

Availability and utilization of bank's credit on the farms in Etah district of U.P.

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Abstract

The present study was conducted in Etah district of U.P. The 225 borrowers of Canara Bank was selected from 8 selected villages. The number of cases in small, medium and large farm size groups came to 159, 44 and 22 respectively which were selected randomly. The data revealed that maximum number of cases availed crop loan for seed and fertilizer. The number of cases utilized crop loan came more in case of fertilizer followed by seed. The study also shows that term loan was maximum utilized for development of irrigation structure on the farms which is the bank need for agricultural development.

Key words: Crop loan, Production credit, Term Loan, Investment credit

Introduction

Increasing demand for agricultural credit in the context of new strategy and urgency for meeting it adequately, led to an important shift in agricultural credit policy viz., adoption of multi agency approach. Several credit agencies are in fray and have come in big way to help the farmers to adopt modern farm technology by extending them the required credit facilities. According to the latest Five Year Plan, there has been significant increase in institutionalizing the rural credit and over 30% of the borrowings by cultivators were from institutional sources. A substantial step up in the institutional credit will be necessary as the programmes of intensive agriculture, involving use of costly materials and labour inputs will require massive credit support. There has been a increase in the requirement of credit in agriculture for enhancing the agriculture production which is essential to meet the food requirement of increasing population both for production credit as well as investment credit. Thus there is a need to finance agriculture by institutional agencies. After nationalization, the banks are financing agriculture in vigorous ways. Therefore, the present

study was conducted to know the availability and utilization of credit from the banks on the farms.

Methodology

The present study was confined to Etah district of U.P. out of 8 blocks, four blocks named Awagarh, Nidholi Kalan, Shitalpur and Sakit were covered under the study. Out of four blocks, two villages in each were selected for the present study. The list of the borrowers of Canara Bank which is the lead bank of the district was prepared for each selected village; the whole number of borrowers was divided in to their farm size groups. The total numbers of borrowers in each farm size group was 225 i.e. 159 in small, 44 in medium, and 25 in large farm size group were selected for the present study. The data were collected by personal interview method for the year 2009-10.

Results and Discussion

The table 1 shows the number of cases and amount of crop loan availed from the bank. The table shows that out of 225 cases under study, 181 cases availed crop loan. The number of such cases in different farm size groups came to 124, 39 and 18 in (borrowers) under different farm size group

Table 1: Amount of crop loan availed by the respondents

S. No.	Small		Medium		Large		Total	
	No.	%	No.	%	No.	%	No.	%
1. No. of respondents availed loan upto Rs 25000/-	66	53.23	13	33.33	6	33.33	85	46.46
2. No. of respondents availed loan Rs25000 to 50000/-	30	24.19	10	25.64	5	27.78	45	24.86
3. No. of respondents availed loan Rs.50000 to 75000/-	28	22.58	10	25.14	4	22.22	42	23.21
4. No. of respondents availed loan above Rs 75000/-	-	-	6	15.39	3	16.67	9	4.97
Over all	124	100.00	39	100.00	18	100.00	181	100.00

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Table 2: Showing the number of respondents utilized crop loan for different purposes under different farm size group

S. No.	Small		Medium		Large		Total	
	No.	%	No.	%	No.	%	No.	%
1. No. of cases availed crop loan	124	68.51	39	21.55	18	9.94	181	100.0
2. No. of respondents utilized loan for seed	100	45.45	20	41.67	12	44.44	132	44.75
3. No. of respondents utilized loan for fertilizer	20	54.55	28	58.33	15	55.56	163	55.25
4. Total	220	100.0	48	100.0	27	100.0	295	100.0
5. No. of respondents utilized loan for more than one purpose	96	77.42	9	23.08	9	50.00	114	62.00

Table 3: Showing number of respondents availed term loan for different purposes under different farm size group

