

Availment of farm credit and suggestions made by farmers

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ABSTRACT

Present study entitled was conducted in Amravati district. It was observed that most of the loan borrower farmers had medium knowledge about various loan schemes and credit facilities provided by bank and majority of them taken loan for crop cultivation. Most of the loan borrower farmers who had old age, educated up to Secondary School level, small land holding, high annual income, high social participation and low mass media utilization showed full utilization of farm credit for which purpose they received the same. Great majority of the loan borrower farmers suggested that recovery of loan during natural calamities should be withheld.

INTRODUCTION

India is an agricultural country and since an average Indian farmer is a poor cultivator having his unit of land below one hectare, he always lives in a state of confusion for the agricultural production in his field. Agriculture provides raw material to various industries and has a potential to earn foreign exchange. The development of agriculture mainly depends upon the value of inputs and the proper utilization of the inputs by the farmers and through adoption of improved technology. The farmer is always in need of working capital and cash in hand for improved farming. The normal saving pattern of the Indian farmer is such that he cannot earn any capital gain on his investment in the farm. Credit thus has become a highly essential aspect for mobilizing agricultural development and breaking the vicious circle.

After nationalization of banks in 1969, the credit system was improved and loan facilities were provided by the banks. The credit provided through these banks is given in the form of different types of loan schemes like Kisan Gold Card, Krishi Plus etc. which help for the cultivation of crops, purchase of livestock, development of dairy industries, development of irrigation and farm mechanization etc. In present study, efforts have been made to find out knowledge of borrower farmers about loan schemes and credit facilities of the bank, farm credit facilities

availed by the farmers, relationship of credit utilization pattern with the characteristics of loan borrower farmers and suggestion made by them related to credit facility availment.

METHODOLOGY

State Bank of India and Central Bank of India from Amravati block was purposively selected for the study as these banks were leading banks in the area for supply of agricultural finance. Agricultural loan borrower farmers of the 10 villages from the block were selected for the study on the basis of maximum number of farmers taken loan. List of loan borrower farmers was obtained from concerned bank officers and 15 borrower farmers from each village were selected randomly for the study. Thus, study sample comprised of 150 respondents. The data were collected with the help of pretested interview schedule from the identified loan borrower farmers by visiting personally at home or at farms as per their convenience. Statistical tools like frequency, percentage, mean and standard deviation were used for analysis of collected data.

RESULTS AND DISCUSSION

The findings of the present study have been discussed under following sub heads:

Profile of loan borrower farmers:

Most of the loan borrower farmers were

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having middle age, secondary level education, small land holding, medium annual income, low social participation and medium mass media utilization.

Distribution of loan borrower farmers according to their knowledge about loan schemes and credit facilities of the bank:

Table 1 indicates that most of the loan borrower farmers (52.00 per cent) had medium knowledge about loan schemes and credit facilities provided by the bank. It was further observed that 30.67 per cent loan borrower farmers had high while 17.33 per cent loan borrower farmers had low knowledge about loan schemes and credit facilities provided by the bank.

Sr. No.	Knowledge category	Frequency	Per cent
1.	Low	26	17.33
2.	Medium	78	52.00
3.	High	46	30.67
	Total	150	100.00

Farm credit facilities availed by loan borrower farmers:

It is noticed from Table 2 that majority of the loan borrower farmers (56.00 per cent) had taken crop loan and next maximum number (18.00 per cent) was those of the borrower farmers taking loan for livestock purchase. It was also observed that 12.67 per cent of the loan borrower farmers had taken loan for drip irrigation development and 9.33 per cent of them availed loan to purchase farm machinery and implements. Meagre borrower farmers (04.00 per cent) had taken loan for bio gas and other projects.

The above observations therefore indicated that most

Sr. No.	Farm credit facilities	Frequency	Per cent
1.	Crop loan	84	56.00
2.	Farm machinery and implements	14	09.33
3.	Livestock	27	18.00
4.	Drip irrigation development	19	12.67
5.	Other (Bio gas and other projects)	06	04.00
	Total	150	100.00

of the loan borrower farmers availed farm credit for the crop cultivation while very few availed it for bio gas and other projects.

Relationship of credit utilization pattern with the characteristics of loan borrower farmers:

Age:

It is seen from Table 3 that full utilization category majority of the loan borrower farmers (73.46 per cent) were in old age category while, 26.54 per cent of them showed partial utilization of the credit amount. It was also noticed that most of the loan borrower farmers in young (57.15 per cent) and middle (51.63 per cent) age categories showed partial utilization of loan.

It can therefore be said that the younger and middle age categories of loan borrower farmers had partial loan utilization than the old age category.

