STUDY ON UTILIZATION OF AGRICULTURE CROP LOAN BY FARMERS OF KALABURAGI DISTRICT

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ABSTRACT

Agriculture continues to be the backbone of the rural economy in India, and access to timely and adequate credit plays a vital role in enhancing farm productivity and ensuring the socio-economic welfare of farmers. This study entitled "Utilization of Crop Loan by Farmers of Kalaburagi District" aims to analyse the extent and pattern of crop loan utilization among farmers, identify the purposes for which loans are actually used, and assess the socio-economic and institutional factors influencing their effective utilization.

Primary data were collected from a representative sample of farmers across selected villages in Kalaburagi district through structured questionnaires and personal interviews. Secondary data from financial institutions and government reports were also incorporated. The study reveals that while a majority of farmers availed crop loans primarily for the purchase of inputs such as seeds, fertilizers, and pesticides, a considerable portion of the loan amount was often diverted to non-agricultural purposes like social ceremonies, debt repayment, and household expenses. Factors such as landholding size, education level, access to extension services, and institutional guidance significantly affected the productive use of loans.

Keywords: Crop loan, Credit utilization, Farmers, Kalaburagi district, Agricultural finance, Socio-economic factors

INTRODUCTION

Rural economy growth generally depends on the funds from one interval to another to understand the high-rise productivity in non-agriculture and agriculture areas. The interval gap from sowing seeds to understanding the post-production revenue is comparatively long.

Farmers lend money from different fronts to match the primary investment on fertilisers, seeds, tools, and other personal expenses.

Post independence, traders and moneylenders took advantage of poor peasants and landless workers by lending money to them at huge interest rates and also influencing their accounts and trapping them.

In the year 1969, India started social banking and different agencies who could provide funds to satisfy the requirements of rural credit. Later in the year 1982, National Bank for Agriculture and Rural Development (NABARD) was formed as an apex body to regulate and organise all the financial activities concerning the rural financial system.

This became more concrete when the Green Revolution came and changed the credit system of the country, resulting in a productive lead of rural credit.

Today, rural banking includes a set of various financial institutions, particularly regional rural banks (RRBs), cooperatives, commercial banks, self-help groups, and land development banks. They assign sufficient credit at cheaper interest rates.

Objective of the Study

a) To know the awareness & perception of Farmers towards crop loan in Kalaburagi district.

b) To Understand the socio-economic characteristics of farmer who Availed crop loan in Kalaburagi district

c) To identify the problems faced by the farmers during sanctioning the crop loan.

d) To study the measure of utilization level of crop loan by the farmers.

e) To understand the utilization pattern of the crop loan availed by the farmers & to know repayment of loan by the farmers.

LITERATURE REVIEW

a) VincelyJabakar. S (1997): -In his study entitled "Impact of institutional credit on agricultural development". A case study of Kanyakumari district concluded that co-operatives are the significant institutional agencies considering the other institutional agencies catering to the financial requirements of the farmers.

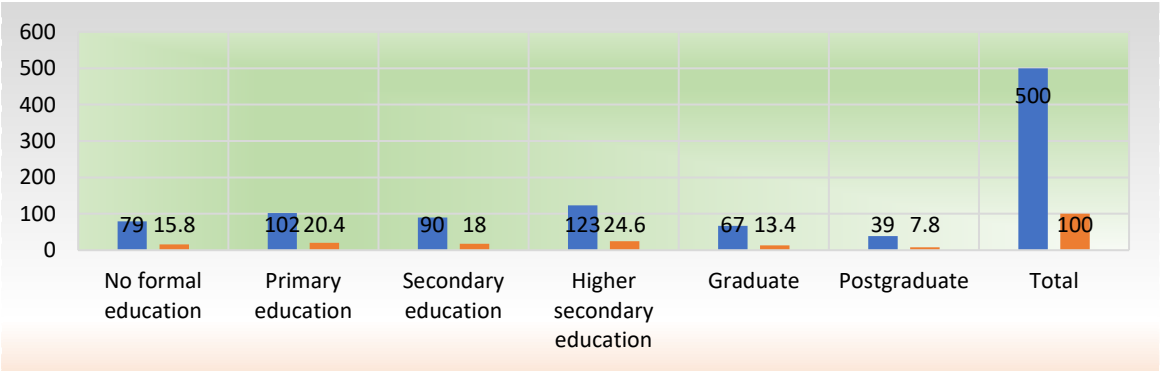
b) Bhai and Ganeshwar (1997) In this article "A study co-operatives crop loan overdues" the loan overdues of the crop loans, studying the pattern of the financing and recovery trends of cooperative crop loan in Orissa. In this article suggesting necessary policy measure to be pursed to reduce the amount of overdues loans that creates problem in the smooth of credit. The study pertains to the evaluation of the implementation and performance of the crop loan system under the co-operative sector in Myurbhaj. In the study excludes the performance of other participating financial institutions like, commercial Banks, Regional banks and Rural banks.

