Empirical Study on Determinants of Agricultural Investment Credit Demand Among Farm Households

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Abstract

Agricultural investment credit is one of the vital inputs required by farmers to capitalize for farm investments and adoption of new technologies. Farming community prefers institutional credit for its better terms like reasonable interest rate, subsidy etc. A number of socio-economic variables influence the decision of availing investment credit by the farm households. On this background, factors determining the demand for investment credit and problems related to access to investment credit among farm households of Dhali village in Udumalpet block of Tiruppur district was studied. Multistage purposive sampling method was used in the selection of study area and seventy farm households were selected randomly in the sample village. Logistic regression model and Garett’s ranking technique is used to analyze the data. About 32.8 percent of farmers were availing investment credits while 67.2 percent were not. The results of logistic regression analysis showed the relationship between determinants of investment credit and farmers. The results have revealed that perception of farmers towards ease of procedural formalities, possession of membership of farmers association and access to secondary source of income influences demand for investment credit significantly. Among the constraints to access investment credit, unavailability of proper documents and difficulties in application procedure were ranked first by non-borrowers and borrowers respectively.

Key words: Investment Agricultural Credit, Determinants of Credit Demand, Logistic Regression

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