

STUDY ON UTILIZATION OF 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.

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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

- To Know the awareness & perception of Farmers towards crop loan in Kalaburagi district.
- To Understand the socio-economic characteristics of farmer who Availed crop loan in Kalaburagi district
- To identify the problems faced by the farmers during sanctioning the crop loan.
- To study the measure of utilization level of crop loan by the farmers.
- 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 pursued to reduce the amount of overdues loans

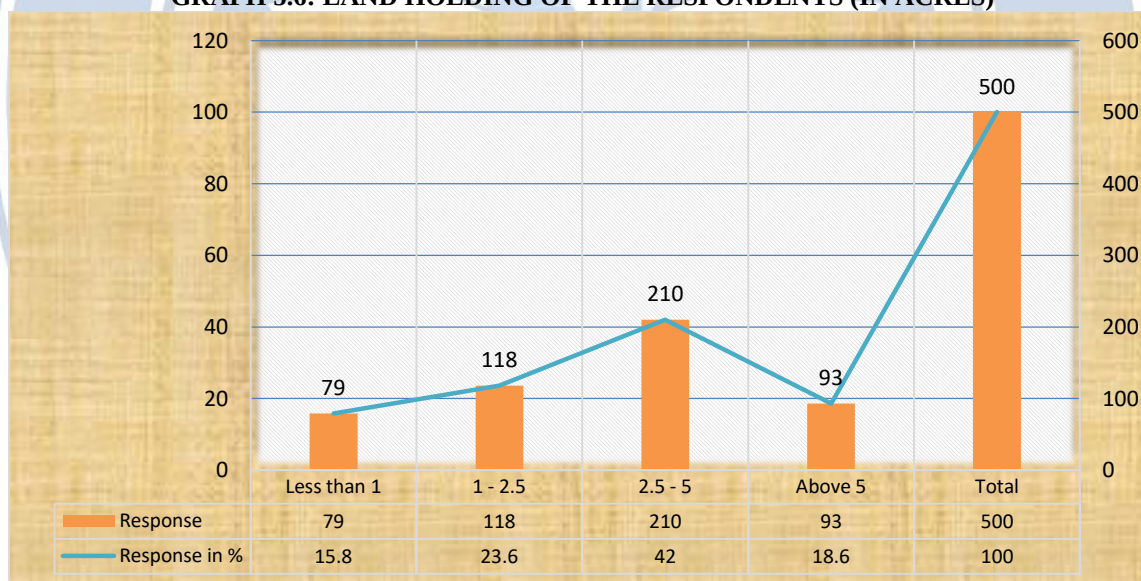
that creates problem in the smooth of credit. The study pertains to the evaluation of the implementation and performance of the crop loan system under the co-operative sector in Myurbhaj. In the study excludes the performance of other participating financial institutions like, commercial Banks, Regional banks and Rural banks.

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

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

GRAPH 5.6: LAND HOLDING OF THE RESPONDENTS (IN ACRES)



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%) engage 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 behaviors 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

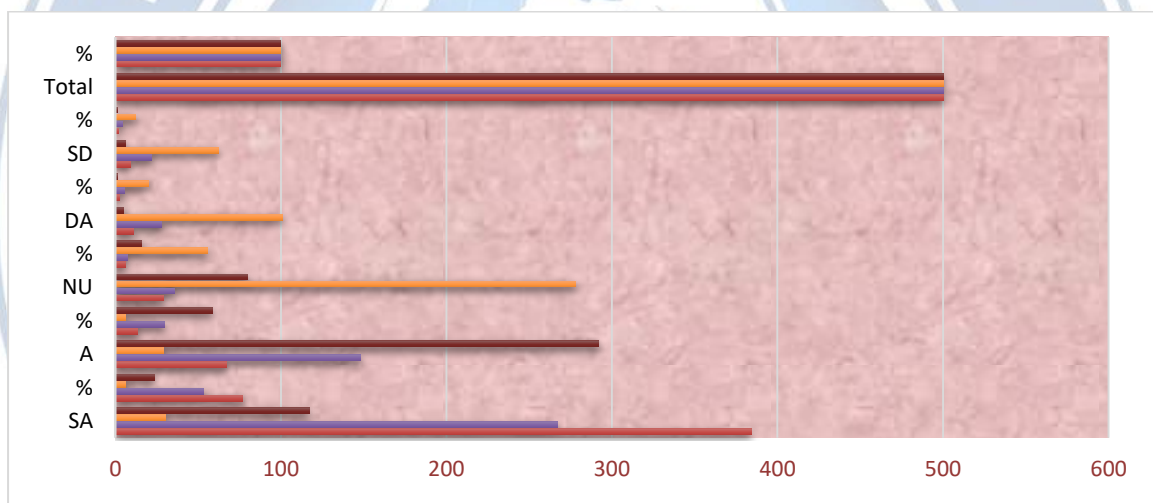
: FARMERS' PERCEPTION OF CROP LOANS

farmers' decisions and behaviors, 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.