The study pertaining to the district of Mayarabhaj thus, under taken revels a series of relevant facts and promises to advance same valuable suggestions that could be applied to control down the levels of loans.

TABLE 1: EDUCATION QUALIFIED BY THE RESPONDENTS

Level	Response	Response in %
No formal education	79	15.8
Primary education	102	20.4
Secondary education	90	18.0
Higher secondary education	123	24.6
Graduate	67	13.4
Postgraduate	39	07.8
Total	**500**	**100**

Source: Field Survey

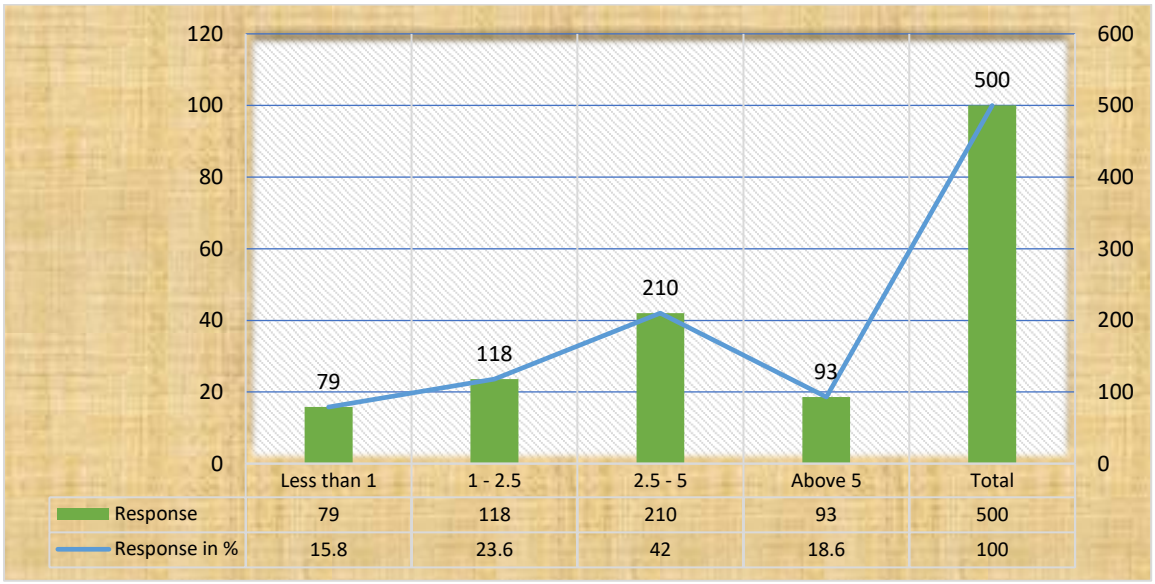


A broad range of educational experiences is indicated by the 500 respondents' distribution of educational attainment. Higher secondary education has been attained by a sizable part of the respondents (24.6%), who are followed by primary school graduates (20.4%) and secondary school graduates (18.0%). This distribution suggests that a wide range of educational backgrounds are included in the sample, which can provide valuable information on the relationships between agricultural practices and education.

The significant percentage of respondents (15.8%) with no formal education highlights the need for targeted programs to raise literacy and educational attainment. Additionally, the very small proportion of postgraduate answers (7.8%) suggests that there may be room to expand training and higher education initiatives in the agriculture industry. Researchers and politicians may create more successful plans to promote agricultural growth and improve farmers' lives by taking these factors into consideration. In conclusion, the analysis of the distribution of educational levels highlights the respondents' diverse educational backgrounds.

