

**A STUDY ON EXTENT OF UTILISATION OF AGRICULTURAL CREDIT BY THE  
SMALL FARMERS IN MADURAI DISTRICT**

**Dr. S. Ganesan**

*Associate Professor of Commerce, Mannar Thirumalai Naicker College, Madurai- 625 004*

**Abstract**

*India is an agricultural country. Indian economy is basically agrarian. The structure of the Indian economy comprises of agriculture, industry and allied activities such as transport, banking, insurance, warehousing and the like. Agriculture plays a pivotal role in the Indian economy. Although its contribution to Gross Domestic Product (GDP) is now around one-sixth, it provides employment to 56% of the Indian workforce. Agriculture plays a predominant role in India providing employment to a large number of people living in villages. With a view to improve the economic conditions of the villagers, the Government of India has taken various measures of which the establishment of institutional agencies for providing inputs such as finance, implements, seeds, fertilizers, pesticides and agricultural equipment is very significant. All the agencies are owned and managed by the Central and State Government. Agricultural sector is more useful to the economy directly and indirectly. However, the agricultural sector remains the principal source of livelihood for more than 52% of the population though its contribution to the national GDP had declined to 14.2% due to the high growth in industries and service sectors. Further the farmers are changing their cropping pattern, giving more importance to the commercial crops than the traditional crops. Besides, the prices of food grains are increasing continuously.*

**Keywords:** *GDP, fertilizers, Agricultural sector, traditional crops, food grains, small farmers, NABARD, ADBI*

**Introduction**

Among various inputs catering to the needs of the small farmers, finance is an important item. The financial institutions such as co-operative banks, commercial banks and regional rural banks and other financial institutions like National Bank for Agriculture and Rural Development (NABARD) and Agricultural Development Bank of India (ADBI) extend financial assistance to the farmers to meet their credit needs.

Agriculturist cannot carry on this business without external finance. Agricultural credit is a problem when it cannot be obtained and it is also a problem when it can be obtained. In the initial period, the farmers mainly for their fund needs depended on the money lenders. After the inception of Co-operative Banks, Regional Rural Banks and Commercial Banks the burden of agriculturist has been reduced. But it persists as a problem, when the loan availed by them from the financial institution are not fully utilized for the purpose for which it was borrowed. In this article, an attempt has been made in order to understand the extent of utilization of agricultural credit by the sample respondents in this study area, that is in Madurai District.

The researcher has analysed various aspects such as promptness in repayment of loan, loan utilised for the purpose for which it was sanctioned, participation in allied

agricultural activities, change in cropping pattern, increase in cultivable land, collection of machinery, suggestion to get loan, frequent sanctioning of loan and dependence of Commercial Banks, to measure the extent of utilization of agricultural credit by the sample respondents of the Commercial Banks at Madurai District.

With the help of scoring scheme, the respondents have divided the sample respondents into three categories namely low utilization borrowers, medium utilisation borrowers and high utilisation borrowers.

### **Scope of the Study**

The Study is conducted in Madurai district, Tamilnadu. A study of this nature has necessarily a wide scope because of the large number of small farmers and different financial institutions and government agencies that are involved. The study has been undertaken from the borrowers point of view.

Madurai district is predominantly agricultural but the farmers continue to live in proverbial poverty. Their credit hunger is equally proverbial and this justifies the choice of the study area. The present study area is confined to the role of Commercial banks in the provision of agricultural credit. It focuses the performance of commercial banks. The study also throws light on the utilization of agricultural credit, socio-economic characteristics of the small farmers and repayment pattern of small farmers.

### **Objectives of the Study**

The following are the main objectives of the study:

1. To study the development of agricultural credit in India.
2. To measure the utilization of agricultural credit by the small farmers of Commercial Banks in Madurai district.
3. To suggest suitable measures for improving the overall effectiveness of agricultural credit on the basis of the findings of the study.

