farmers taken together was found, 3.40 hectare. The selected cotton varieties namely AHH-468, AKH-4, LRA-5166 and H-4 occupied 32.55 percent of the total cropped area. Jowar is the next important crop as selected varieties namely CSH-5 and CSH-9 which occupied 22.25 percent of the total cropped area. The other crops like groundnut, wheat, pigeon pea, chickpea, mung and udid occupied 8.69, 9.60, 6.03, 7.13, 7.82, 6.28 per cent, respectively. Since 63.49 per cent area was under cotton, jowar and groundnut taken together. It was relevant to deal with credit studies in this area in respect of cotton, jowar and groundnut crops.

It was found that AHH-468, required high cost of

cultivation per hectare (Rs. 3410.13) as compared to other varieties of cotton for farmers belonging to all holding groups taken together. Whereas, the average cash requirement per hectare for the cultivation of remaining varieties of cotton AKH-4, LRA-5166 and H-4 were Rs.2300.94, Rs. 2224.36, Rs. 2958.17, respectively (Table 2).

In case of jowar, it is revealed that CSH-5 and CSH-9 require average cash investment of Rs.2565.74 and Rs.2378.65, respectively. For groundnut variety JL-24 required average cash investment of Rs. 3139.54.

The institutional agencies were observed to be the main sources, borrowing to the farmers in this tract. It was observed that most of the farmers borrowed credit from nationalized banks in which State Bank of India is prominent and other farmers have approached Co-operative Bank for short term financial assistance. Majority of them being defaulter in the previous year of study, could not get short term credit during 1995-96. Very few farmers were observed to have got financial assistance from others *i.e.* from relatives and friends.

The observation relating to provision and supply of credit against crop loan in the year of study revealed that as per the norms laid down by the State Bank of India, the farmers are entitled to get short term credit per hectare to Rs. 1800.00 for AHH-468, Rs. 1400.00 for AKH-4, Rs. 1850.00 for LRA-5166 and Rs. 2100.00 for H-4 varieties of cotton. Similarly farmers were entitled to get Rs. 1350.00 per hectare for CSH-5 and CSH-9 varieties of jowar and for JL-24 variety of groundnut Rs. 2500.00 per hectare or as per approved by the finance institution.

Short term credit indicates that the average credit obtained per hectare by all farmers taken together in respect of cotton varieties namely AHH-468, AKH-4 LRA - 5166 and H-4 for Rs.1600.00, Rs.1425.00, Rs.1225.00 and Rs.1875.00, respectively. Similar results have been obtained by Tripathi, 1994 on wheat. Similarly, the average credit obtained per hectare by all farmers

**Table 1 : Cropping pattern of the selected farmers for the years 1995-1996 (Percentage distribution area in hectare)**

Sr. No.	Crops	Group I	Group II	Group III	Total
1.	Cotton	19.68 (53.80)	27.26 (33.44)	35.46 (26.31)	-82.40 (32.55)
2.	Jowar	10.43 (28.30)	16.76 (20.06)	29.61 (21.96)	-56.80 (22.25)
3.	Groundnut	0.204 (5.53)	06.15 (7.54)	14.00 (10.39)	-22.18 (8.69)
4.	Wheat	1.30 (3.52)	8.17 (10.02)	15.03 (11.15)	-24.50 (9.60)
5.	Pigeonpea	-	5.90 (7.23)	9.50 (7.05)	-15.40 (6.63)
6.	Chikpea	3.40 (9.22)	5.17 (6.34)	9.63 (7.14)	-18.20 (7.13)
7.	Mung and Udid	-	7.30 (8.95)	12.50 (9.27)	-19.80 (7.82)
8.	Vegetable and others	-	6.80 (8.34)	9.10 (6.75)	-15.90 (6.28)
	Total area	36.85 (100.00)	83.51 (100.00)	134.83 (100.00)	255.19 (100.00)

**Table 2 : Per hectare average existing cost of cultivation and average cost of cultivation under modern technology and its corresponding average credit gap**

Sr. No.	Crop varieties	Av. actual cost of cultivation per hectare	Av. cost of cultivation under modern technology	Average credit gap	
				Over actual cost of cultivation	Under modern technology
1.	<b>Cotton :</b>				
	AHH-468	3410.13	3930.42	1966.80	2130.39
	AKH-4	2300.94	3346.34	944.27	1946.34
	LRA-5166	3224.36	3673.57	1689.36	1823.57
	H-4	3613.82	4262.69	1883.48	2162.69
2.	<b>Jowar :</b>				
	CSH-5	2565.74	2878.60	1778.26	1528.16
	CSH-9	2378.65	3798.99	1581.98	2448.99
3.	<b>Groundnut :</b>				
	JL-24	3139.54	4090.10	1219.54	1569.07

taken together in respect of jowar varieties like CSH-5 and CSH-9 for Rs. 1100.00 and Rs.1065.00, respectively. The average credit per hectare for groundnut variety JL-24 for Rs.1950.00.

The attempts were made to assess the credit gaps regarding

– The actual cost of cultivation of each selected variety of cotton, jowar and groundnut and the modern technology applied for the cultivation of selected varieties of cotton, jowar and groundnut. The results obtained in regard with these two propositions revealed that the average actual credit gap per her hectare was based on the average cost of cultivation for cotton varieties namely AHH-468, AKH-4, LRA-5166 and H-4 is Rs.1966.80, Rs.944.27, Rs.1689.39, Rs.1883.48, Rs.1778.26, respectively and for jowar varieties CSH-5 and CSH-9 was Rs.1581.98 and Rs.1219.54 respectively. Similarly, the average credit gap per hectare under modern technology amounted to Rs.2130.31, Rs.1946.34, Rs.1823.57, Rs.2162.69, Rs.1528.16, Rs.2448.99, Rs.1569.07 for the cultivation of cotton varieties namely AHH-468, AKH-4, LRA-5166, H-4 and jowar varieties like CSH-5, CSH-9 and groundnut variety JL-24, respectively.

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