

Impact of Credit on Net Farm Income of Farmers in Chittoor District of Andhra Pradesh

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ABSTRACT

The comparison of results of model 1 (at existing technology with restricted capital) and model 2 (at existing technology with relaxed borrowing) using linear programming technique indicated the impact of credit when the farmers were allowed to borrow required short term credit. The net farm returns indicated by models S_1 , M_1 and L_1 were Rs. 1,55,350, Rs. 2,21,123 and Rs. 4,77,018 for small, medium and large farms respectively when the cash availability was restricted to owned funds. When the farmers were allowed to borrow required credit to supplement owned funds, the net farm returns increased to Rs. 1,70,118, Rs. 2,47,077 and Rs. 5,69,583 on small, medium and large farms respectively. This showed that the credit played an important role in increasing income on all the categories of the farms in the study area.

Key words: *Credit, Net farm returns, Linear Programming.*