Impact of institutional finance on farmers economy in North Konkan region of Maharashtra, India

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ABSTRACT
Credit enables farmers to use various input to the recommended levels and thereby increase agricultural production through increased employment opportunities. The present study was undertaken to know the impact of institutional credit on cost, returns on profitability in the north Konkan region of Maharashtra state. A sample of 120 borrowers and 120 non-borrowers was selected randomly from twelve villages of four selected tahsils of Thane and Raigad district of North Konkan region. The analysis revealed that cropping intensity on beneficiary farm category was higher than non-beneficiaries. Area under irrigation was also more (1.06 ha.) on beneficiary farms than non-beneficiaries (0.39 ha.). The borrower farmers availed loan to the extent of Rs.10076.18 per farm (Rs.5503 per ha.). Per farm amount of loan increased with increase in the size of holding. Regarding size groupwise disbursement it was observed that maximum crop loan was taken by large size group (Rs.6075/-) followed by medium (Rs.5440/-) and small group (Rs.2450/-). Similar trend was observed for other purpose of loan. The per farm income and profit on beneficiary farms was higher than non-beneficiary farms. The per farm gross return from beneficiary farm was Rs.99288 as against Rs.32889 from non-beneficiary farm. This indicated that gross income on beneficiary farm was about three times higher than non-beneficiary farms. The farm business income, which represents the profit for direct cost for beneficiary farmers, was four times more than that of non-beneficiary farms. The output-input ratio at cost on beneficiary and non-beneficiary farm was 1.10 and 0.95 respectively. This showed that crop production was profitable on beneficiary farms. The effect of short-term loan in production process was found significant on all size groups. The value of regression coefficient indicated that with increase of one rupee short-term loan, gross income of small farmers increased by Rs. 5.03, medium farmers by Rs.1.25 and large farmer by Rs.2.93. The results have clearly demonstrated that there is positive impact of agricultural credit on per hectare yield of different crops. Thus the flow of farm credit has resulted in improving the economy of the borrower farmers.

Key words: Finance, Cost, Returns, Profit and Farmer economy.

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