### **Yardsticks**

It is very difficult to measure directly the extent of utilisation of agricultural credit by the borrowers, because the word "utilisation" is an abstract term. It can be measured indirectly. The researcher has measured the extent of utilisation of agricultural credit with the help of the scale constructed by him.

For constructing the scale, the researcher has taken various yardsticks as already identified in this study such as promptness in repayment of loan, Loan utilized for the purpose for which it was sanctioned, participation in allied agricultural activities, change in cropping pattern, increase in cultivable land, collection of machinery suggestion to get loan, frequent sanctioning of loan, dependence of Commercial Banks and borrowers opinion about the commercial banks.

### Component Wise Analysis

The researcher has identified ten components to measure the extent of utilisation of agricultural credit by the sample borrowers of the commercial banks in Madurai District. All the ten components have equal score of ten each. Altogether there is a total score of 100 for each sample borrowers. For the total score of 100, the sample borrowers have scored differently.

The total scores for 300 sample borrowers were 21,657

Mean Score = 72.19 that is  $21,657/300$

Standard Deviation = 17.52

Low utilisation = Mean Value - Standard Deviation

=  $72.19 - 17.52$

= Up to 54.67 Scores

Number of Low Utilisation Borrowers = 54

High Utilisation = Mean Value + standard Deviation

=  $72.19 + 17.52$

= Above 89.71 Scores

Number of High Utilisation Borrowers= 43

Medium Utilisation Borrowers = In between low and high utilisation scores that is 54.67 to 89.71

Number of Medium Utilisation Borrowers = 203

The overall position of all the sample borrowers have been consolidated by categorizing them into three groups namely borrowers with low, medium utilisation and borrowers with high utilisation.

On the basis of scoring scheme with the help of mean and standard deviation out of 300 sample borrowers selected for the study, 54 (18%) borrowers have utilised their loan at low level, 203 (67.67%) borrowers have utilized their loan at medium level and 43 (14.33%) borrowers have utilised their loan at high level.

For each component the scores obtained by the sample borrowers may be varying depending upon its significance. Appendix B shows the scoring scheme devised for measuring the level of utilisation. A detailed analysis of each component has been given below.

### Promptness in Repayment of Loan

This is one of the important components measuring the extent of utilisation of agricultural credit by the borrowers. If the borrowers repay the loan before the due date, they are able to avail loan subsequently without any hurdle. They are in a better position to utilise the agricultural credit. Those borrowers who do not pay before the due date are not only utilising the loan but also hindering others to utilise. Table 4.1 shows the category of borrowers who pay the loan promptly before the due date and those borrowers who make payment after the due date.

**Table 1: Pattern of Repayment of Loan by the Sample Borrowers**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Repayment Before the Due date	159	53.00
2.	Repayment After the Due date	141	47.00
Total		300	100.00

Source: Primary Data

Table 1 shows that out of 300 respondents 159 (53%) respondents repaid their loan within the due date and 141 (47%) respondents repaid their loan after the expiry of the due date prescribed by the bank.

Data relating to the position of the sample borrowers and their repayment of loan in time by different utilisation category are presented in Table 2

**Table 2: Distribution of the Sample Respondents and the Level of Utilisation of Agricultural Credit in Promptness in Repayment of Loan in Time**

Sl. No	Utilisation	Number of Respondents		Total
		Before the Due date	After the Due date	
1.	Low	0	54	54
2.	Medium	116	87	203
3.	High	43	0	43
Total		159	141	300

Source: Primary Data

Table 2 shows that out of 54 low utilisation borrowers, all 54 borrowers have repaid their loan after the due date. Under medium utilization borrower's category, out of 203 borrowers, only 116 borrowers have repaid their loan before the date and 87 borrowers have repaid their loan after the due date. Under high utilization borrower's category, all 43 borrowers have repaid their loan before the due date.