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

GRAPH 5.8: FARMERS' PERCEPTION OF CROP LOANS



Crop loans benefit farmers: According to the research, farmers have a very favorable 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

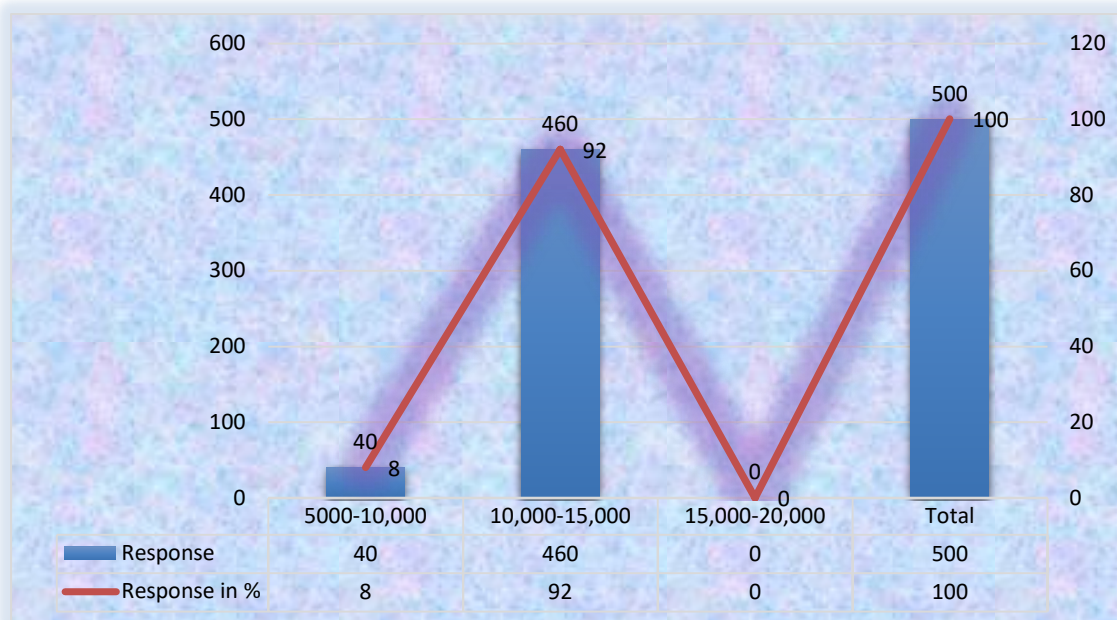
benefits of crop loans, such as greater access to finance, higher agricultural output, and better lives, may be the source of the positive image. These results highlight how important crop loans are for promoting agricultural growth and improving farmers' quality of life.

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

GRAPH 5.10: ANNUAL CROP LOAN REQUIREMENTS FOR DRY LAND CULTIVATION



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.

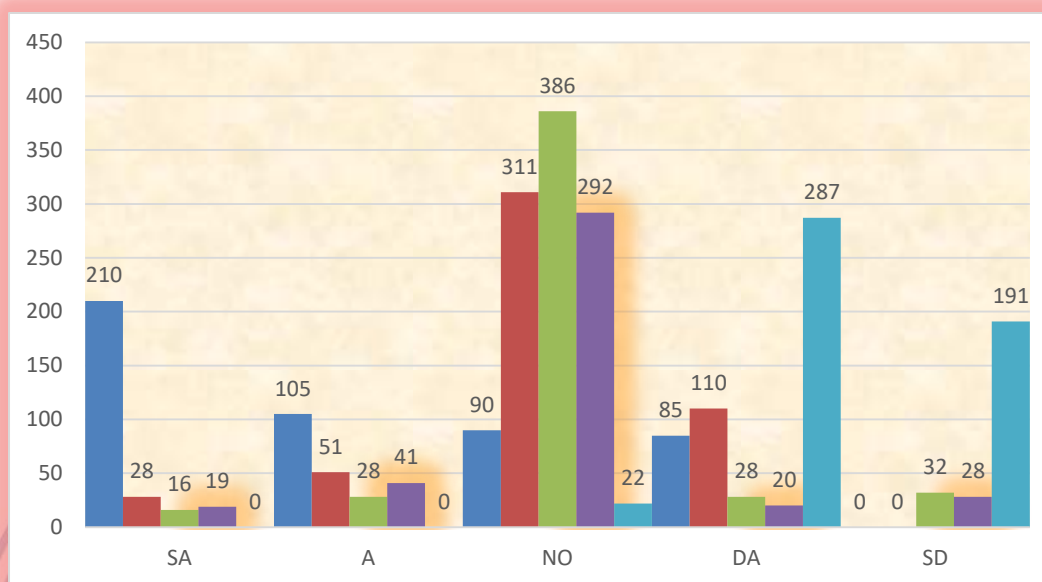
With the majority of responses mentioning sums between ₹10,000 and ₹15,000, our research shows that the credit required for dry land agriculture is rather modest. According to this research, farmers might not require a lot of financing to cultivate dry land crops, which might improve their financial security.

