



Research Article

Studies on the importance of credit for development of socio-economic status of borrowers in district Jaunpur (U.P.)

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SUMMARY : This study was conducted in district Jaunpur (U.P.) during (1996-98) to assess the importance of credit for development of socio-economic status of borrowers. The study was carried out with 150 branches. The study revealed that the beneficiaries have some better education as compared to non beneficiaries due to credit facilities with better return. Study displayed that the borrowers loan created better innovation towards irrigation. High yielding varieties and land use pattern which increased cropping intensity as well as yield and income of majority respondents (92%) engaged in agriculture and allied enterprises. Over all 56.7 per cent respondents from all size groups were found with better socio-economic status though credit facilities provided by lead bank as compared to non beneficiaries.

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BACKGROUND AND OBJECTIVES

The rural poverty is rampant in eastern and southern region of the state, which at one time was considered pace setter for the country economic and social development.

Credit system of course plays a vital role in this context. The need for institutional finance for agricultural development was felt long back, when grant of Takavi and land improvement loan were the only form of state help. But it was only after independence that, greater concern for improving the institutional farm credit system was visible. The all India Rural Credit Committee established, by the Govt. of India in the year 1969, suggested specific measures for improvement of the weaker sections of the farming community. One of its specific recommendations was the establishment of specialized funding agencies like, SFDA (Small Farmers Development Agency) and MFAL (Marginal Farmers and Agricultural Labourers) to deal with the problem of small and marginal farmers. The growing demand for credit led to the initiation of lead bank scheme during December 1969 by the Reserve Bank of India with introduction of high yielding varieties and multiple cropping system, a

vast change is clearly visible in our agriculture consequently for higher level of input use adequate and timely cash credit flow is further gaining importance.

Union Bank of India was also established as a lead bank for the source of supply of farm credit to the farmers for different purposes. The importance of this lead bank on socio-economic condition of borrowers were studied in two blocks of Jaunpur district.

RESOURCES AND METHODS

The study was laid out at district Jaunpur of U.P. during 1996-98. Among the total of 21 development block in district Jaunpur, 2 block were selected randomly for the study. They were Mariahu and Ram Nagar, blocks of Tehsil Mariahu. A list of all branches of lead bank of the selected blocks was prepared and one branch of each block, completed three years of operation was selected randomly. These selected two branches were Union bank of India, Mariahu and Ram Nagar. After preparation of a list of villagers falling under each of two selected lead bank branches wise villages were selected randomly for each blocks.

KEY WORDS:

Credit facilities, Socio-economic status, Borrowers, Lead bank

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A list of all the beneficiaries for each of the selected village was prepared. A random sample of 150 farmers was drawn from the universe categorized as marginal farmers (0-1 ha), small farmers (1-2 ha) and big farmers (2 ha and above size group). The number of respondents under each of these three categories and villages were maintained in probability proportion. The total sample of 150 respondents comprised of 75 marginal farmers, 65 small farmers and 10 big farmers. The investigation was conducted by survey method. The primary data were collected by personally interviewing the respondents. Necessary evidence were collected with the help of schedules and questionnaires prepared and pre tested with a small sample of respondents finally chosen for present study. The secondary data were obtained from main branch of the lead bank (Union Bank of India) Jaunpur.

OBSERVATIONS AND ANALYSIS

The study revealed that the distribution of 150 farmers receiving loan from the lead bank (Union Bank of India) Jaunpur was according to their age group and out of 150 respondents, 108 farmers belonged to 30-50 years age group, 27 farmers were above 50 years age group, while only 15 farmers belonged to the age group below 30 years. Among size group marginal farmers having credit facilities were 50 per cent of the total followed by 43.3 per cent small farmers and 6.7 per cent

big farmers. This indicates that the marginal and small farmers are resource poor dependent on the credit facilities rather than resource rich big farmers (Table 1).

Data presented in Table 2 indicate that the dominance of illiteracy among marginal and small groups of respondents clubbed together (44%), receiving the credit facilities. Its half (22.60%) respondents fell under the category read and write only. Only 3.3 per cent respondents were found graduate followed by 2 per cent intermediate, 6.7 per cent high school, 5.3 per cent junior high school and 10 per cent respondents, having primary level of education. It is found that the literacy percentage among small and marginal farmers were very low compared to big farmers. Perhaps it may - be due to less capital holding and lower income with only low level of employment among marginal and small farmers compared to the big farmers.