#### **Loan Utilised for the Purpose for which it was Sanctioned**

One of the main functions of credit monitoring department of the commercial bank is to see whether the borrowers utilise their loan for the purpose for which it was sanctioned. The loan utilised for the purpose for which it was sanctioned leads to efficient utilisation of agricultural credit. This is because the borrower's paying capacity improves at a significant level. The researcher has observed that large number of borrowers have utilised the loan for the purpose for which it was sanctioned. But few borrowers have also diverted the loan for other purposes.

Table 3 shows the level of utilisation of the purpose for which loan has been sanctioned.

**Table 3: The Position of Utilisation of the Loan for the Purpose for which it was Sanctioned**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Utilised for the Purpose	282	94.00
2.	Not Utilised for the Purpose	18	6.00
Total		300	100.00

Source: Primary Data

Table 3 reveals that out of 300 respondents 282 (94%) utilised their loan for the purpose for which it was sanctioned and only 18(6%) respondents did not utilise their loan for the purpose for which it was sanctioned.

Table 4 shows the position of sample borrowers and purpose of loan utilised under each category.

**Table 4: Level of Utilisation of the Loan for the Purpose for which it was Sanctioned**

Sl. No	Utilisation	Number of Respondents		Total
		Utilised the Loan	Not Utilised the Loan	
1.	Low	40	14	54
2.	Medium	199	4	203
3.	High	43	0	43
Total		282	18	300

Source: Primary Data

Out of 54 low utilisation borrowers 40 respondents have utilised their loan for the purpose for which it was sanctioned and 14 respondents have not utilised their loan for the purpose it was sanctioned. Out of 203 medium utilisation borrowers 199 respondents have utilised their loan for the purpose for which it was sanctioned and 4 borrowers have not utilised their loan for the purpose for which it was sanctioned. All the 43 high utilisers have utilised their loan for the purpose for which it was sanctioned.

#### Participations in Allied Agricultural Activities

The commercial Banks provides the small farmers for allied agricultural activities such as goat rearing sheep rearing, poultry and sericulture. Participation of borrowers in allied activities leads to better utilisation of agricultural credit.

The Table 5 shows the position of borrowers participated in agricultural and its allied activities.

**Table 5: Participation in Agricultural and its Allied Activities by the Borrowers**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Agricultural only	186	62.00
2.	Agricultural and its Allied Activities	114	38.00
Total		300	100.00

Source: Primary Data

Table 5 reveals that out of 300 borrowers, 186 (62%) borrowers are doing agriculture only and 114 (38%) borrowers are doing not only agriculture but also allied activities.

Table 6 shows the position of utilisers with regard to participation in allied agricultural activities.

**Table 6: Participation in Agriculture and its Allied Activities by the Utilisers**

Sl. No	Utilisation	Number of Respondents		Total
		Agriculture	Agriculture and its allied Activities	
1.	Low	52	02	54
2.	Medium	132	71	203
3.	High	02	41	43
Total		186	114	300

**Source:** Primary Data

Table 6 shows that out of 54 low utilisers, 52 respondents have engaged agriculture only and 2 respondents have engaged in agriculture and allied activities also. Out of 203 medium utilisers, only 132 have engaged in agriculture and the remaining utilisers have been doing agriculture and its allied activities also. Out of 43 high utilisers, 41 have participated in agriculture and its allied activities and the remaining utilisers are doing agriculture only.

### Change in Cropping Pattern

The peasants normally change their cropping pattern in order to improve the productivity of the crop. The cropping pattern of the farmers mainly depends upon the financial strength. Only by a sound financial availability a farmer can cultivate different types of crops. Financial crunch may make their sweat and toil in the field fruitless. At this juncture, financial institution plays an important role by providing necessary credit to the small farmers for the development of agricultural sector. The commercial banks in the study area also provide different types of agricultural loans to the small farmers for increasing and diversifying their cropping pattern.

Data relating to the number of respondents and their changing pattern of cropping activities are presented in Table 7.

