

Impact of Credit on the Farms under Study

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ABSTRACT

No one can survive without food which is in the hands of a farmer. But Indian farmers in general are still deprived of good quality of life. The main aspects highlighted in this study are the demographic characteristics (size of family, economy status, educational level) size of farms, extent of irrigation, source-wise area irrigated and cropping pattern, intensity of cropping, assets and liabilities followed on the sampled farms. The sizes of family under study on sample households consists the number of male, female and children in different farm size groups. The economic status of the family denotes the number of earners, helpers and dependents per family. Educational is considered to be an important determinant of the progressive nature of the farmers, as it is supported to affect his borrowing ability to make judicious and intelligent use of credit. Thus, it is clear from the study that the overall average size of farm was more in case of borrowers than in case of non-borrowers. It may also be concluded that tube-well was the most important source of the irrigation in all categories of farms and input-output ratio seems that return per rupee of investment decrease with increase in farm size group as compare to borrowers as well as non-borrowers.

INTRODUCTION

No one can survive without food which is in the hands of a farmer. But Indian farmers in general are still deprived of good quality of life. Farmers will get due share of honor only when they can lead a dignified life like other section of the society. Many farmers cannot withstand the consequence of crop failure and at times, commit suicide every year in different parts of the country. Credit can play a pivotal role in increasing agricultural production and also in improving the level of living standard of the rural households. By credit one means, “ability to command the other’s capital in return for a promise to pay at some specified time in the future”. Thus it is a kind of resource, which provides the opportunity to use additional inputs and capital items especially to the farmers who intend to bring in improvement with their lot. Capital-intensive nature of modern agricultural technology and inadequate savings of the farmers have encouraged the common farmers to go for external finances from different sources, both institutional and non-institutional sources. Before introduction of Kishan Credit Card (KCC) scheme, these banks sanctioned crop loan to the farmers under different schemes of the Government of India. But later on, crop loans and term loans were given to the farmers through the KCC scheme involving all banks in the state. Earlier, institutional credit could not bring tangible benefits to the small and marginal farmers and their repayment was not up to the mark. Besides, they also suffered from inadequacy of credit. This was discussed at different