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Borrowing Behaviour of The Farmers in Solapur District

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Abstract

The history of agricultural development in all advanced countries shows that an integrated system of institutional credit laid the foundation of agricultural prosperity. The objective of institutional credit is to make a breakthrough in the vicious circle of poverty, rack renting, usury and debt and to stimulate the farmer to boost agricultural productivity. Being an agricultural century, co-operation is of special relevance to India. Co-operative movement started in India for supply of credit to agriculturist. A number of co-operative credit societies and banks are helping the farmers to development their farms. This study focuses on borrowing behavior of the farmers in Solapur district.

Key Words: *Agriculture, co-operatives, credit, farmers, borrowins, PACS, DCCB*

Introduction

Rural development has been recognized as an important strategy for expediting the process of development in developing countries. Because of the predominant agricultural nature of these countries, the process of rural development is in extricable linked with agricultural development. The credit provided by the private agencies has unproductive, as its main object is not to increase agricultural production but to bring the farmers in the grip of perpetual indebtedness.

The history of agricultural development in all advanced countries shows that an integrated system of institutional credit laid the foundation of agricultural prosperity. The objective of institutional credit is to make a breakthrough in the vicious circle of poverty, rack renting, usury and debt and to stimulate the farmer to boost agricultural productivity.

In India more than seventy per cent population live in rural areas. Agriculturists and agricultural laborers constitute more numbers in country's working population. Agricultural credit is needed for productive as well as non productive purposes. The productive purposes are related to such activities as acquiring of inputs, sale of output, improvement in land, digging of wells etc. The need of finance for consumption by agriculturists constitutes an important ingredient of the financial requirement. The interval between saving and harvesting is quite long. Besides agriculture is seasonable occupation, but the consumption needs of agriculturists have to be met throughout the year. Irrespective of the production process, credit is needed to meet consumption needs of farmers to sustain them for agricultural work.

Objectives Of the Study

1. To analyze the economic problems of farmers
2. To analyze the choice of borrowings
3. To understand the reasons of borrowings

Methodology Of the Study

The present study is proposed to analyze the utilization of co-operative credit by the farmers in Solapur District. The study is depending on primary as well as secondary data. The primary data has been collected through questionnaire and secondary data from books, journals, Government publication and reports. However the suggestions offered are importance for face the future challenges.

Borrowings Of the Farmers

The farmers borrows agricultural credit for the purchase of seeds, manure and fodder, payment of rent, wages, revenue and other charges, irrigation of crops, hire charges of pumps and purchase of water, land improvements, repairs of agriculture implements, machinery farm houses, repairs of wells and other irrigation services, laying of orchards, for reclamation of lands and construction of irrigation wells, tanks and embankment and other capital expenditure.

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The farmers also borrow credit for nonagricultural purposes such as repair of production and transport equipments, current expenditure in non-farm business, purchase, construction and repairs of building of non-agricultural business.

Sometimes they need credit for purchase of domestic and clothing, paying for medicals, education, other family expenditure, purchase construction and repairs of residential houses and expenses relating to marriage.

The farmers need borrowings for their productive as well as non- productive purposes. The farmers want money to solve their economic problems. If the farmers solve their economic problems successfully by their personal savings, they are in self – help. But if the farmers are solving their economic problem by taking money from relatives, money-lenders or other sources they are not in self help. The position of responses to the solving of the economic problems is shown in following table.

Table Responses to How the Farmers Solve Their Economic Problems

Sr. No	Responses	Marginal	Small	Semi-Medium	Medium	Large	Total	Percentage
1.	By Self Saving	06	04	13	27	11	67	32.52
2.	By Relatives	04	11	08	02	-	25	12.14
3.	By Loan from Societies	06	13	21	34	05	79	38.35
4.	By Loan from Money-lender/ Traders	03	05	05	03	-	16	07.77
5.	Self and Societies	12	04	02	01	-	19	09.22
	Total	31	37	55	67	16	206	100.00

Source: Field Work

Above table shows that, out of total 206 farmers only 67 farmers i.e. 32.52 per cent are solving their economic problems by self savings, 9.22 per cent farmers are solving their economic problem by personal savings and by taking loan from societies, 12.14 per cent farmers are solving their economic problems by taking loans from relatives, 38.35 per cent farmers are solving their economic problem by taking loans from co-operative society and 7.77 per cent farmers are solving their economic problem by taking loans from money lenders or traders.

