The Nonlinear Relationship between Bank Credits and Agricultural Employment in Mazandaran Province

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Mazandaran province is one of the most important agricultural areas in Iran. Researches findings show that the role of bank credits is really important due to the lack of available funds in agricultural sector. In this study, the relationship between allocation of Agricultural Bank credits of Iran as professional bank section and agricultural employment was studied in the Mazandaran province based on a threshold error correction model during 1981-2011. The results show that the impact of credits on agricultural employment has been significantly different in upper and lower level of estimated threshold. The estimated threshold is about 44 percent for bank credits. The impact of bank credits on agricultural employment will be significantly negative when they exceeds from the threshold point. The results confirm transfer of capital from agriculture to other sections, resulting in a lack of integrated management for credit allocation system.

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Abstract

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