

Repayment Capacity on the Farms of Borrowers under Study

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Abstract

It is well known that institutional agencies have made significant progress in meeting the credit needs of the farmers. However, non-repayment of bank loans is causing a serious threat to the successful development of banking system. The study mainly confined on primary data, for this purpose Ballia Blocks was selected purposively (having the maximum number of branches in Bank). Hence, Kshetriya Gramin Bank Ballia was selected. The study has measured the influence of different factors responsible for overdues of the borrowers. The results shows that different factors like fooding 79 percent, clothing 7 percent, housing 1 percent, fuel and light 4 percent and health & recreation 3 percent in small and medium farm size groups in borrowers, while in case of large farm size group fooding 74 percent, clothing 11 percent, housing 0.74 percent, fuel and light 3 percent, education 6 percent and health and recreation 4 percent. Thus, it can be concluded that the major items in consumption expenditure was fooding in all farm size groups. It can be further concluded that the amount due for payment is the lowest on small farms, it is due to the amount of investment loan was less on small farms as compared to medium and large farms, therefore, the amount due for payment is also less on small farms. It indicates that the repayment capacity on the small farmers is the lowest as compared to medium and large farms. However, on all farm size groups it is sufficient to cover the expenses. Thus, the repayment capacity of large farmers is the highest as compared to medium and large farms.

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