



---

## A Study Of agricultural Finance Provided By Banks In Jewargi Taluka, Kalaburagi District Of Karnataka

---

**Dr. Bhagyashree Krishna Sindagi**

Assistant Professor of Commerce

Govt. Womens First Grade College Jewargi Colony, Kalaburagi

---

### **ABSTRACT:**

Agricultural financing is as important as technological development. Farmers can only buy and use technology if they have sufficient capital (resources). Farmers often face dire financial problems. This situation causes people to borrow from a place where it is easy and convenient. Before 1935, professional lenders were only in the agricultural sector. They were charging exorbitant interest rates and had strict practices in giving and repaying loans. As a result, farmers were getting heavily indebted and many were in permanent debt. Most farmers were unhappy with these practices and there were protests. The use of modern technology is capital intensive and has facilitated the agricultural economy in India. Also, the income of the farmer is seasonal and the labor costs are seasonal. Moreover, farmers are short of funds and need more credit to meet their increasing needs. Credit is also a special resource because it provides an opportunity to use additional ideas and resources now and pay for them from future income. In this context, this study attempts to understand the perceptions of farmers in Jewargi taluka of Kalaburagi district of Karnataka towards agricultural financing through banks.

**Key words:** *Banking, Income, Savings, Resources Credit,*

### **INTRODUCTION:**

The country relies on millions of small farmers for its agricultural products. Their efforts, hard work and efficiency help to increase the yield per acre. Financing of agriculture is important for farmers. However, farmers never have enough money and need external financing or credit. Due to lack of financial resources and lack of timely availability of credit at reasonable rates, many farmers are unable to obtain better seeds and fertilizers or

reintroduce good techniques or technology. The agricultural community needs to be aware of the many areas of agricultural finance. Agricultural finance has benefits for farmers, borrowers and extension workers. Knowledge of credit institutions and their legal and regulatory environment helps in selecting appropriate lenders who can provide the necessary loans and related services for commercial copy farming. It plays an important role in agriculture and has played a significant role in the development of Indian agriculture. It shows all the signs of protection against natural shocks like drought and famine. In fact, credit has become a way of managing resources by enabling farmers to obtain the capital they need to sustain farming. It enables farmers to get short-term credit for purchase of equipment and other services as well as long-term credit for investment. Credit, therefore, plays an important role in promoting agricultural technology and trade. The success of the green transition in Indian agriculture depends largely on economic support for agriculture, including expansion of inputs such as fertilisers, water and capital formation. It enables farmers to invest in new investments and/or use new technologies. The importance of agricultural finance is further strengthened by the unique role of Indian agriculture in the macroeconomic framework and its significant role in poverty reduction. Considering the importance of agricultural finance in supporting agricultural growth and development, emphasis has been placed on the agricultural financing process since the inception of development planning in India.

#### **SIGNIFICANCE OF THE STUDY:**

. Agriculture often plays a major role in the economy of any country, as it often feeds the entire population of a country, and in this case, affects and deals with all kinds of business in the country. It is considered a country. Agriculture is the main source of employment in many countries. Larger farms often find it necessary to hire additional workers to work the land and care for livestock. Many of these large farms have offices close to the processing of agricultural products and the development of commercial products. The use of agricultural technology depends on the use of money and the ability of farmers to respond to the advancement of agriculture. In this context, this study focuses on the perceptions of farmers in Kalaburagi district of Jewargi Taluka, Karnataka, regarding agricultural finance provided by various departments of banks for agricultural development

#### **STATEMENT OF THE PROBLEM**

Mahatma Gandhi said six decades ago that agriculture is the backbone of the Indian economy. It is still the case in the new millennium; almost the entire economy is based on agriculture, which is the bedrock of the country. Not just for jobs, we all depend on agriculture for our livelihood. Agriculture is the most

important economic activity in JEWARGI Taluka. The average age of farmers committing suicide across the country is between 35 and 45. The reasons for this include lack of access to credit, poor quality of goods and lack of access to extension services. There is a lot of debt between bank loans and private loans. They sold all their gold and paid off all their land. Finally, at the age of 35, 40, 45, children grow up and when marriage problems arise, they feel that there is little hope of solving their family problems. Farmers are looked down upon and belittled in society without recognition, sufficient income and full-time employment. There is unemployment, there is underemployment, and often they are forced to migrate due to famine, drought, floods and other natural disasters.