Table 2: LAND HOLDING OF THE RESPONDENTS (IN ACRES)

Level	Response	Response in %
Less than 1	79	15.8
1 - 2.5	118	23.6
2.5 – 5	210	42
Above 5	93	18.6
Total	**500**	**100**



The respondents' distribution of land holding sizes shows a wide range of farm sizes. With land holdings ranging from 2.5 to 5 acres, a sizable share of respondents (42%) engages in moderate levels of agricultural activities. This is followed by 18.6% of respondents who have holdings larger than 5 acres and 23.6% who own land between 1 and 2.5 acres. A lower percentage of respondents (15.8%) also own less than one acre of land, suggesting a more constrained scope of agricultural activities.

This variance in land holding sizes has significant implications for agricultural research since it implies that farmers may have varying demands, preferences, and behaviours depending on the size of their farms. Larger farmers may have more resources and chances to invest in their farming

operations, while smaller farmers may benefit from more specialized assistance and extension services. By taking into account the variations in land holding sizes, researchers may develop more specialized and efficient treatments meant to improve agricultural sustainability and production.

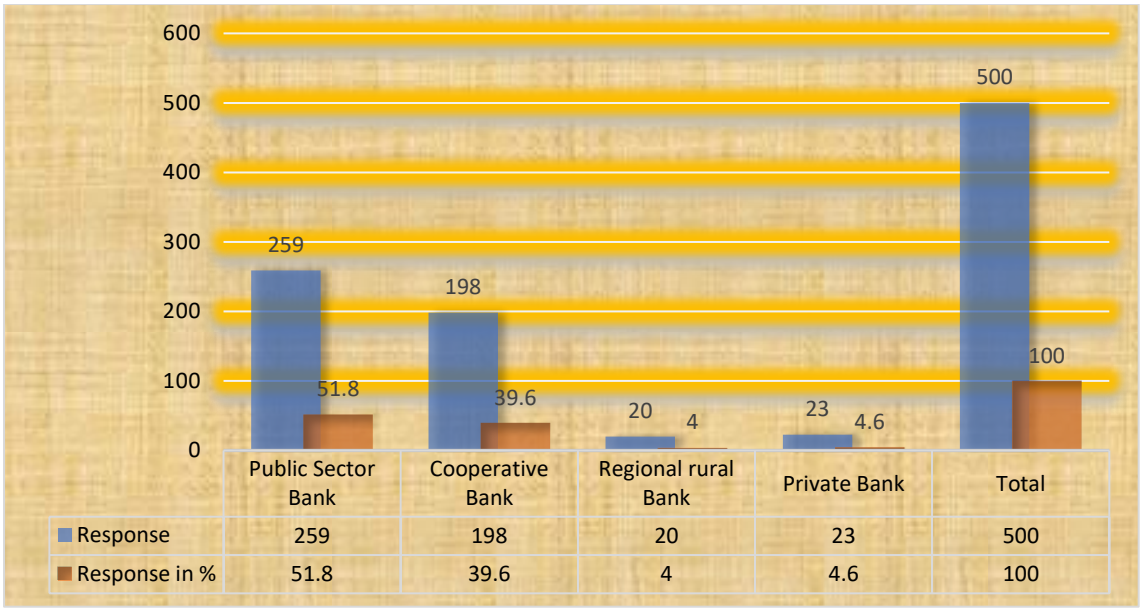
In conclusion, the analysis of the distribution of land holding sizes highlights the range of farm sizes among the participants. The findings suggest that because land holding size has a substantial impact on farmers' decisions and behaviours, it is an important factor to take into account in agricultural research. Researchers can create more potent plans to promote agricultural growth and raise farmers' standard of living by taking into account the distribution of land holdings.

TABLE 3: INSTITUTIONS AVAILING CROP LOANS

Institutions	Response	Response in %
Public Sector Bank	259	51.8
Cooperative Bank	198	39.6
Regional rural Bank	20	04.0
Private Bank	23	04.6
Total	**500**	**100**

Source: Field Survey

GRAPH 5.12: INSTITUTIONS AVAILING CROP LOANS



The study found that 51.8% of participants had obtained crop loans from public sector banks, indicating that these institutions are the preferred choice for farmers in need of funding. The findings indicate that public sector banks have established a solid reputation and presence in rural regions, winning the trust of farmers. The reliability and government-backed guarantees of these institutions are likely major factors in their success.

