

## A Study on the Effectiveness of Crop Loan Utilization by Farmers in Kalaburagi District

Uday Kumar B Gadmi<sup>1\*</sup>, Dr. S. H. Honnali<sup>2</sup>

<sup>1\*</sup> Research Scholar, Faculty of Business Studies, Sharnbasva University, Kalaburagi, Karnataka

<sup>2</sup> Professor and Dean, Faculty of Business Studies, Sharnbasva University, Kalaburagi, Karnataka

**\*Corresponding Author:**

Uday Kumar B Gadmi

Research Scholar, Faculty of Business Studies, Sharnbasva University, Kalaburagi, Karnataka,

Cite this paper as: Uday Kumar B Gadmi, Dr. S. H. Honnali (2025) A Study on the Effectiveness of Crop Loan Utilization by Farmers in Kalaburagi District. Journal of Neonatal Surgery, 14, (5) 437-443

### ABSTRACT

This study examines the effectiveness of crop loan utilization among farmers in Kalaburagi District, focusing on how efficiently borrowed funds are applied toward agricultural activities. It analyzes factors influencing proper utilization, such as awareness, financial literacy, farm size, and access to institutional credit. The study also evaluates the impact of crop loans on agricultural productivity, income levels, and farmers' repayment capacity. Findings indicate that while crop loans support agricultural operations, challenges like diversion of funds, inadequate guidance, and delayed disbursement reduce their effectiveness. The study suggests strengthening monitoring mechanisms, enhancing financial awareness, and improving credit delivery systems to ensure optimal utilization and sustainable agricultural development

**KEYWORDS:** Farmers, Kalaburagi District, Credit Efficiency, Agricultural Productivity, Crop Loan, Agricultural Finance.

### INTRODUCTION

The primary source of income for rural families is agriculture, and the rural economy contributes significantly to India's GDP. These households, however, face a number of challenges, including limited formal credit availability, low financial literacy, and ignorance of banking services. Access to formal credit and other financial services is made easier by rural banking, which has emerged as a crucial component of rural development. By enabling rural households to make investments in healthcare, education, and agriculture, this access has improved their general quality of life and promoted regional economic development.

### LITERATURE REVIEW

Das et al. (2020) : emphasize the significance of banks in providing financial support to India's agriculture sector. They stress that farmers rely on banks as their primary source of credit, which enables them to meet their input demands and finance investments in advanced farming technology.

Kumar et al. (2021) :The impact of agricultural financing on farm production in India is examined by Kumar et al. (2021). According to their results, there is a strong correlation between loan availability and agricultural production, with prompt finance enabling farmers to improve farming methods and increase yields.

Patel and Saravanan (2018) :Examine how national policy affects Indian banks' agricultural loan disbursements. Programs such as interest subsidy schemes and the Kisan finance card (KCC) are examined to determine their effectiveness in expanding farmers' access to financing and promoting agricultural growth.

Kumar et al. (2021) :The impact of agricultural financing on farm production in India is examined by Kumar et al. (2021). Their results show a significant correlation between loan availability and agricultural production, with prompt finance enabling farmers to improve farming methods and increase yields

**RESEARCH GAP**

The goal of the study on Kalaburagi district farmers' usage of agricultural loans is to close a number of gaps in the body of knowledge. For that reason, the title of this research is "An Examination of Crop Loan Utilization by Farmers in Kalaburagi District." The limited geographic reach of earlier research on agricultural loans and Kisan Credit Cards (KCCs) has been noted as a major research need. There is a lack of knowledge on the unique possibilities and problems faced by farmers in the Kalaburagi district because the majority of previous study has focused on certain states or regions. This narrow emphasis has resulted in a lack of understanding of the unique needs and challenges of farmers in this region, which is essential for developing successful policies and initiatives meant to promote agricultural growth in the area.