Maximum farmers are solving their economic problems with the help of co-operative societies. It means the co-operatives help the farmers to solve their economic problems. More than 30 per cent farmers solved their economic problem by self saving. It is a good sign of financial development of the farmers in study area.

Table Choice of Borrowings

Sr. No	Particulars	Marginal	Small	Semi-Medium	Medium	Large	Total	Percentage
1.	Commercial Bank	03	12	23	23	02	63	30.58
2.	Co-operative Societies	21	15	22	40	14	112	54.37
3.	Money-lenders	02	-	-	-	-	02	00.97
4.	Not Answered	05	10	10	04	-	29	14.08
	Total	31	37	55	67	16	206	100.00

Source: Field Work

Above table shows the priority given to co-operative societies for borrowing credit. Out of 206 respondents, 112 farmers i.e. 54.37 per cent give the priority to co-operative societies for borrowings. The second priority gives to commercial banks it has 30.58 per cent 0.97 per cent are given priority to money-lenders and 14.08 per cent respondent not answered.

It has observed that the share of money lenders in agricultural credit has decreased. In the study area less than one percent farmer's gives priority to money lenders for borrowings, while the share of co-operatives will increased. The percentage of choice for borrowing from commercial banks is also considerable.

Needs Of Borrowings

All members of the PACS were not self sufficient. They need money for various reasons such as increasing in production, payment of loans taken from others. The purposes of the farmers for borrowings are shown in following table.

Table Purposes of borrowing

Sr. No.	Particulars	Marginal	Small	Semi-Medium	Medium	Large	Total	Percentage
1.	Increasing in Farm Production	16	21	40	42	11	130	63.11
2.	Conversion of Old Loans in to New	09	11	07	13	05	45	21.84
3.	Payment of Loans Taken from Others	03	05	04	07	-	19	09.22
4.	Low Rate of Interest	03	-	04	05	-	12	05.83
	Total	31	37	55	67	16	206	100.00

Source: Field Work

Out of 206 borrowers 130 i.e. 63.11 per cent borrowers needed loans for agriculture development 21.84 per cent borrowers needed loan for conversion of their old loan into new, 9.22 per cent borrowers needed loans for payment of other loans and 5.83 per cent farmers needed loans because of low rate of interest on loan. Most of the farmers need credit for agricultural development

More than 60 per cent farmers are taken loans for agricultural development from co-operatives. It indicates that the SDCCB plays an important role in agricultural development by providing loans for agricultural development.

Responses In Respect of Borrowed Loan If Needed

The farmers may take loan from co-operatives or other if he needed. If the farmers take loan, though it is not needed to them, there are opportunities of misuses of such amount of loan used for activities other than agriculture. The responses of the farmers of taking loan if needed shown in following table.

Table Responses in Respect of Borrowed Loan if Needed

Sr. No.	Response	Marginal	Small	Semi - Medium	Medium	Large	Total	Percentage
1.	Needful	31	36	53	65	16	201	97.57
2.	Needless	-	01	02	02	-	05	02.43
	Total	31	37	55	67	16	206	100.00

Source: Field Work

Above table analyzed the responses of farmers in respect of borrowed loan when it needed. It was seen that 201 farmers out of 206 farmers i.e. 97.57 per cent have taken loan when they needed and only 05 farmers i.e. 2.43 per cent have taken loan though they did not need it.

Conclusion

Indian economy is agro-based economy. Agriculture is back bone of Indian economy. Finance is an essential requirement for every productive activity. Agriculture is no exception for that. Agricultural credit is needed for productive as well as non productive purposes. Under the impact of new technology and increasing commercialization, farming has become costlier. The demand for modern inputs has increased considerably and consequently, the credit requirement of the cultivators has shot up substantially. It has observed that most of the solved their problem of borrowings from co-operative societies. It is followed by self savings. It has a good sign of development of farmers in this region. At the point of preference for borrowing, most of the farmers per cent are given the preference to co-operative societies at the time of borrowings. The farmers given preference to money lenders for borrowing are less than one per cent. It means importance of money-lenders in agricultural credit is decreased in this region. More than 60 per cent farmers have taken loans from co-operative societies for agricultural development. The SDCCB plays an important role in agricultural development by providing loans for agricultural development.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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