It is evident from the data available in Table 3 that majority of the beneficiaries (marginal small and big) constituting about 76 per cent belonged to the nuclear family system while rest other respondents had joint family system. The maximum respondents (28%) of this category were marginal farmers. This was followed by 26 per cent under small and big category farmers. Similar pattern was observed in the case of joint family too. It is also observed that the beneficiaries had some better education pattern as compared to non beneficiaries. It reflects that credit played better role to upgrade literacy percentage among respondents.

Table 1 : Distribution of respondents according to age groups

| Category of farmers | n = 150 | No. of farmers in respective age group | | | |
|---------------------|--------------|----------------------------------------|-------------|----------------|--------------|
| | | Below 30 years | 30-50 years | Above 50 years | Total |
| Marginal | 75 (50.0) | 8 (5.33) | 58 (35.70) | 9 (6.00) | 75 (50.00) |
| Small | 65 (43.3) | 5 (4.00) | 44 (29.30) | 15 (10.00) | 65 (43.30) |
| Big | 10 (6.7) | 1 (0.7) | 6 (4.00) | 3 (2.00) | 10 (6.7) |
| Total | 150 (100.00) | 15 (10.00) | 108 (72.00) | 27 (18.00) | 150 (100.00) |

Table 2 : Distribution of farmers according to their level of education

| Category | n = 150 | No. and % age | | | | | | | | |
|----------|-------------|---------------|---------------|--------------------|-----------|---------------|-------------|--------------|----------|-------------|
| | | Illiterate | Can read only | Can read and write | Primary | Jr. H. School | High school | Intermediate | Graduate | Total |
| Marginal | 75 (50.0) | 38 (25.3) | 5 (3.3) | 20 (13.3) | 4 (2.7) | 3 (20.0) | 3 (2.0) | 1 (0.7) | 1 (0.7) | 75 (50.0) |
| Small | 65 (43.3) | 28 (18.7) | 4 (2.7) | 11 (7.3) | 10 (6.7) | 4 (2.7) | 6 (4.0) | 1 (0.7) | 1 (0.7) | 65 (43.3) |
| Big | 10 (6.7) | - | - | 3 (2.0) | 1 (0.7) | 1 (0.7) | 1 (0.7) | 1 (0.7) | 3 (2.0) | 10 (6.7) |
| Total | 150 (100.0) | 66 (44.0) | 9 (6.0) | 34 (22.6) | 15 (10.0) | 8 (5.3) | 10 (6.7) | 3 (2.0) | 5 (3.3) | 150 (100.0) |

Table 3 : Type and size of family respondents

| Category at farmers | n = 150 | Nuclear family | | | | Joint family | | Total | | |
|---------------------|--------------|---------------------|------------|---------------------|------------|---------------------|--------------|-------|---------------------|--|
| | | Less than 5 members | | More than 5 members | | Less than 5 members | | | More than 5 members | |
| | | | | | | | | | | |
| Marginal | 75 (50.10) | 42 (28.00) | 11 (7.33) | 8 (5.33) | 14 (9.33) | | 75 (50.0) | | | |
| Small | 65 (43.3) | 39 (26.0) | 15 (10.0) | 5 (3.33) | 6 (4.00) | | 64 (43.3) | | | |
| Big | 10 (6.7) | 5 (3.3) | 2 (1.33) | 2 (1.33) | 1 (0.7) | | 10 (6.7) | | | |
| Total | 150 (100.00) | 86 (57.3) | 28 (18.66) | 15 (10.00) | 21 (14.00) | | 150 (100.00) | | | |

Table 4 : Land use pattern among different categories farmers

| Category of farmers | n = 150 | Total land in area | Land under use | | | |
|---------------------|----------------|--------------------|--------------------------|------------|-----------------|-----------------|
| | | | Irrigated land in (area) | Waste land | Single cropping | Double cropping |
| Marginal | 75.0 (50.00) | 31.0 (16.3) | 31.0 (16.6) | - | - | 31.0 (17.5) |
| Small | 65.0 (43.3) | 85.0 (44.7) | 85.0 (45.5) | - | - | 85 (48.0) |
| Big | 10.0 (6.7) | 74.8 (39.0) | 71.0 (38.00) | 3.0 (1.6) | 10.0 (5.3) | 6.0 (34.5) |
| Total | 150.0 (100.00) | 190.0 (100.00) | 187.0 (100.00) | 3.0 (1.6) | 10.0 (5.3) | 177.0 (100.00) |