**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.

**TABLE 1: LAND HOLDING OF THE RESPONDENTS (IN ACRES)**

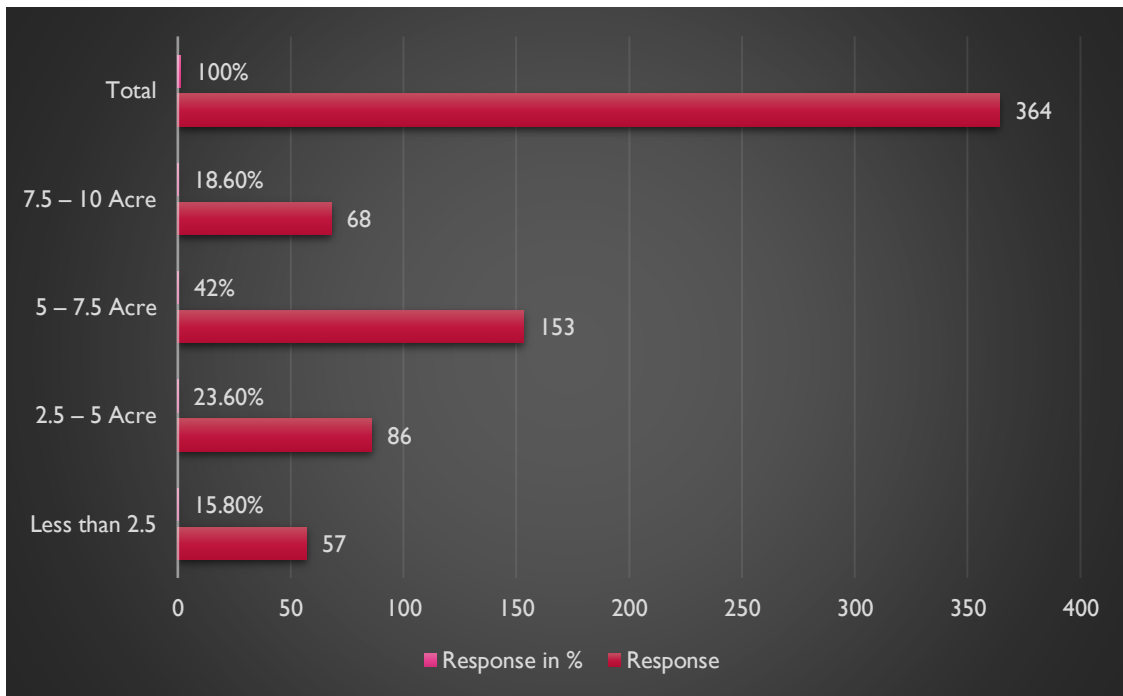
Land holding in Acres	Response	Percentage
Less than 2.5	57	15.8
2.5 – 5 Acre	86	23.6
5 – 7.5 Acre	153	42
7.5 – 10 Acre	68	18.6
Total	364	100

Source: Field Survey

Table 1 displays the respondents' land holding size. Out of the 364 respondents, 153 (42%) were those households which have landholding between 5 and 7.5 Acres and thus, the proportion of farmers with moderate to large landholdings was considerable thus, the proportion of farmers with small landholdings is quite considerable. 86 (23.6%) were those households which have landholdings ranging from 2.5 - 5 Acres, and, thus the percentage of farmers with relatively modest landholdings was significant. 68 (18.6%) were those households which have landholdings of more than 7.5 – 10 Acres And thus, 57 (15.8%) were those who have land less than 2.5 Acres and thus the percentage of farmers with large landholdings was considerable.

Table 1 displays the respondents' land holding size. Out of the 364 respondents, 153 (42%) were those households which have landholding between 5 and 7.5 Acres and thus, the proportion of farmers with moderate to large landholdings was considerable thus, the proportion of farmers with small landholdings is quite considerable. 86 (23.6%) were those households which have landholdings ranging from 2.5 - 5 Acres, and, thus the percentage of farmers with relatively modest landholdings was significant. 68 (18.6%) were those households which have landholdings of more than 7.5 – 10 Acres And thus, 57 (15.8%) were those who have land less than 2.5 Acres and thus the percentage of farmers with large landholdings was considerable.