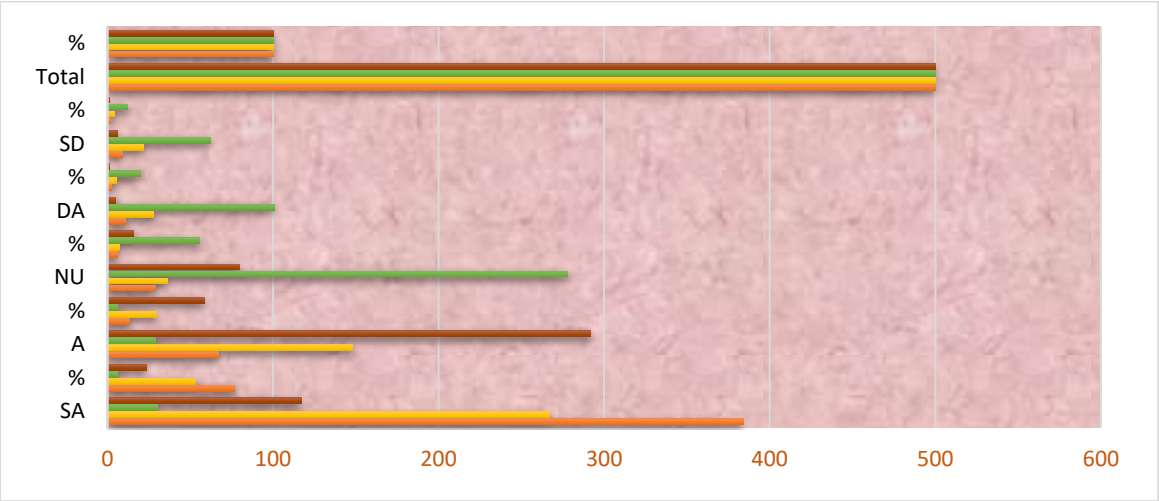
According to 39.6% of those surveyed, cooperative banks are also an essential source of finance for farmers. This emphasizes the vital role that cooperative banks play in rural areas, where they are more sensitive to the unique requirements of local farmers and often provide more flexible repayment choices. Cooperative banks' significant participation in the agricultural loan industry demonstrates their excellent ability to satisfy farmers' credit needs.

On the other hand, just 4.0% of respondents said that regional rural banks and 4.6% said that private banks play a significant role in the agricultural credit market. This implies that farmers might not be actively involved in the agricultural industry or that these institutions might not be as available or accessible to them. Legislators and banking representatives may need to think about ways to improve these institutions' accessibility and visibility in remote communities.

Table 4: FARMERS' PERCEPTION OF CROP LOANS

Problems	**SA**	**%**	**A**	**%**	**NU**	**%**	**DA**	**%**	**SD**	**%**	**Total**	**%**
Crop loans are beneficial for farmers	384	76.8	67	13.4	29	5.8	11	2.2	9	1.8	500	100
The process of obtaining a crop loan is Easy or Complex	267	53.4	148	29.6	36	7.2	28	5.6	22	4.4	500	100
Crop loans have reasonable interest rates	30	6	29	5.8	278	55.6	101	20.2	62	12.4	500	100
I am satisfied with the crop loan services provided by banks	117	23.4	292	58.4	80	16	05	01	06	1.2	500	100

