

## ABSTRACT

**Thesis Title** : Efficiency of using Agricultural Credit of Farmers who are the customers of the Bank for Agriculture and Agriculture Cooperatives: Case Study Jaehom Branch Lampang Province

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Most of the farmers in Thailand lack of capital to improve their production in order to produce more efficiently and increases more income. The government has realized the importance of this problem and tried to solve it by intervening with different motivatives and measures such as:

1. Set up the Bank of Agriculture and Agricultural Cooperatives to help finance the production and occupation improvement of farmers, groups of farmers and agricultural cooperatives.

2. Set up measures in administering policies for granting agricultural credit of the Bank of Thailand. There are two main measures. One is concerned with target setting of granting agricultural credit. The other measure is concerned with setting up conditions so commercial banks have to open branches in the outer districts. The results of these measures were the rapid increase in the amount of agricultural credit

loans. While the amount of credit has increased rapidly, however, the increase of production in agricultural sector has increased relatively slow. The interesting problem here is the efficiency of using the credit by the farmers.

The objectives of this study are to examine the general characteristics of agricultural credit, the relationship and efficiency of each factors of production that affects the Gross National Product in the agricultural sector. The efficiency of using the agricultural credit as well as factors that control the efficiency are also studied and analyzed. This thesis focuses at the farmers who are the customers of the bank of Agriculture and Agricultural Cooperative, Jaehom Branch, Lampang Province.

The result of the study found that the level of efficiency in using the credit is low because the farmers use their loans for the wrong objectives. This makes the increase of production in the farming sector very slow, while the increase of farmer's debts very fast and rising. The factors that control the efficiency of using the credit are income, expense, old debt, and amount of land use in farming. Another factor is the farmer's basic belief that investment in farming sector has low return and not worthit. This makes some farmers decide to use the loaned money to invest in other sector such as Trading and money lending. Morcover, some farmers just borrow to keep their credits without using the money on any sort of investment.