Education:

Majority (61.97 per cent) of the loan borrower farmers who had educated up to Secondary School and College level (61.53 per cent) showed full utilization of the credit, for which they have received for the respective purpose. In case of Primary education, most of the loan borrower farmers (54.72 per cent) partially utilized the available loan (Table 3).

The fact therefore revealed that more educated farmers were fully utilizing the loan amount whereas, among low educated farmers, there may be tendency to divert some portion of loan amount to other purposes.

Land holding:

Great majority of the small land holding loan borrower farmers (71.42 per cent) had full utilization and most of the large (60.87 per cent) and medium (52.95 per cent) land holding loan borrower farmers had partial utilization of the available loan. (Table 3)

It revealed that small farmers were more inclined to use full amount of available loan for the purpose it was given.

Annual income:

Majority of the loan borrower farmers having high annual income had full utilization of the loan amount (75.55 per cent) while most of the medium (52.84 per cent) and low (51.53 per cent) annual income loan borrower farmers had partial utilization of available loan. (Table 3)

It showed a definite impact of high annual income of farmers on full utilization of farm credit.

Social participation:

Great majority of the loan borrower farmers who

Sr. No.	Characters	Category	Credit utilization pattern		Total
			Full utilization	Partial utilization	
1.	Age	Young	06 (42.85)	08 (57.15)	14
		Middle	42 (48.27)	45 (51.53)	87
		Old	36 (73.46)	13 (26.54)	49
		Total	84 (100.00)	66 (100.00)	150
2.	Education	Primary	24 (45.85)	29 (54.72)	53
		Secondary	44 (61.97)	27 (38.03)	71
		College	16 (61.53)	10 (38.47)	26
		Total	84 (100.00)	66 (100.00)	150
3.	Land holding	Small	70 (71.42)	20 (28.58)	70
		Medium	6 (47.05)	18 (52.95)	34
		Large	8 (39.13)	28 (60.87)	46
		Total	84 (100.00)	66 (100.00)	150
4.	Annual income	Low	25 (48.07)	27 (51.53)	52
		Medium	25 (47.16)	28 (52.84)	53
		High	34 (75.55)	11 (24.45)	45
		Total	84 (100.00)	66 (100.00)	150
5.	Social participation	Low	69 (53.07)	61 (46.93)	130
		Medium	07 (70.00)	03 (30.00)	10
		High	08 (80.00)	02 (20.00)	10
		Total	84 (100.00)	66 (100.00)	150
6.	Mass media utilization	Low	17 (65.38)	09 (34.65)	26
		Medium	51 (56.66)	39 (43.34)	90
		High	16 (47.05)	18 (52.95)	34
		Total	84 (100.00)	66 (100.00)	150

(Figures in parentheses indicate percentage)

had high social participation (80.00 per cent), fully utilized the availed farm credit followed by medium (70.00 per cent) and low (53.07 per cent) social participation category fully utilized the available farm credit (Table 3).

Above findings reveal that the loan utilization of farmers has been increased with the social participation.

Mass media utilization:

Majority of the loan borrower farmers those had low (65.38 per cent) and medium (56.66 per cent) mass media exposure had full credit utilization. In case of high mass media exposure, most of the loan borrower farmers (52.95 per cent) had partial utilization of the farm credit (Table 3).

It means though the farmers had high mass media exposure they partially utilized farm credit for the purpose it was given.

Suggestions made by loan borrower farmers related to farm credit availment:

Table 4 clearly depicts that great majority of the loan borrower farmers (82.00 per cent) suggested about the withholding the loan recovery during the natural calamities, while, 71.00 per cent of them suggested that minimum documents to be required at the time of application. Further, it was observed that 55.33 per cent loan borrower farmers suggested about sanctioning procedure of loan should be time bound and 52.00 per cent borrower farmers suggested that loan proposal forms should be in local and more simple language. Exact half of the loan borrowers (50.00 per cent) suggested that bank officers should discuss various loan schemes prior to season at village or the branch level and no objection certificates only be demanded from local financial institutions. Most of the important suggestions made by loan borrower farmers were recovery of loan during natural calamities should

Table 4 : Suggestions made by loan borrower farmers relating to farm credit availment (n=150)

Sr. No.	Suggestions	Frequency	Per cent
1.	Bank officers should discuss various loan schemes prior to season at village or branch level	75	50.00
2.	Loan proposal forms should be in local and more simple language	78	52.00
3.	Documents required should be minimum	107	71.33
4.	No objection certificate only be demanded from local financial institutions	75	50.00
5.	Sanctioning procedure of loan should be time bound	83	55.33
6.	Recovery of loan during natural calamities should be withheld	123	82.00

be withheld and minimum documents should be demanded for sanctioning of farm credit. Supporting findings were made by Kanagasabai (1996) and Inamdar (2000).

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