**Table 7: Cropping Pattern of Sample Borrowers**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Change in Cropping Pattern	267	89.00
2.	Not Change in Cropping Pattern	33	11.00
Total		300	100.00

**Source:** Primary Data.

Table 7 reveals that out of 300 borrowers 267 (89%) borrowers have increased their cropping pattern. The researcher has found that the borrowers have completely abandoned the idea of cultivating one or two crops because of the effective utilisation of loan. About

33 (11%) borrowers have not changed their cropping pattern. Table 8 shows the position of utilisers with regard to change in cropping pattern.

**Table 8: Position of Utilisers with Regard to Change in Cropping Pattern**

Sl. No	Utilisation	Number of Respondents		Total
		Changing the Cropping Pattern	Not Changing the Cropping Pattern	
1.	Low	31	23	54
2.	Medium	193	10	203
3.	High	43	0	43
Total		267	33	300

Source: Primary Data

Table 8 reveals that out of 54 low utilization borrowers, 31 utilisers have changed their cropping pattern and 23 utilisers have not changed their cropping pattern. Among 203 medium utilisers, 193 have changed their cropping pattern and 10 utilisers have not changed their cropping pattern. Among 43 high utilisers all 43 have changed their cropping pattern. It had also been observed that the change in the cropping pattern is mainly due to the income generated by the borrowers in various allied agricultural activities such as Dairy, Sheep rearing, Poultry and Sericulture.

#### Increase in Cultivable Land

A better utilisation of the agricultural credit sanctioned by the commercial bank leads to an increase in the cultivable land. Table 4.9 shows the borrowers opinion with regard to change in cultivable land.

**Table 9: Position of Change on Cultivable Land**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Change	246	82.00
2.	No Change	54	18.00
Total		300	100.00

Source: Primary Data.

Table 9 shows that out of 300 sample borrowers 246(80%) sample borrowers cultivable land has increased and 54 (18%) borrowers cultivable land has not increased. Table 10 represents the extent of change in the cultivable land effected by the utilisers.

**Table 10: Change in Cultivable Land Effected by the Utilisers**

Sl. No	Utilisation	Number of Respondents		Total
		Increase Cultivable Land	No Increase in Cultivable Land	
1.	Low	13	41	54
2.	Medium	190	13	203
3.	High	43	0	43
Total		246	54	300

Source: Primary Data

Table 10 reveals that out of 54 low utilisers, 13 utilisers' cultivable land has increased and 41 utilisers' cultivable land has not increased. Out of 203 medium utilisers, 190 utilisers' cultivable land has increased and 13 utilisers' cultivable land has not increased. Among high utilisers, all the 43 utilisers' cultivable land has increased.

### Mode of Loan Collection

The loan given by any financial institution to anybody should be recovered at any cost. The repayment may be spontaneous or after reminding through letters. Regular monitoring and supervision also yields good result in the recovery process. But in some cases, only after the legal battle the credit amount is settled by the borrowers. But, in the present study apart from spontaneous response and supervision by reminders through letters the loan amount had been settled. Table 4.11 shows the position of sample borrowers with regard to mode of collection.

**Table 11: Position of Sample Borrowers with Regard to Collection Machinery**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Spontaneous	159	53.00
2.	Supervision	102	34.00
3.	Dunning Letter	39	13.00
Total		300	100.00

Source: Primary Data.

Table 11 reveals that out of 300 respondents 159 (53%) respondents have repaid their loan spontaneously without any supervision. This spontaneous repayment proves that the majority of the borrowers utilise their loan effectively. So, they can easily repay their loan within the due date without any supervision and dunning letters. The 102 (34%) respondents utilised their loan at medium level because these respondents have repaid their loan after the reminder letter of supervisors of the Commercial Bank. The remaining 39 (13%) borrowers repaid their loan after the receipt of dunning letter sent by the bank. The bank has not resorted to collect dues either by decree or by squad. The table 12 shows the position of utilisers with regard to collection machinery.

