FACTORS ASSOCIATED WITH THE CREDIT UTILIZATION AND REPAYMENT BEHAVOUR OF BORROWERES

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ABSTRACT

The study was undertaken with the view to determine the socio-economic factors associated with the credit utilization and repayment in Panagar block of Jabalpur district, M.P. The education, farm power, innovative proneness and cosmopoliteness were significantly correlated with credit utilization. The education, land holding, type and size of family, farm power, innovative proneness, risk bearing ability, incremental income and socio - economic status of borrowers were significantly correlated with repayment of agriculture credit. The higher extent of credit utilization enhanced the level of incremental income of borrowers, which result the high extent of repayment.

Key Words: *Credit Utilization; Repayment; Socio-Economic Status;*

INTRODUCTION

Agriculture credit plays a vital role in farmers' annual budget. Indian farmers are belonging to low socio-economic status and their annual income is not so high. So they are unable to recycle their capital in adequate manner. Low investment and lower application of improved resources cause lower production which result lower income again. Modern agriculture technology, high yielding varieties, improved irrigation and farm machineries are capable to raise the agriculture production as well as farmers income, but they need higher investment. Thus, the farmer requires some additional capital to fulfill the demand of recommended package of practices.

Government now provides better credit facilities towards agriculture sector. The proportion of credit in this sector through all the financial institutions has been increased from 82 crores in 1960-61 to 105000 crores in 2005-06. Government targeting to achieve 170000 crores for agriculture sector in 2006-07. The pattern of credit utilization and repayment is not so good. It differs with the different levels of socio-economic status of farmers. Keeping in this view a study was conducted to know the factors associated with the credit utilization and repayment behaviour of borrowers

METHODOLOGY

This study was conducted in Panagar block of Jabalpur district, Madhya Pradesh. This block was the leading in terms of productivity and production among all seven blocks, so it was selected purposively for the study. The eleven villages were selected randomly for the study. The total borrowers who were financed by State Bank of India, Panagar branch in the year 2004-05 were selected as respondents of the study. The study was Census type in nature. The data were collected personally through pre-structured interview schedule. The data were further analyzed, interpreted and tested with the help of appropriate statistical techniques.

RESULTS AND DISCUSSION

Socio-economic attributes of borrowers: Socio-economic attributes are the parameters to measure the position that an individual occupies with reference to the prevailing average standards of culture possession, income, material possession and participation in social activities. The data (Fig.1) revealed that out of total sample of borrowers, 41.9 per cent borrowers belonged to middle age group, 41.9 per cent were educated up to middle standard and 41.9 per cent belonged to other backward class category. Highest percentage of borrowers (45.72%) possessed medium to big size of land holding. The maximum percentage of borrowers (40%) belonged to medium sized family and the maximum percentage (55.24%) was of joint family type in nature. The majority of borrowers (46.67%) had medium farm power. Out of total borrowers 49.53 per cent had medium extension participation, 44.76 per cent medium innovative proneness and 49.53 per cent had medium cosmopoliteness. In case of risk bearing ability, 46.67% borrowers had low risk bearing ability. Majority of borrowers (56.19%) had medium level of incremental income over previous year.

Correlation between socio-economic attributes and extent of credit utilization and repayment: The relationship was tested with the help of coefficient of correlation. The value of coefficient was tested in 0.05 and 0.01 level of significance with optimum degree of freedom.

Table 1 reveals the correlation between socio-economic attributes of borrowers and extent of credit utilization. The results indicated that the education, farm power, innovative proneness and cosmopoliteness were significantly and the age, caste, land holding, size and type of family, extension participation, socio-economic status, risk bearing abilit incremental income were non-significantly correlated with extent of credit utilization.

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Table 1. Correlation between socio-economic attributes and extent of credit utilization and repayment

S. No.	Attributes of Borrowers	Correlation Coefficient "r"
1	Age	0.01ns
2	Education	0.29**
3	Caste	0.01ns
4	Land holding	0.007ns
5	Family size	0.006ns
6	Type of family	0.07ns
7	Farm power	0.19*
8	Extension participation	0.08ns
9	Innovative proneness	0.25**
10	Cosmopoliteness	0.24*
11	Risk bearing ability	0.03ns
12	Incremental income	0.13ns
13	Socio-economic status	0.05ns

ns-non-significant, * significant at 0.05 level of significance
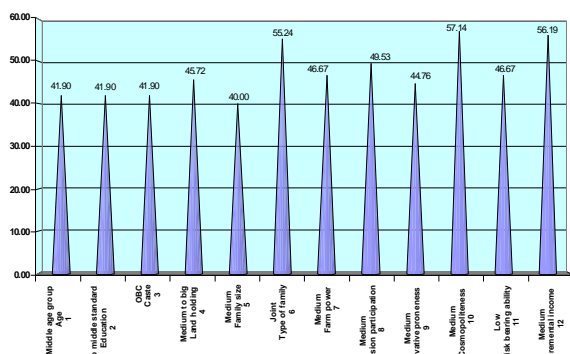** significant at 0.01 level of significance

Table 2 reveals the correlation between socio-economic attributes of borrowers and extent of repayment of credit. It was inferred from the data that the education, land holding, size and type of family, farm power, socio-economic status, innovative proneness and risk bearing ability were significantly correlated and the age, caste, extension participation and cosmopoliteness were non-significantly correlated with the extent of repayment. The extent of adequate utilization of credit causes the sound incremental income over previous year which promotes the proper repayment. Thus, the incremental income and extent of credit utilization were significantly correlated with the extent of repayment. These findings are getting support from the findings of Rambabu (1994), Deshpande and Nandapurkar (1997), Latoria et al., (1998) and Singh (2001).

Table 2. Attributes of Borrowers

S. No.	Attributes of Borrowers	Correlation Coefficient "r"
1	Age	0.11ns
2	Education	0.29**
3	Caste	0.13ns
4	Land holding	0.25**
5	Family size	0.21*
6	Type of family	0.19*
7	Farm power	0.25**
8	Extension participation	0.09ns
9	Innovative proneness	0.19*
10	Cosmopoliteness	0.16ns
11	Risk bearing ability	0.19*
12	Incremental income	0.32**
13	Socio-economic status	0.31**
14	Extent of credit utilization	0.45**

ns-non-significant , * significant at 0.05 level of significance
** significant at 0.01 level of significance

CONCLUSION

The study indicated that most of the socio-economic attributes affect the extent of credit utilization and repayment. The adequate extent of credit utilization result the proper extent of repayment. So the Bank officers, Extension workers and Government representatives should enhance the motivation of borrowers to utilize the credit in adequate manner.

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