#### **OBJECTIVES OF THE STUDY:**

- To study socio-economic conditions of the farmers availing agricultural loan from banks through various schemes.
- To draw the opinion of the farmers about receiving agriculture finance and the problems faced in settling the same.
- To offer suggestions to the banks and the beneficiaries for the efficient sanctioning and effective use of the loan sanctioned.

#### **SCOPE OF THE STUDY:**

This study is confined to the cultivators mainly engaged in cultivation of land in Kalaburagi district of Karnataka. It provides the details of the status of farmers, perception of the farmers about agricultural finance and problems encountered by farmers for receiving agricultural loan and socio economic background of the farmers. It covers the farmers' perception towards agriculture finance provided by various sectors of banks in Jewargi Taluka Kalaburagi district.

#### **METHODOLOGY:**

##### **Sources of the study:**

The primary data have been collected directly from Farmers by using Interview schedule. The secondary data have been collected from the published journal, books, magazines and websites.

##### **Sampling Design:**

Two sampling methods, viz., stratified random sampling and purposive sampling have been adopted for selecting samples of the respondents. The farmers are selected by purposive sampling technique. The data have been collected from 100 (farmers) respondents.

#### **PROFILE OF THE RESPONDENTS:**

Gender classification is of paramount importance as women are participating on all aspects of profession in line with men and hence this question is asked and the results are given below;

*Dr. Bhagyashree Krishna Sindagi*

**Table: 1. Gender wise Classification**

Particular		Male	Female	Total
Marginal Farmer	Number of respondents	45	05	50
	Percentage	90	10	100
Small farmer	Number of respondents	44	06	50
	Percentage	88	12	100
Large Farmer	Number of respondents	45	05	50
	Percentage	90	10	100
<b>Total</b>	<b>Number of respondents</b>	<b>134</b>	<b>16</b>	<b>150</b>
	<b>Percentage</b>	<b>89</b>	<b>11</b>	<b>100</b>

Source: Field Study

Table 1 shows the gender distribution of the respondents. Of the 50 marginal farmers, 90% are male and 10% are female. Of the 50 smallholders, 88% are male and 12% are female. Of the 50 largeholder farmers, 90% are male and the remaining farmers are female. A general survey on gender shows that of the 150 farmers, 89% are male and 11% are female. Farmers are mostly men.

**Table: 2. Age wise classification**

Particular		Below 25 Age	26-50 Age	Above 50 Age	Total
Marginal Farmer	Number of respondents	8	20	22	50
	Percentage	16	40	44	100
Small farmer	Number of respondents	9	15	26	50
	Percentage	18	30	52	100
Large Farmer	Number of respondents	--	12	38	50
	Percentage		24	76	100
<b>Total</b>	<b>Number of respondents</b>	<b>17</b>	<b>47</b>	<b>86</b>	<b>150</b>
	<b>Percentage</b>	<b>11</b>	<b>31</b>	<b>58</b>	<b>100</b>

Source: Field study

Table 2 shows the age distribution of the respondents. Out of 50 marginal farmers, 44% of the respondents belong to the age group of 50+, 40% of the respondents belong to the age group of 25 to 50 and 16% belong to the age group of 50+. Out of 50 small farmers, 52% are below the age of 50, 30% are in the age group of 25 to 50 and 18% are below the age of 25. Out of 150 large farmers, 76% are above the age of 50 and 24% are between the age group of 25 to 50. The overall analysis of the survey showed that out of 150 farmers, 58% are in the age group of 50, 31% in the age group of 25-50 and 11% in the age group of below 25. It is seen that the elderly are mostly engaged in agriculture.