**Table 12: Position of Utilisers with Regard to Collection Machinery**

Sl. No	Utilisation	Number of Respondents		Total
		Spontaneous	Supervision and Dunning Letters	
1.	Low	0	54	54
2.	Medium	116	87	203
3.	High	43	0	43
Total		159	141	300

Source: Primary Data

Table 12 reveals that out of 54 low utilisers, all 54 low utilisers repaid their loan either after supervision or dunning letter sent by Bank. Among 203 medium utilisers, 116 utilisers repaid their loan spontaneously without any supervision and the remaining 87



utilisers repaid their loan after the supervision made by the bank officials. All 43 high utiliser repaid their loan spontaneously without any supervision.

### Suggestion to Get Loan

Generally, the awareness on the part of farmers to approach the financial institutions to avail themselves of loan for their needs is lacking in under developed countries and developing countries. India is not an exception in this. The farmers in rural areas do not have any idea about the agricultural credit policy practiced by banks. So, the officials of the Rural Banks and GramaSavaks suggest the farmer to get loan from the banks and co-operative societies. The table 13 shows the position of respondents with regard to suggestion to get loan from the commercial banks.

**Table 13: Getting Suggestion for Availing Loan from the Commercial Banks**

Sl. No	Suggestion	Number of Respondents	Percentage to Total
1.	Directly by the Borrowers	99	33.00
2.	Branch Manager / Bank Officials / GramaSavak	105	35.00
3.	Friends and Relatives	45	15.00
4.	Milk Co-operative Society	51	17.00
Total		300	100.00

Source: Primary Data

Table 13 shows that out of 300 respondents 99 (33%) have got the loan directly without suggestion of any person. 105 (35%) respondents have received loan from the bank by means of suggestion through Bank Managers, Officials, and GramaSavak. 45 (15%) received suggestion from friends and relatives and 51 (17%) respondents have received suggestion from co-operative milk society. Table 14 shows the extent of utilisation of agricultural credit by the sample borrowers.

**Table 14: Extent of Utilisation and Suggestion to Get Loan**

Sl. No	Suggestion	Number of Respondents			Percentage to Total
		Low	Medium	High	
1.	Directly by the Borrowers	5	61	33	99
2.	Branch Manager / Bank Officials / GramaSevak	23	73	9	105
3.	Milk Co-operative Society	9	41	1	51
4.	Friends and Relatives	17	28	0	45
Total		54	203	43	300

Source: Primary Data

Table 14 shows that out of 54 low utilisation borrowers, 5 respondents have got the loan directly from the bank. About 23 respondents from GramaSavak, Branch Manager and

officials, 9 respondents from Co-operative Milk Society and 17 respondents from friends and relatives.

Out of 203 medium utilisation borrowers, 61 respondents have got the loan directly from the bank without suggestion of any person, 73 respondents from GramaSavak, Branch Manager, 17 from friends and remaining 9 respondents have got the suggestion from Co-operative Milk Society.

Out of 43 High utilisation borrowers, 33 respondents have got loan directly from the bank, 9 from GramaSavak, Branch Manager and remaining 1 respondent has got the suggestion from Co-operative Milk Society.

### Sanction of Loan Frequency

A prospective and sincere farmer utilise the loan for the purpose for which it has been availed for and he promptly repays the credit within the due date. This effective repayment behavior boosts the image of the farmer. This attitude enhances the frequency of getting loan by the farmers from commercial banks and when they are in need of data relating to the number of respondents and their frequency of availing agricultural credit are presented in Table 15.

**Table 15: Frequency of Loan Sanctioned by the Commercial Bank**

Sl. No	Number of Times the credit Availed	Number of Respondents	Percentage to Total
1.	One	60	20.00
2.	Two	51	17.00
3.	Three	90	30.00
4.	Four	72	24.00
5.	Above Four	27	9.00
Total		300	100.00

Source: Primary Data

Table 15 reveals that out of 300 respondents 60 respondents have optonly one time loan, 51 respondents two times, 90 respondents three times and 72 respondents four times and 27 respondents above four times. Table 16 shows the extent of utilisation of borrowers and frequency of loan received from the commercial banks.