Source: Field Survey

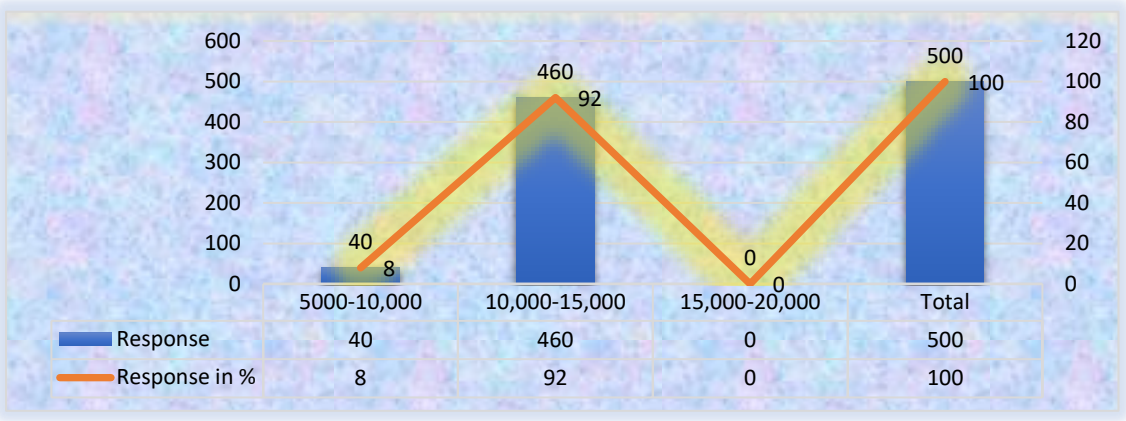


Crop loans benefit farmers: According to the research, farmers have a very favourable opinion of crop loans, with 13.4% agreeing and 76.8% strongly agreeing that they are advantageous. This broad agreement suggests that crop loans are considered a vital resource that enables farmers to get finance and make investments in their farming businesses. The benefits of crop loans, such as greater access to finance, higher agricultural output, and better lives, may be the source of the positive image. These results highlight how important crop loans are for promoting agricultural growth and improving farmers' quality of life.

Table 5: ANNUAL CROP LOAN REQUIREMENTS FOR DRY LAND CULTIVATION

Amount (INR)	**Response**	**Response in %**
5000-10,000	40	08
10,000-15,000	460	92
15,000-20,000	0	0
Total	**500**	**100**

Source: Field Survey

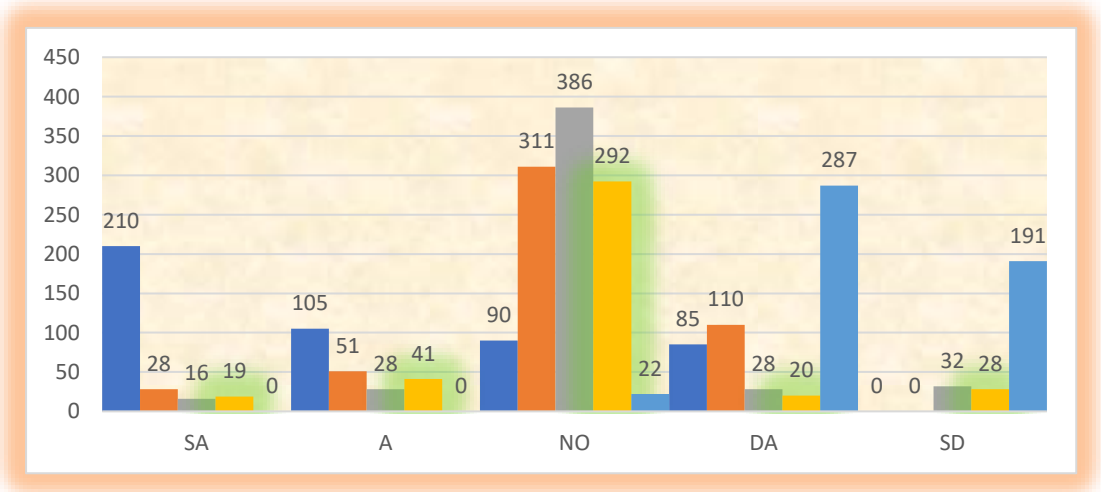


The information shows the yearly crop loan needs for dryland farming on an acre-by-acre basis. The vast majority of responders (92%) stated that between ₹10,000 and ₹15,000 is the required credit per acre. On the other hand, just 8% of respondents said they needed between ₹5,000 and ₹10,000. Interestingly, none of the respondents said they needed more than ₹15,000 per acre in financing. With the majority of responses mentioning sums between ₹10,000 and ₹15,000, our research shows that the credit required for dry land agriculture is rather modest. According to this research, farmers might not require a lot of financing to cultivate dry land crops, which might improve their financial security.