**Table: 3. Education wise classification**

Particular		No formal	Below high school	Higher Secondary	U.G	P.G	Professional	Total
Marginal Farmer	Number of respondents	25	10	09	05	01	--	50
	Percentage	50	20	18	10	02	--	100
Small farmer	Number of respondents	22	13	12	03	--	--	50
	Percentage	44	26	24	06	--	--	100
Large Farmer	Number of respondents	19	16	07	04	02	02	50
	Percentage	38	32	14	08	04	04	100
Total	Number of respondents	66	39	28	12	03	02	150
	Percentage	44	26	19	08	02	01	100

Source: Field study

Table 3 provides information on the distribution of farmers' education levels. Of the 50 farmer groups, 50 percent had no technical education, 20 percent had less than high school education, 18 percent were high school graduates, 10 percent had a bachelor's degree, and 02 percent had experienced master's degrees. For the 50 small farmer groups, 44 percent of the respondents were uneducated, 26 percent had less than high school education, 24 percent had a high school education, and 06 percent were college graduates. Graduate and employed farmers are not represented in this category. Of the 50 large farmer groups, 39 percent had no technical education, 32 percent had less than high school education, 14 percent were high school graduates, 08 percent were college graduates, and 04 percent were college graduates. A general survey on education shows that out of 150 farmers, 44% did not have technical education, 26% had less than high school education, 19% had more than high school education, 08% had a bachelor's degree, 02% had a bachelor's degree and the remaining 01% had

completed technical education. Of course, people who study go to other jobs and businesses. Therefore, the rate of educated people in agriculture is quite low. The family system is playing an increasingly important role in agriculture. Therefore, questions regarding the nature of farmer families are summarized in the table below.

**Table; 4.Nature of the Family**

Particular		Nuclear	Joint	Total
Marginal Farmer	Number of respondents	30	20	50
	Percentage	60	40	100
Small Farmer	Number of respondents	27	23	50
	Percentage	54	46	100
Large Farmer	Number of respondents	30	20	50
	Percentage	60	40	100
Total	Number of respondents	87	63	150
	Percentage	58	42	100

Source: Field study

The table .4 shows that the nature of family of the farmers. In case of 50 marginal farmers category 60 per cent are living in nuclear family and 40 per cent are living in joint family. As far as 50 small farmers category 54 per cent are living in nuclear family and the remaining 46 per cent are living in joint family. From 50 large farmers category 60 per cent are living in nuclear family and 40 per cent are living in joint family. The overall observation relating to the study provides information that out of the 150 respondents 58 per cent are living in nuclear family and 42 per cent are living in joint family.

Communication for agriculture is also not seen as a major priority at both national or international level and the role of the media as an effective player in agricultural development. Therefore this question is relating the ways to know about formal source are gathered and given in the following table.

**Table: 5. Knowledge about the financial sources**

Particulars		Fellow Farmers	News Papers	Others	Televisions	Total
Marginal Farmer	Number of the Respondents	33	04	06	07	50
	Percentage	66	08	12	14	100
Small Farmer	Number of the Respondents	30	05	10	05	50
	Percentage	60	10	20	10	100
Large Farmer	Number of the Respondents	27	07	10	06	50
	Percentage	54	14	20	12	100
<b>Total</b>	<b>Total</b>	<b>90</b>	<b>16</b>	<b>26</b>	<b>18</b>	<b>150</b>
	<b>Percentage</b>	<b>60</b>	<b>11</b>	<b>17</b>	<b>12</b>	<b>100</b>

Source: Field study

Table 5 shows the sources of information. Out of 50 farmers 66% of them came to know about the sources from other farmers, 12% of them came to know about the sources from other people, 14% of them came to know about the sources from television and 08% of them came to know about the sources from newspapers. Source of funds. Out of 50 small farmer groups 60% of them came to know about the budget from other farmers, 20% of them came to know about the sources from other people, 10% of them came to know about the sources from television and 10% of them came to know about the sources from television. Out of 50 large farmer groups 54% of them came to know about the sources from other farmers, 20% of them came to know about the sources from other people and 14% of them came to know about the sources from television. All the observations related to this study show that out of 150 farmers 60% of the farmers came to know about the budget from other farms, 17% of the farmers came to know about the sources from other people and 12% of the farmers came to know about the sources from television and 11% of the farmers came to know about the sources from television. Farmers often seek information about resources from other farmers because it is an easy way to share information. Subsidies reduce farmers' costs and increase the income of poor farmers. As income changes, farmers can increase input, which helps increase productivity. Therefore, this aspect of the grant is summarized and given in the table below.

