RESEARCH ARTICLE

Determinants of farm credit utilization by farmers

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ABSTRACT

Present investigation was carried out in Amravati district to find out the relationship between profile and loan utilization pattern of loan borrower farmers and to know the farm credit utilization pattern of farmers. From study, it was observed that majority of loan borrower farmers were having middle age, secondary level education, small land holding, medium annual income, low social participation and medium mass media utilization. Regarding loan utilization pattern, majority of loan borrower farmers fully utilized the available loan for specific purpose. Mass media utilization was significantly related with the credit utilization pattern of loan borrower farmers.

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.

It is therefore an essential part of farming that the farmers must be provided financial assistance by the Indian government through the banking system *viz.*, commercial banks, co-operative banks/societies, land development banks, schedule banks etc. However, leading commercial banks kept themselves aloof from financial need of agriculture sector and were alleged of not performing proper role in planned national development. Hence, in 1969 the government of India decided the nationalization of banks. After nationalization of banks, 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 investigation, efforts have been made to know the profile of loan borrower farmers, loan utilization pattern of borrower farmers and to find out relationship between characteristics of loan borrower farmers and the farm credit utilization pattern.

METHODOLOGY

The present study was carried out in Amravati block of Amravati district of Maharashtra state. Agricultural loan borrower farmers of the State Bank of India and Central Bank of India from study area were purposively selected for the study as these banks were leading banks in the area for supply of agricultural finance. Ten 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 which constituted the sample 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