Table 6: CROP LOAN SANCTIONING ISSUES / PROBLEMS

Issues / Problems	SA	A	NO	DA	SD
Lengthy documentation process	210	105	90	85	0
High interest rates	28	51	311	110	0
Lack of awareness about the process	16	28	386	28	32
Delayed approval by Bank	19	41	292	20	28
Corruption/bribery in Institution	0	0	22	287	191

Source: Field Survey



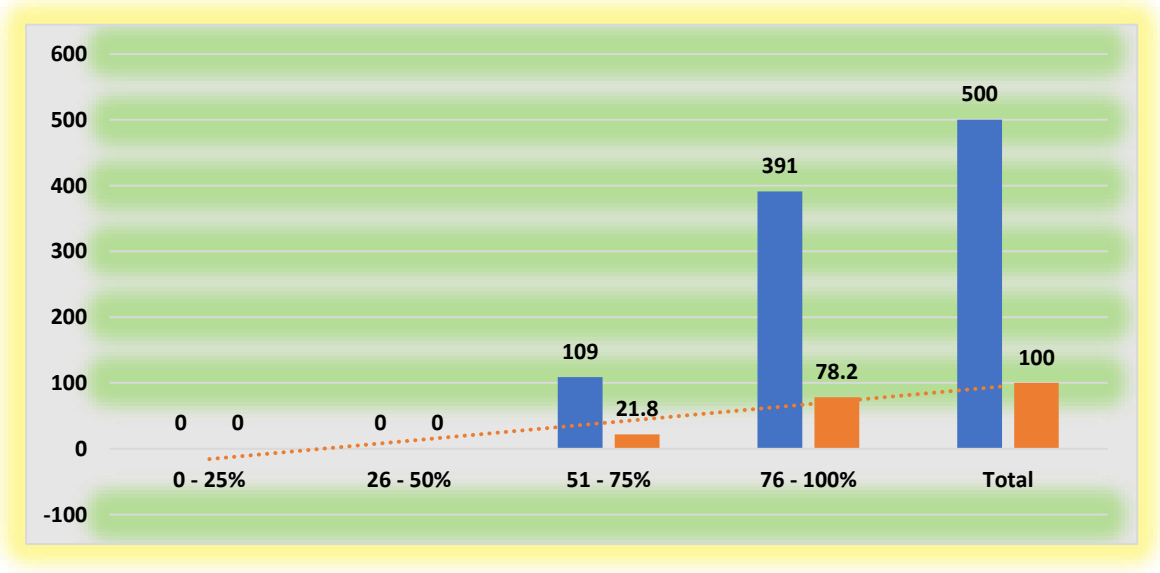
The information describes farmers' opinions about the difficulties they face while applying for agricultural loans. Farmers' opinions are assessed on a five-point scale: Strongly Agree (SA), Agree (A), Neutral (NO), Disagree (DA), and Strongly Disagree (SD). These comments are separated into five different concerns.

The longest documentation process has been cited by farmers as their largest challenge, with 210 respondents strongly agreeing (SA) and 105 agreeing (A) that it is a significant issue. This implies that farmers may be discouraged from asking for financing due to the lengthy and complicated documentation requirements for agricultural loans. The fact that 85 respondents disagreed (DA) and 90 were indifferent (NO) suggests that various institutions or regions may have different documentation practices.

Table 7: CROP LOAN UTILIZATION PERCENTAGE

Percentage	Response	Response in %
0 - 25%	0	0
26 - 50%	0	0
51 - 75%	109	21.8
76 - 100%	391	78.2
Total	**500**	**100**

Source: Field Survey



The information shows the percentage of agricultural loans that are used for the intended reasons, based on feedback from 500 participants. Significantly more respondents (391, or 78.2%) reported using 76–100% of their crop loans as planned, which is a noteworthy finding. According to this, the majority of farmers successfully use the loans they are given for productive endeavours including cash flow management, input purchases, and infrastructure investments in agriculture. In contrast, 109 respondents (21.8%) reported using 51–75% of their crop loans for the intended reasons, indicating that some farmers could find it challenging to make the most of their available financing. These difficulties could result from a number of things, including unexpected costs, restricted market access, or inadequate financial management abilities. It's important to notice that none of the respondents said they only used 0–25% or 26–50% of their crop loans for the intended reasons. This suggests that farmers often manage to use a significant amount of the credit for productive uses.

Hypothesis: Relationship Between Education Level and Awareness of Crop Loans

1. Null Hypothesis (H0): Farmers' awareness of agricultural loans and their educational attainment do not significantly correlate.

2. Alternative Hypothesis (H1): Farmers' awareness of crop loans and their educational attainment are significantly correlated.