**Table 16: Pattern of Utilisation and Frequency of Loan Received**

Sl. No	Number of Times Loan availed of	Number of Respondents			Percentage to Total
		Low Utilisation	Medium Utilisation	High Utilisation	
1.	One	18	40	2	60
2.	Two	14	36	1	51
3.	Three	15	67	8	90
4.	Four	6	47	19	72
5.	Above four	0	14	13	27
Total		53	204	43	300

Source: Primary Data

Table 16 reveals that out of 53 low utilisation borrowers, 18 respondents have got loan only one time, 14 respondents 2 times, 15 respondents 3 times. 6 respondents 4 times and no respondent have not more than 4 times from the Commercial Bank. Out of 203 medium utilisation borrowers, 40 respondents have got only one time, 36 respondents two times, 67 respondents three times, 47 respondents received four times and 14 respondents have received more than four times from the Commercial Banks.

Out of 43 high utilisation borrowers only two respondents have got only one time, one respondent has got two times, 8 respondents three times and 19 respondents 4 times and 13 respondent have got more than four times from the bank.

### Dependence of Commercial Banks

Some decades ago, farmers were in the clutches of money lenders. After the introduction of co-operative banks and nationalisation of banks the dependence on money lenders by the peasant has come down drastically. The awareness on the part of farmers about the government policies and provision of banking facilities to the poor agriculturist facilitated them to approach various financial institutions for their fund needs. But sometimes, the farmers get loan from several banks. If the farmers borrow funds from various financial institutions instead of getting a loan from only one bank, there may be a chance for misutilisation of loan by means of diverting the loan from one institution to other institution for the settlement of loan. In the long run this will affect the repayment of capacity of the farmer. So an idea about the institution where the sample respondents get loans is essential to analyse the strengths and weaknesses of the farmers.

Data relating to the number of respondents who depended on Commercial Bank are presented in Table 17.

**Table 17: Distribution of the Sample Respondents and the Dependence on Commercial Banks for Agriculture Credit**

Sl. No	Category	Number of Respondents	Percentage to Total
1.	Dependents on Commercial Banks only	264	88.00
2.	Dependent on Other	36	12.00
	Total	300	100.00

Source: Primary Data

Table 17 shows that out of 300 respondents, 264 (88%) respondents have got loan only from the Commercial Banks. These 264 respondents only depend upon the Commercial Bank for getting agricultural credit. Only 36 (12%) respondents have got loan from the Commercial Banks and other financial institutions. These 36 respondents not only depend upon the Commercial Banks but also other financial institutions to cater to the credit needs of the borrowers. Table 18 shows the pattern of utilisation of agricultural credit by the borrowers.

**Table 18: Pattern of Utilisation and Borrowers Dependence on the Commercial Banks**

Sl. No	Loan Obtained	Number of Respondents			Total
		Low Utilisation	Medium Utilisation	High Utilisation	
1.	Borrowers Dependence on the Commercial Banks only	53	175	36	264
2.	Other Institutions	01	28	07	36
Total		54	203	43	300

**Source:** Primary Data

Table 18 reveals that out of 54 low Utilisation borrowers, 53 respondents depend upon the Commercial Banks for getting agricultural finance and only one low utilisation borrower has opt loan from other financial institution in addition to loan availed from the Commercial Banks. Out of 203medium utilisation borrowers, 175 respondents depend upon the Commercial Banks for getting agricultural finance and 7 respondents have got loan from other financial institutions. Among 43 high utilisation borrowers 36 respondents depend upon the commercial bank only for receipt of loan and 7 respondents have got loan from other financial institutions in addition to the Commercial Banks.