**GRAPH 1: LAND HOLDING OF THE RESPONDENTS (IN ACRES)**



**TABLE 2: RESPONDENTS OPINION ON PURPOSE OF AVAILING CROP LOAN**

Purpose	Response	Percentage
Purchase of seeds	347	95.4
Purchase of fertilizers	358	98.2
Purchase of farm equipment or machinery	33	9
Irrigating the land	28	7.6
Other	76	21

Source: Field Survey

Reasons for taking out a crop loan from the series side of things were summarized in table 2. Out of a total sample of 364 respondents, 358 (98.2%) mentioned that loans were used for the purchase of fertilizers, chemicals. This fact alone indicates how crucial loans were for the nutrition and protection of crops. 347 (95.4%) reported to have taken out a crop loan for the purchase of seeds, which basically means that most farmers were dependent on loans for this vital input. 76 (21%) respondents admitted that they utilized crop loans for other purposes, which indirectly shows that there were differences in the way loan usage among respondents within their farm operations. 33 (9%) respondents reported using crop loans for farm equipment or machinery, and 28 (7.6%) for irrigating the land, thus implying that these purposes were not the most common use of crop loans for most farm respondents.

**TABLE 3: RESPONDENTS OPINION ABOUT PROBLEM FACED BY FARMER DURING THE SANCTIONING PROCESS**

Issues / Challenges	SA	A	NO	DA	SD	Total
Lengthy documentation process	153	76	66	62	0	357
High interest rates on Crop loan	20	37	226	0	0	363
Lack of awareness about the process	12	20	281	20	23	356
Delayed approval by Banks	14	30	213	15	20	292
Corruption in Institution	0	0	16	209	139	364

Source: Field Survey

Extended Documentation Process: 153 respondents strongly agreed and 76 respondents agreed that the documentation process takes too long, for a total of 229 respondents (64.1% of the 357 respondents), suggesting a significant majority of respondents view the documentation process as burdensome. 66 respondents indicated neutrality on the statement, while 62 disagreed, indicating that the documentation process is a large stumbling block that many farmers face to obtain a crop loan.

High Interest Rates: 20 respondents strongly agreed and 37 respondents agreed that the interest rates are high, for a total of 57 respondents (15.7% of the 363 respondents), while 226 respondents indicated neutrality, suggesting mixed dispositions among respondents about the interest rates. The neutrality of a large number of respondents suggests that interest rates are at least not a universal obstacle to the crop loan application process, even though a significant number of farmers reported that interest rates do pose a problem.

Lack of Awareness about the Process: 12 respondents strongly agree and 20 agree that there is a lack of awareness about the crop loan process for an overall total of 32 respondents (9% of 356 respondents). 281 respondents stated they were neutral to this statement while 43 disagree or strongly disagree. The majority of the neutral response may indicate that lack of awareness about the process is not a prevalent issue for a large proportion of respondents, however may still affect a small number of farmers.

Delayed Approval by Banks: 14 respondents strongly agree and 30 agree there was delayed approval, an overall total of 44 respondents disagree or strongly disagree that there is delayed approval by Bank (15.1% of 292 respondents). 213 respondents stated they were neutral on this statement while 35 others disagree or strongly disagree with the statement. A proportion of respondents consider delayed approval for loans as an issue for them. This suggested that banks can potentially work on approving loans for farmers needs it.

Corruption in participating institutions: 0 respondents agree, and of the 364 respondents, 348 (95.6%) disagree or strongly disagree. Thus, the perception that dishonesty/bribery is not a major issue in granting crop loans/sanctioning the loan indicates that generally, farmers trust the institutions giving them a crop loan and do not consider bribery to be an important issue.