S. No.	Small		Medium		Large		Total	
	No.	%	No.	%	No.	%	No.	%
1. No. of respondents availed loan for Tubewell/Pump set	50	92.59	9	75.00	4	57.14	63	86.30
2. No. of respondents availed loan for Tractor/other implements	4	7.41	3	25.00	3	42.86	10	13.70
3. Total No. of respondents	54	73.97	12	16.44	7	9.59	73	100.00

Table 4: Showing the extent of term loan availed by different number of respondents under different farm size group

S. No.	Small		Medium		Large		Total	
	No.	%	No.	%	No.	%	No.	%
1. No. of respondents availed loan upto Rs 50000/-	25	46.30	4	33.33	1	14.29	30	41.10
2. No. of respondents availed loan Rs75000 to 100000/-	20	37.03	3	25.00	2	28.57	25	34.25
3. No. of respondents availed loan Rs100000 to 200000/-	5	9.26	2	16.67	1	14.29	8	10.95
4. No. of respondents availed loan Rs200000 to 400000/-	4	7.41	3	25.00	3	42.86	10	13.70
Total No. of respondents	54	100.00	12	100.00	7	100.00	73	100.00

small, medium and large farm size groups, respectively. The table further reveals that overall 85 farmers availed loan upto 25000 rupees, 45 farmers availed loan more than 25000 to 50000 rupees, 42 farmers availed loan more than Rs 50000 to 75000 and only 9 farmers availed loan more than 75000 rupees. It indicates that with increase in loan amount the number of cases availed loan decreases.

The Table 2 shows that overall 163 (55.25 per cent) farmers utilized crop loan for fertilizer purpose and 132 cases (44.75 per cent) utilized loan for seed only while the 114 cases (62.96 per cent) utilized loan for seed as well for fertilizer purposes. The table indicates that maximum number of farmers utilized loan for fertilizer purpose followed by seed purpose. Thus seed and fertilizer both essential inputs for raising the production on the farms.

The Table 3 shows that out of 73 cases availed term loan, 54 cases were in small farm size, 12 cases were in medium size and 7 cases were in large farm

size group. The table further reveals that 63 cases availed loan for tubewell/pumpset and 10 cases availed loan for purchase of tractor and other implement of irrigation structure on the farms. Since the irrigation is the backbone of agriculture.

Table 4 reveals that the total number of cases availed term loan came to 73, out of which 54 cases were in small farm size, 12 cases were in medium size and 7 cases were in large farm size group. The overall number of cases availed term loan upto Rs 50000 came to 30 (41.10%), the number of cases availed loan Rs 50000 to Rs 100000 came to 25 (34.25%), the number of cases availed loan Rs. 100000 to Rs 200000 came to 8 (10.95%) and number of cases availed loan Rs 200000 to Rs 400000 came to 10 (13.70%). It indicate that maximum number of cases availed loan upto Rs. 50000 in all farm size groups. Out of 73 cases availed loan upto Rs. 400000.

The Table 5 shows that overall 63 cases utilized loan for development of irrigation structure i.e. installation

Table 5: Showing the nature of assets formed through term loan utilization by the respondents under different farm size groups

S. No.	Size of holding	Assets formed by the respondents		Total
		Tubewell/Pump set	Tractor/Other implements	
1.	Small	50 (92.59)	4 (7.41)	54 (100.00)
2.	Medium	9 (75.00)	3 (25.00)	12 (100.00)
3.	Large	4 (57.14)	3 (42.86)	7 (100.00)
	Over all	63 (80.30)	10 (13.70)	73 (100.00)

Note: Figures in parentheses indicate percentage

of tubewell and purchase of pumpset while 10 cases utilized the loan for purchase of tractor. The table further reveals that maximum percentage i.e. 92.59, 75.00 and 57.14 per cent farmers developed their irrigation structure in small, medium and large farm size groups, respectively. The percentage of farmers utilized term loan for tractor came to 7.41, 25.00 and 42.86 per cent respectively on small, medium and large farm size groups.

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