#### **Borrowers Opinion about the Commercial Banks**

In this study, the sample borrowers were the clients of Commercial Banks. Their opinion reflected the utilisation of agricultural credit. If a borrower had a good opinion about the commercial banks, there might be a chance for effective utilisation of agricultural credit, otherwise there would be a greater chance for effective mis utilization of agricultural credit. A good rapport with bankers not only helped the bankers but also the farmers to improve their performance. Table 19 shows the borrowers opinion about the Commercial Banks.

**Table 19: Borrowers Opinion about the Commercial Banks**

Sl. No	Pattern of Opinion	Number of Respondents	Percentage to Total
1.	Favorable	249	83.00
2.	Unfavorable	51	17.00
Total		300	100.00

**Source:** Primary Data

Table 19 shows that out of 300 respondents, 249 (83%) have a favorable opinion about the commercial banks and 51 (17%) respondents haveunfavorable opinion about the commercial banks. Table 20 shows the pattern of opinion of utilisers and borrowers opinion about the Commercial Banks.

**Table 20: Pattern of Opinion of Utilisers and Borrowers about the Commercial Banks**

Sl. No	Category	Number of Respondents			Percentage to Total
		Low	Medium	High	
1.	Favorable Opinion	18	188	43	249
2.	Unfavorable Opinion	36	15	0	51
Total		54	203	43	300

**Source:** Primary Data

Table 20 reveals that out of 54 low utilisation borrowers, 18 respondents have got a favourable opinion about Commercial Banks and the remaining 36 respondents have got an unfavourable opinion about the Commercial Banks. Out of 203 medium utilisation borrowers, 188 respondents have a favourable opinion about the Commercial Banks and the remaining 15 have an unfavorable opinion about the Commercial Banks. Out of high utilisation borrowers, all the 43 have a favourable opinion about the bank and no respondent has an unfavourable opinion about the bank.

#### Extent of Utilisation

The researcher has measured the extent of utilisation of agricultural credit with the help of scoring scheme. The scoring scheme divided by the researcher has been applied to all the respondents of the study. The study reveals that there are 54 low utilisation borrowers, 203 medium utilisation borrowers and 54 high utilisation borrowers.

An analytical view of the scores allotted to the low utilization borrowers, medium utilisation borrowers and high utilisation borrowers has been attempted. Table 21 shows the total scores and average scores awarded to three categories of utilisers.

**Table 21: Total and Average Scores Allotted to Low, Medium and High Utilisation Borrowers**

Sl. No	Category	Total Scores	Average Scores
1.	Low Utilisation Borrowers	2439	45.16
2.	Medium Utilisation Borrowers	15234	75.04
3.	High Utilisation Borrowers	4039	93.93
Total		21712	72.37

**Source:** Primary Data

Table 21 shows that out of 54 low utilisation borrowers have secured 2439 scores, 203 medium utilisers have secured 15234 scores and high utilisers have secured 4039 scores. The average score obtained by low utilisation borrower is 45.16, medium utilisation borrower is 75.04 and high utilization borrower is 93.93. The overall average score secured per borrower is 72.37.

#### Summary

The foregoing analysis shows the position of sample borrowers with regard to the extent of utilisation of agricultural credit provided by the Commercial Banks at Madurai

District. With the help of scoring scheme, the borrowers have been divided into three categories namely low utilisation borrowers, medium utilisation borrowers and high utilisation borrowers. The study reveals that out of 300 respondents selected for the study, 43 (14.33%) respondents have utilised their loan at high level, 203 (67.67%) respondents have utilised their loan at medium level and 54(18%) respondents have utilised their loan at low level.

The extent of utilisation of agricultural credit has been analysed by the researcher with the help of various components such as promptness in repayment of loan, the loan utilised for the purpose for which it was sanctioned, participation in allied agricultural activities, change in cropping pattern, increase in cultivable land, mode of collection, suggestion to get loan, frequent sanctioning of loan, dependence of commercial banks and borrowers opinion about the commercial Banks.