**Table: 6. Opinion about Subsidy**

<b>Particular</b>		<b>Satisfied</b>	<b>Not satisfied</b>	<b>Total</b>
Marginal Farmer	Number of respondents	9	41	50
	Percentage	18	82	100
Small Farmer	Number of respondents	12	38	50
	Percentage	24	76	100
Large Farmer	Number of respondents	22	28	50
	Percentage	44	56	100
<b>Total</b>	<b>Number of respondents</b>	<b>43</b>	<b>107</b>	<b>150</b>
	<b>Percentage</b>	<b>29</b>	<b>71</b>	<b>100</b>

Source: Field study

Table 6 shows the assumptions regarding the grants. Out of 50 farmer groups, 82% answered “no” to subsidies and 18% answered “yes” to subsidies. Out of 150 small groups, 77% answered “no” to subsidies and 24% answered “yes” to subsidies. Out of 50 large agricultural groups, 56% answered “no” to subsidies and 44% answered “yes” to subsidies. All observations for this survey show that out of 150 farmers, 71% answered “no” to subsidies and 29% answered “yes” to subsidies. The answer to subsidies from farmers is generally "no". Because farmers who do not have sufficient information about agricultural support face serious problems and the state needs to take some necessary measures in this regard. Credit exemption is for a group of agricultural beneficiaries. Therefore, the issues regarding credit amnesty are summarized and presented in the table below.

**Table: 7. Opinion about Loan Waive**

<b>Particular</b>		<b>Satisfied</b>	<b>Not satisfied</b>	<b>Total</b>
Marginal Farmer	Number of respondents	05	45	50
	Percentage	10	90	100
Small Farmer	Number of respondents	09	41	50
	Percentage	18	82	100
Large Farmer	Number of respondents	25	25	50
	Percentage	50	50	100
<b>Total</b>	<b>Number of respondents</b>	<b>39</b>	<b>111</b>	<b>150</b>
	<b>Percentage</b>	<b>26</b>	<b>74</b>	<b>100</b>

Source: Field study



The table 7 shows the opinion about loan waives. In case of 50 marginal farmers category 90 per cent have responded 'No' opinion about loan amount waived and 10 per cent have responded 'Yes' opinion about amount waived. As far as 50 small farmers category 82 per cent have responded 'No' opinion about loan amount.

**Table: 08. Problems faced for receiving agricultural finance**

Particular	Marginal formers			Small formers			Large former		
	Agree	Disagree	Total	Agree	Disagree	Total	Agree	Disagree	Total
Not aware of the facilities available	32 (34)	18(36)	50(100)	22(44)	28(56)	50(100)	15(30)	35(70)	50(100)
Complex documentation	19(38)	33(66)	50(100)	18(36)	32(64)	50(100)	10(10)	40(80)	50(100)
Not satisfied with area approach	30(60)	20(40)	50(100)	20(40)	30(60)	50(100)	24(48)	26(52)	50(100)
Lack of service / co-operation from the bank	20(40)	30(60)	50(100)	24(48)	26(52)	50(100)	12(24)	38(76)	50(100)
No faith in schemes / institutions	24(48)	26(52)	50(100)	22(44)	28(56)	50(100)	24(48)	26(52)	50(100)
Lack of educational knowledge	35(70)	15(30)	50(100)	32(64)	18(36)	50(100)	15(30)	35(70)	50(100)
Not satisfied with indemnity level	24(48)	26(52)	50(100)	29(58)	21(42)	50(100)	22(44)	28(56)	50(100)
Banker's behaviour not encourage	15(30)	35(70)	50(100)	15(30)	35(70)	50(100)	08(16)	42(84)	50(100)
Loan has taken from sources other than banks	26(52)	24(48)	50(100)	20(40)	30(60)	50(100)	20(40)	30(60)	50(100)
Loan amount is not in time	22(44)	28(56)	50(100)	21(42)	29(58)	50(100)	22(44)	28(56)	50(100)
Scale of finance inadequate	28(56)	22(44)	50(100)	27(54)	23(46)	50(100)	23(46)	27(54)	50(100)
High interest rate	30(60)	20(40)	50(100)	20(40)	30(60)	50(100)	14(28)	36(72)	50(100)

**Source: Field study Figar in the bracket is Percentage**

The table 8 shows that out of the 50 marginal farmers, 70 percent of respondents agreed the lack of educational knowledge and 60 percent are agree about high interest rate ,no faith in schemes / institution (48), Out of 50 small formers (4.59), not satisfied with indemnity level (42), not aware of the facilities available (44), high rate of interest (40), Out of 50 large formers 52 percent are not faith in schemes.