Table 5 : Distribution of farmers on the basis of their occupation

| Category of farmers | Crop cultivation | Animal husbandry | Labour | Service | Other | n = 150 |
|---------------------|------------------|------------------|-----------|---------|-----------|-------------|
| Marginal | 40 (26.7) | 10 (6.7) | 15 (10.0) | 2 (1.3) | 8 (5.3) | 75 (50.0) |
| Small | 30 (70.0) | 15 (10.0) | 10 (6.7) | 4 (2.7) | 6 (4.0) | 65 (43.3) |
| Big | 8 (5.3) | - | - | 1 (0.7) | 1 (0.7) | 10 (6.7) |
| Total | 78 (100.0) | 25 (16.7) | 25 (16.7) | 7 (4.7) | 15 (10.0) | 150 (100.0) |

Table 6 : Relationship between categories of farmers and their socio-economics status

| Socio-economic status | No. of farmers | | | n = 150 |
|-----------------------|----------------|-----------|----------|-------------|
| | Marginal | Small | Big | |
| Upper | 35 (23.3) | 45 (30.0) | 5 (3.3) | 85 (56.7) |
| Middle | 30 (20.0) | 16 (10.7) | 4 (2.7) | 50 (33.3) |
| Lower | 10 (6.7) | 4 (2.7) | 1 (0.7) | 15 (10.0) |
| Total | 75 (50.0) | 65 (43.3) | 10 (6.7) | 150 (100.0) |

Data available in Table 4 indicate that the all the groups of farmers were conscious about irrigation. The marginal and small farmers together 62.1 per cent had irrigated land followed by big farmers who had 38 per cent irrigated land. Similarly, the small farmers 48 per cent had double cropping pattern followed by big farmers (34.5%) and marginal ones (17.5%) only 5.3 per cent area of big farmers fall under single cropping pattern. Thus, the scope at credit utilization in observed among all categories of house holds. The majority at small and marginal farmers together (65.5%) have double cropping system due to availing the credit facilities by lead banks.

The data of Table 5 indicates that the main occupation of the respondents was agriculture. Categories when observed, percentage of small farmers was highest (70%). It was followed by marginal (26.7%) and big farmers (5.3%). The marginal and small farmers diversified their occupation more than big farmers. Hardly 0.7 per cent big farmers engaged in services and 0.7% in other occupations. It is clear that credit utilization upgrade the occupational skill as well as standard of life.

It is evident from the results available in Table 6 that 56.7 per cent of the respondents obtaining credit belonged to upper level of socio-economic status followed by 33.3 per cent of the farmers belonged to middle and only 10 per cent belonged to lower socio-economic status. But, socio-economic status when observed group wise, it was found highest (30 %) of small farmers in upper status followed by marginal 23.3 per cent. In case of middle status the higher performance was of marginal farmers (20 %) followed by small farmers (10.7%) and

that of big ones (2.7 %) like wise in lower socio-economic status, the highest percentage (6.7%) was in the case of marginal farmers followed by small and big farmers which means size of holding and socio-economic status are in the inverse proportion, but overall credit facilities enhanced the socio economic status of the respondents. These results confirm the findings of Lekshmi *et al.* (1998) and Deogonkar (1994).

Conclusion:

The majority of borrowers ranked low on economic motivation scale followed as medium and high in that order on over all basis 52.7 per cent respondents belonged to low level of economic motivation. Category wise analysis reflects that the big farmers hold to the extent of 50 per cent on high level economic motivation. While majority of marginal and small respondents scored as low and medium. It seems that the economic motivation increased with the increase in size of holding. As regards the recovery pattern about 65 per cent respondents were repaying the crop loan timely within 6 month while 35 per cent respondents recovered the loan with in 6 months to one year time period. The study focused that majority of small and marginal farmers who had low level resources but after availing the credit facilities their literacy percentage, land use pattern, income and employment opportunities had increased resulted in, increased their socio economic status.

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