

IMPACT OF COMMERCIAL CROP LOANS ON THE FARM ECONOMY

*M. Manonmani and
H. Pradeepa***

Introduction

In the context of technological breakthrough in agriculture, the problem of farm finance has assumed newer and wider dimensions. The core of new strategy implies the use of more capital to meet the cash requirements for different types of modern farm inputs like high-yielding varieties seeds, fertiliser, assured irrigation and machinery along with infrastructural development in the rural areas.

Inadequate and inefficient use of capital is the main constraint of low productivity, production and income in agriculture in the country in general and backward region in particular. In order to accelerate the use of modern technological development in agriculture, availability of credit in adequate amount and its use in proper direction is of urgent importance. Farmers also would like to know the amount of credit they can profitably use on their farm and as to what extent it could bring changes in their production, productivity and income.

Small farmers who constitute 70 per cent of the total operational holdings of Indian farming community, have failed to get their due share of gains from the new technology, mainly due to the very meagre financing of resources and lack of investible surplus. Consequently they could not meet all the cash

expenses incurred in the adoption of modern farm technology, which sometimes is referred synonymous to capital intensive farming.

The old proverb "credit is a hangman's rope" has been replaced by a new one, "credit serves as an elevator". The dynamic outlook of late being pursued by the commercial banks and governmental credit institutions manifests the credit-worthiness of credit granted to the farmers. Agricultural credit is no longer viewed as an instrument for causing the extinction of the farmers. On the contrary, it is visualised as an economic ladder helping in the upliftment of the wretched peasantry.

Agricultural Finance is an important area causing concern to and drawing attention of the planners, the economists, the agriculturists and the financiers alike. Each one of them is looking at it from his own point of view. Further, it has different dimensions to study, observe and to resolve. The magnitude of the problem requires a micro-study for proper analysis and useful results. However, in the present context of 'planning at the grass- root level' is quite apt to go for a micro and area-specific study for it may bring to light revealing facts of the problem and such studies are of great significance on account of vast inter-regional variations in India. This gap is to be bridged by conducting a number of studies in different geographical regions having different agro-climatic conditions.

* Associate Professor and Research Scholar, Respectively, Department of Economics, Avinashilingam University for Women, Coimbatore-641043.