**Table: 9. Opinion on loan waiving scheme**

Particulars	Marginal Farmer		Small Farmer		Large Farmer		Total	
	Number of Respondents	%	Number of Respondents	%	Number of Respondents	%	Number of Respondents	%
Good for agriculture development	-	-	-	-	28	56	28	19
Facilitates further loans	-	-	-	-	22	44	22	15
Induces wilful default	10	20	8	16	-	-	14	12
Waiving is the way to cheat farmers	40	80	42	84	-	-	82	54
<b>Total</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>150</b>	<b>100</b>

Source: Primary Data

Table 9 shows the information about the loan forgiveness program. For 50 farmers, 80% of farmers believe that the loan waiver scheme is a way to deceive farmers, and 20% of farmers believe that the tips to avoid loans are deliberate mistakes. In the 50 small farmer group, 92% of farmers believe that the loan waiver is a way to deceive farmers, and 16% of farmers believe that the loan waiver will make hearts unfair. In the 50 large agricultural group, 56% of farmers believe that the loan program will be beneficial to the development of agriculture, and 43% of farmers believe that the loan program will be beneficial in terms of additional loans. The overall analysis of the survey showed that 54% of 150 farmers think that the loan waiver is a way to deceive farmers, 19% think that the loan waiver is good for agriculture, and 15% think that the loan waiver is a way to deceive farmers. Of those who approve the additional loan, 12% believe that the loan forgiveness will cause negative feelings.

#### **SUGGESTIONS:**

1. The agricultural finance should be provided for fairly long period and it should be commensurate with the operations for which it is designed to facilitate and it should be provided at lower rate of interest.
2. Crop loan should be given under the bank's lending programme and almost all needy farmers especially small and marginal farmers should be given crop finance for raising crops with recommended package of practices for higher returns. Farmers should be provided guidance for improved farming

techniques, balanced fertilization, use of water saving devices and proper plant protection measures

3. Banks should undertake hydrological surveys on priority basis, formulate area based schemes, update land records and organize finance camps for on the spot sanction by the bank.
4. The loan should be advanced only to the needy and deserving farmers who have high degree of integrity and are equipped with the honest sense of finance use.
5. The exposure of finance users with mass media of communication, particularly radio and farm publication may be increased. The field officers of the bank should also develop more contact with their clientele
6. The crop loan availed by the farmers did not entirely cover the cost of cultivation. Finance given on the basis of cost of cultivation rather than on the basis of scale of finance can reduce the existing crop loan gap.

## CONCLUSION

Farmers are the most unfortunate among private moneylenders who use advanced technology to call in loans when needed, seizing farmers' crops, property, lands and homes. However, in rural areas, especially in agriculture, the available resources and ability to generate adequate sources of finance are still limited. From this perspective, domestic finance is seen as the main source of external financing for promotion. Institutional finance helps farmers to acquire the necessary capital and create an environment that will increase productivity. As financial institutions play a supportive and supporting role in the development process, adequate, timely and appropriate financing arrangements for farmers have become an integral part of India's agricultural development policy response. Therefore, agricultural financing in the country is provided by three methods, namely commercial banks (including private banks in recent years), banks in the region and partners. From this study, farmers think that banks do not provide financing on time and do not limit the amount of money. Special attention should be paid to the timing of money disbursement to support the development of better agriculture and farmer relations in the study area.

## REFERENCE:

1. Ashok Kumar, Pandey and SushitaKaul, "Study of Growth and Disparity in Agricultural Advances by Commercial Banks", *Financing Agriculture*, 19 (1), 1987: 14 – 15.
2. Balishter and Singh, "A Study on Institutional Finance in Agriculture", *Agriculture Situations in India*, 24(11), 1986.
3. Banerjee. P. K. (1970), "Indian Agricultural Economy", Chaitanya Publication, New Delhi.

4. Basu. S. K. (1979), "Commercial Banks and Agricultural Credit – A study of Regional Disparity in Indian Allied Publications", Bombay.
5. Desai. S.S.M (1990), "Agriculture and Rural Banking in India", Himalaya Publishing House, Bombay, Third Revised Edition.
6. Desai. V. V, "Some Aspects of Farm Loans by Commercial Banks", Indian Journal of Agriculture Economics, 33(4), 1970.