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

GRAPH 5.15: CROP LOAN SANCTIONING ISSUES / PROBLEMS



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

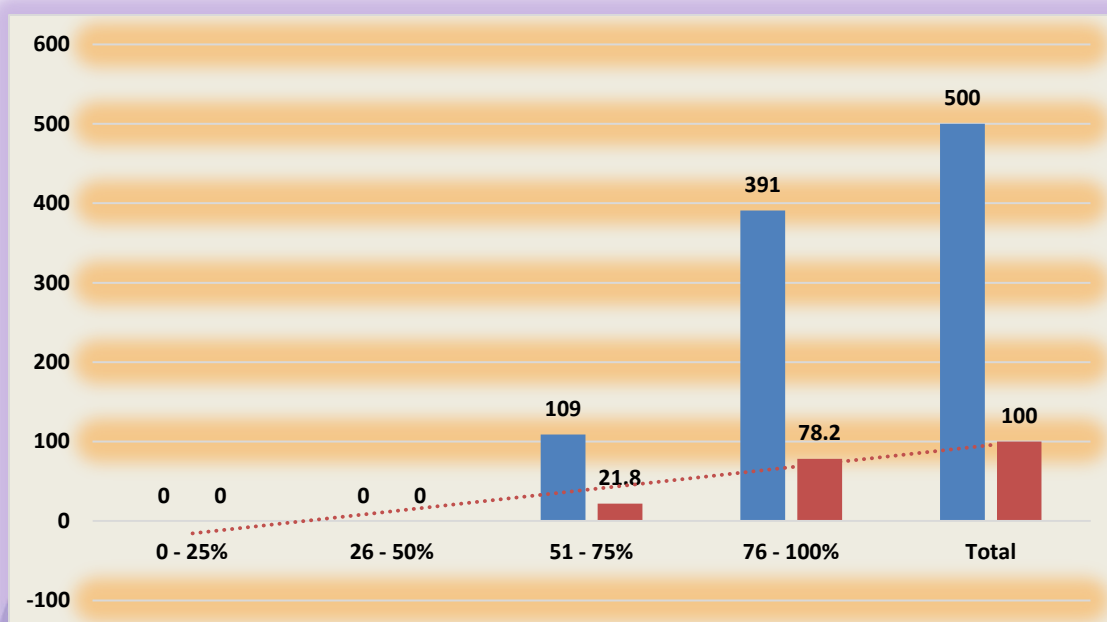
respondents strongly agreeing (SA) and 105 agreeing (A) that it is a significant issue. This implies that farmers may be discouraged from asking for financing due to the lengthy and complicated documentation requirements for agricultural loans. The fact that 85 respondents disagreed (DA) and 90 were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

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

GRAPH 5.19: CROP LOAN UTILIZATION PERCENTAGE



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 endeavors 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

TABLE 6.1: 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%)

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

- Null Hypothesis (H0): Farmers' awareness of agricultural loans and their educational attainment do not significantly correlate.
- Alternative Hypothesis (H1): Farmers' awareness of crop loans and their educational attainment are significantly correlated.

TABLE 6.2: CHI-SQUARE TEST STATISTICS

Chi-Square Value	df (Degrees of Freedom)	Asymp. Sig. (p-value)
12.456	5	.029

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%)

TABLE 6.7: CHI-SQUARE TEST STATISTICS

Chi-Square Value	df (Degrees of Freedom)	Asymp. Sig. (p-value)
15.234	3	.002

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.

6.4: CONSOLIDATED FINDINGS

The study's extensive analysis revealed that a number of variables, such as socioeconomic traits, the lending organization, the length of time it takes to approve a loan, the intended use of the money, and the usage trends of crop loans, all significantly affect how crop loans are used and repaid. The findings show that socioeconomic considerations are important when deciding whether to take out a crop loan, how much of it to use, and how to pay it back. Furthermore, the difficulties farmers face, the extent to which they use loans, and their repayment patterns are all significantly impacted by the lending organization. The challenges farmers encounter, their rates of use, and their loan payback are all impacted by the length of time it takes to approve

loans. Furthermore, the use and repayment process of agricultural loans are influenced by their intended purpose, and the payback of crop loans is influenced by the patterns of their utilization.

6.5: SUGGESTION

The study's conclusions lead to the following recommendations being put forth:

6.5.1: FOR POLICYMAKERS

- a) Develop specialized initiatives: Put in place specific programs to support farmers from different socioeconomic backgrounds, such as female farmers, smallholder farmers, and farmers from marginalized communities.
- b) Increase institutional efficacy: To speed up loan approval and promote improved credit availability, increase the efficiency of organizations that provide agricultural loans, such as commercial and cooperative banks.
- c) Promote financial education: To help farmers better understand agricultural loans and how to use them, promote financial education.

