



## FARMERS UTILISATION OF AGRICULTURAL CREDIT PROVIDED BY CANARA BANK

**Dr. U. Jayaprakash**

Assistant Professor in Commerce Gobi Arts & Science College,  
Gobichettipalayam Erode-638453, TamilNadu, India.

### ABSTRACT

Bank finance is an important engine of the growth for economic development in country. The resources at the command of Canara Bank must be effectively geared to the promotion of economic development in a developing manner, which also suffers from acute shortage of resources. In a planned economy, it is important that the allocation of bank credit must be in accordance with the priorities of the plan. It is recognized that agricultural development pre-supposes a greater flow of inputs as well as institutional and organizational reforms. Agricultural credit is one of the most crucial inputs in all agricultural development programmes.

**KEYWORDS :** Agricultural loan, Canara Bank, Banking Sector.

### INTRODUCTION

The success of cultivators mainly depend on the productive utilization of agricultural credit. Proper use of loan is more important than the provision of adequate credit itself. Utilisation is one of the prime factors in the field of rural finance to boost up agricultural production. Utilisation of farm credit for which it is provided is an important element in agricultural development. Proper utilization of agricultural credit is an essential condition for the healthy functioning of an agricultural economy. If the loan borrowed is properly utilized for production purposes, it will repay itself. If farm credit is used for nonproductive purposes, it will not only diminish the possibility of increasing farm production or production efficiency of the farm but will also affect adversely the repaying capacity of the borrowers.

### Review Of Literature

Srivastava (2008) concluded that the Regional Rural Banks provided easy and timely crop-loan at "normal rate of interest and-such facility resulted in increased use of inputs like seeds, fertilizers, labor and in that way increased the intensity of cropping and thereby, significantly increased the income of the borrowers.

Olagunju (2008) agricultural credit is the route of obtaining the command over the use of the money, goods, and services in the present in exchange for a promise to repay at a future date. It increases the productivity and promotes the living standard of the small scale farmers. The credit facilities enable the poor farmers to employ the higher resources and capacity utilization.

### OBJECTIVES OF THE STUDY

To identify the farmers utilisation of agricultural credit provided by canara bank.

### Importance Of The Study

The Canara bank doubled the quantum of lending to the agriculture during the last few years; still the requirements, especially of the small and marginal farmers, were not fully met. The institutional lending to agriculture has some bottlenecks, which have to be faced both by the borrowers and lenders. In this background, the present study tries to evaluate the views of the farmers relating to accessibility, cost, and impact of credit and repayment of loan. The perceptions of the bank officials and the problems associated with agriculture lending are also taken into contemplation. All these problems have been analysed with various statistical tools. On the basis of the findings, at the end valuable suggestions have been offered. All such suggestions will pave a way to improve the agricultural credit by Canara bank.

### LIMITATIONS OF THE STUDY

In the present study, all possible efforts have been made to analyse in a more comprehensive manner. Anyhow, it is not

free from limitations. Some of them are as follows:

1. People were not ready to answer for the Interview Schedule.
2. Many of the surveyed people did not reply all the questions.
3. The findings of the study depend on the responses given by sample farmers.
4. The farmers are not in the habit of maintaining the detailed accounts regarding income and expenses. Hence, the information from the memory of the sample farmers might be subjected to recall bias.
5. A study is purely based on 750 sample farmers only.

### Analysis And Interpretation Of Data

The success of cultivators mainly depend on the productive utilization of agricultural credit. Proper use of loan is more important than the provision of adequate credit itself. Utilisation is one of the prime factors in the field of rural finance to boost up agricultural production. Utilisation of farm credit for which it is provided is an important element in agricultural development. The regression weights for considering factors that affected the usage of agricultural credit.

**Table 1 Regression Weights For Factors That Affected The Usage Of Agricultural Credit**

Measured Variable	Latent Variable	Estimate	Secondary Electron	Critical Ratio	P
Buying farm equipment	Usage of credit in sample farmers	1.000			
Drip irrigation	Usage of credit in sample farmers	1.711	0.271	6.305	Significant at 1% Level
Refinancing an older loan	Usage of credit in sample farmers	2.182	0.322	6.777	Significant at 1% Level
Making land improvements	Usage of credit in sample farmers	2.587	0.368	7.029	Significant at 1% Level
Repairs	Usage of credit in sample farmers	2.422	0.349	6.936	Significant at 1% Level
Investing in growth	Usage of credit in sample farmers	3.261	0.452	7.209	Significant at 1% Level
Covering operating costs	Usage of credit in sample farmers	1.105	0.198	5.568	Significant at 1% Level
Meet unexpected expenses	Usage of credit in sample farmers	2.281	0.336	6.792	Significant at 1% Level

Payment of lease amount	Usage of credit in sample farmers	2.125	0.308	6.896	Significant at 1% Level
Weathering the storm	Usage of credit in sample farmers	2.248	0.327	6.870	Significant at 1% Level
Rebuilding after natural disasters	Usage of credit in sample farmers	2.300	0.336	6.847	Significant at 1% Level
Seeds	Usage of credit in sample farmers	1.847	0.282	6.563	Significant at 1% Level
Fertilizers	Usage of credit in sample farmers	2.491	0.360	6.926	Significant at 1% Level

### CONCLUSION

In this chapter table 1 reveals that estimates of the coefficient of business which affect the empowerment of sample farmers and it indicates that all the factors such Buying farm equipments, Drip irrigation, Refinancing an older loan, Making land improvements, Repairs, Investing in Growth, Covering operating costs, Meet unexpected expenses, Payments of lease amount, Weathering the storm, Rebuilding after natural disasters, Seeds and Fertilizers are highly influenced by the usage of agricultural credit. Further, the analysis indicated that all the variables are having positive relationship with the usage of agricultural credit at 1% significant level.

### REFERENCES

1. Srivastava, R.N., (2008), "Impact of Champaran Kshetriya Grameen Bank on Rural Economy", *Economic Affairs*, Vol.26, pp. 266-272.
2. Olagunju., (2008), "Impact of Credit Use on Resource Productivity of Agricultural Crop Farmers", *Journal of Social Science*, February, pp.175-178.