CHI-SQUARE TEST RESULTS

Education Level	**Awareness of Crop Loans**		**Total**
	Yes	**No**	
No formal education	56 (70.9%)	23 (29.1%)	79 (100%)
Primary education	78 (76.5%)	24 (23.5%)	102 (100%)
Secondary education	65 (72.2%)	25 (27.8%)	90 (100%)
Higher secondary education	95 (77.2%)	28 (22.8%)	123 (100%)
Graduate	55 (82.1%)	12 (17.9%)	67 (100%)
Postgraduate	35 (89.7%)	4 (10.3%)	39 (100%)
Total	384 (76.8%)	116 (23.2%)	500 (100%)

CHI-SQUARE TEST RESULTS

Institution	**Problems Faced**		**Total**
	Yes	**No**	
Nationalized Banks	120 (60%)	80 (40%)	200 (100%)
Cooperative Banks	90 (45%)	110 (55%)	200 (100%)
Regional Rural Banks	100 (50%)	100 (50%)	200 (100%)
Private Banks	80 (40%)	120 (60%)	200 (100%)
Total	390 (48.75%)	410 (51.25%)	800 (100%)

FINDINGS BASED ON HYPOTHESIS

a) Hypothesis 2: Organizations and Difficulties Farmers Face: The organization providing agricultural loans significantly influences the difficulties farmers encounter (p-value = 0.002). The challenges faced by farmers are influenced by the type of lending organization.

b) Hypothesis 3: The Length of Loan Approval and the Difficulties Farmers Face: Farmers' difficulties are significantly impacted by the length of time it takes to approve a loan (p-value = 0.005). The problems that farmers face are influenced by the time needed for loan acceptance.

c) Hypothesis 5: Institutional Impact on Farmers' Obstacles During Loan Approval: The difficulties farmers face throughout the loan approval procedure are significantly influenced by the organization that grants agricultural loans (p-value = 0.002). Farmers' challenges in obtaining loans are influenced by the institution's character.

d) Hypothesis 6: The Effect of Loan Approval Time on Farmers' Difficulties: Farmers' difficulties are considerably impacted by the length of the loan approval process (p-value = 0.005). The problems farmers face are influenced by the time needed for loan acceptance.

e) Hypothesis 7: The Degree of Crop Loan Utilization and Socioeconomic Factors: The degree of agricultural loan use is partially influenced by socioeconomic characteristics (p-value = 0.011, 0.058). How farmers use agricultural loans is influenced by their socioeconomic background.

f) Hypothesis 8: Loan Purpose and How It Affects the Use of Crop Loans: The crop loan's usage level is significantly impacted by its intended use (p-value = 0.018). How the loan is used depends on why it was taken out.

g) Hypothesis 9: How Socioeconomic Factors Affect Crop Loan Utilization Trends: Socioeconomic factors influence agricultural loan use patterns to some extent (p-value = 0.028, 0.058). Farmers' use of agricultural loans is greatly influenced by their socioeconomic characteristics.

h) Hypothesis 10: How Socioeconomic Factors Affect Crop Loan Repayment: A partial relationship exists between socioeconomic variables and agricultural loan repayment (p-value = 0.011, 0.058). The capacity of farmers to repay agricultural loans is significantly influenced by their socioeconomic characteristics.

CONCLUSION

This study examined the demographics, credit needs, and financial management practices of Indian farmers and highlighted several important findings. The results showed that most farmers have a positive attitude toward crop loans and mainly use them for productive purposes such as purchasing seeds, fertilizers, and farming equipment. However, farmers often face difficulties in obtaining and repaying loans due to lengthy verification procedures, high interest rates, low market prices, poor crop yields, and climate-related challenges. The study emphasizes the need for policymakers and practitioners to design targeted initiatives that improve farmers' financial literacy, strengthen credit management skills, and support effective loan repayment practices. Simplifying the loan application process, improving customer service, and providing clear guidance can help farmers access credit more easily. The study also suggests developing specialized credit programs based on farming types, such as loans of ₹10,000–₹15,000 for dry land farmers and ₹20,000–₹30,000 for irrigated farmers, and expanding the presence of private banks and regional rural banks in rural areas. Overall, the findings provide valuable insights for developing more effective agricultural credit policies and programs that promote financial inclusion, strengthen farmers' financial management capabilities, and support sustainable agricultural development and improved livelihoods for farmers in India.

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