#### **Findings Related to Extent of Utilisation of Agricultural Credit**

- Majority of the sample respondents utilised the agricultural credit for the purpose for which it was earmarked. Out of 300 respondents, 282 (94%) utilised their loan for the purpose for which it was sanctioned and only 18 (6%) respondents did not utilise their loan for the purpose for which it was sanctioned. Further majority of the sample respondents fell in the category of medium level utilisation borrowers.
- Majority of the sample respondents repaid their loan in time. Out of 300 respondents, 159 (53%) respondents repaid their loan within the due date. Further the high level utilisation borrowers were very prompt in repayment followed by medium level utilisation borrowers. It was of grave concern to note that majority of the low level utilisation borrowers settled their loan account only after the due date.
- Majority of the sample borrowers utilised the agriculture credit for agriculture purpose only. Out of 300 borrowers 186 (62%) borrowers were doing agriculture activities only and 114 (38%) borrowers were doing not only agriculture but also allied activities. Further majority of the medium level utilisation borrowers utilised the loan for agricultural purpose only.
- Majority of the sample respondents changed the cropping pattern after getting the agricultural credit. Out of 300 borrowers 267 (89%) borrowers increased their cropping pattern. Further majority of the high level utilisation borrowers did not change the cropping pattern while majority of the medium level utilisation borrowers changed the cropping pattern.
- Majority of the sample borrowers extended their cultivable land after getting agricultural credit. Out of 300 sample borrowers, 246 (80%) sample borrowers' cultivable land has increased and 54 (18%) borrowers' cultivable land has not increased. Further, majority of the low level utilisation borrowers did not extend their cultivable land, while all the respondents in high level utilisation category

extended the cultivable land and majority of the sample respondents in the medium level utilisation category extended their cultivable land after getting the agricultural credit.

- Majority of the sample respondents repaid their loan spontaneously. Out of 300 sample borrowers 159 (53%) respondents closed their agricultural credit spontaneously without any supervision. Further, in the low level utilisation category majority of the respondents cleared their loan only after getting dunning letters. A welcoming feature to be noted in both the medium and high level utilisation category was that majority of the respondents settled their loan spontaneously.
- Majority of the sample respondents attracted availed agricultural credit from Commercial Banks only. Out of 300 respondents, 264 (88%) have got loan only from the Commercial Banks. Further, majority of the sample respondents irrespective of the utilisation category got agricultural loan from the Commercial Banks only.
- Majority of the respondents had sought advice from Branch Manager / Bank Officials/ GramaSavak. Out of 300 respondents 105 (35%) respondents have received loan from the bank by means of suggestion through bank officials. Further, Bank officials played a vital role in influencing the low and medium level utilisation, Borrowers while high level utilisation borrowers stood on their own legs by approaching the bankers directly.
- Majority of the sample borrowers opined that the bankers were favourable to them. Out of 300 respondents, 249 (83%) have a favourable opinion about the Commercial Banks. Further, majority of the Medium and high level utilisation borrowers opined that favourable and majority of the loan level utilisation borrowers have got an unfavourable opinion.
- Majority of the sample respondents availed themselves of agriculture credit three times in the study area. Further, majority of the respondents fell in the medium level utilisation category irrespective of the frequency of loan availed from banks.
- Extent of Utilisation

The average score obtained by low utilisation borrower is 45.16, medium utilisation borrower is 75.04 and high utilisation borrower is 93.93. The overall average score secured per borrower is 72.37.

#### **Suggestions**

- Majority of the farmers depended on Commercial Banks for their agricultural credit. Instead of waiving the loan amount by the governments, they along with the bank authorities should ensure comparatively low level of interest to the farmers. This would pave the way for prompt repayment.
- The Bankers should provide agricultural credit to those who use the loan for agricultural purpose only. Further, they should identify the prompt repayers and encourage them to prefer further credit facilities in time.

- Lack of infrastructural facilities should be addressed and redressed quickly.
- Awareness camps should be conducted by the banking authorities to motivate the farmers to use the agricultural credit for agricultural purpose only.

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