**TABLE 4: LIKERT SCALE CALCULATION (WEIGHTED MEAN) FOR ISSUES / CHALLENGES**

(Numerical assignment: SA=5, A=4, NO=3, DA=2, SD=1)

Issues / Challenges	SA (5)	A (4)	NO (3)	DA (2)	SD (1)	Total Responses	Weighted Sum (Count * Value)	Weighted Mean (Weighted Sum / Total Responses)
Lengthy documentation process	153	76	66	62	0	357	1391	3.90
High interest rates on Crop loan	20	37	226	0	0	283	(926	3.27
Lack of awareness about the process	12	20	281	20	23	356	1046	2.94
Delayed approval by Banks	14	30	213	15	20	292	879	3.01
Corruption in Institution	0	0	16	209	139	364	(605	1.66

**TABLE 5: INTERPRETATION OF WEIGHTED MEAN SCORES (5-POINT LIKERT SCALE)**

Weighted Mean Score Range	Interpretation
1.00 - 1.80	Strongly Disagree
1.81 - 2.60	Disagree
2.61 - 3.40	Neutral
3.41 - 4.20	Agree
4.21 - 5.00	Strongly Agree

The analysis of farmer perceptions on crop loan challenges reveals important issues. First, the lengthy documentation process is a major obstacle, with a Weighted Mean of 3.90. This shows that farmers see this as a heavy administrative burden. Second, high interest rates on crop loans (3.27) and delayed approvals by banks (3.01) both fall in the "Neutral" range. This indicates moderate concerns, but not serious problems. The lack of awareness about the process (2.94) is also in this neutral area. Most notably, the data shows strong disagreement about "Corruption in Institution," with a weighted mean of 1.66. This suggests that farmers generally do not see this as a significant issue in the crop loan system.

**TABLE 6: RESPONDENTS OPINION ABOUT DIFFICULTIES FACED DURING REPAYMENT OF THE CROP LOAN**

Repayment Challenges	SA	A	NO	DA	SD
Poor crop yield	296	44	14	7	3
Low market prices	349	8	7	0	0
Failure of rain	280	9	42	19	12
Family emergencies	20	27	186	63	68

Source: Field Survey

Poor Crop Yield: 296 respondents strongly agree and 44 agree that poor crop yield contributes as one of the challenges of repaying crop loans with a total of 340 (93.4% of respondents), implying that crop yield contributes much as a reason affecting loan repayments. Only 7 respondents disagree and 3 strongly disagree. Lack of Market Prices: 349 respondents agree strongly and 8 agree that a lack of market prices as a challenge affects repaying crop loans, summing up to 356 respondents (97.8% of respondents), indicating that market prices are a major consideration of respondents in repaying loans. No respondents disagree or agree strongly. Failure of Rain: 280 strongly agree and 9 agree that failure of rain is an issue while paying off crop loans, an amount of 289 (79% of respondents), and it reflects rainfall as a determining factor of crop yields and loan payments. 42 remain neutral and 31 disagree or strongly disagree. Family Emergencies: Only 20 strongly agree and 27 agree that family emergencies are a problem during the payment of crop loans, a total of 47 respondents (12.9% of respondents), while 186 are neutral and 131 disagree or strongly disagree and state that family emergencies are not a problem with a majority of the farmers while they are paying their crop loan.

**TABLE 7: LIKERT SCALE CALCULATION (WEIGHTED MEAN) FOR REPAYMENT CHALLENGES**

(Numerical assignment: SA=5, A=4, NO=3, DA=2, SD=1)

Repayment Challenges	SA (5)	A (4)	NO (3)	DA (2)	SD (1)	Total Responses	Weighted Sum (Count * Value)	Weighted Mean (Weighted Sum / Total Responses)
Poor crop yield	296	44	14	7	3	364	1715	1715 / 364 = 4.71
Low market prices	349	8	7	0	0	364	1798	1798 / 364 = 4.94
Failure of rain	280	9	42	19	12	362	1612	1612 / 362 = 4.45
Family emergencies	20	27	186	63	68	364	960	960 / 364 = 2.64

**TABLE 8: INTERPRETATION OF WEIGHTED MEAN SCORES (5-POINT LIKERT SCALE)**

Weighted Mean Score Range	Interpretation
1.00 – 1.80	Strongly Disagree
1.81 – 2.60	Disagree
2.61 – 3.40	Neutral
3.41 – 4.20	Agree
4.21 – 5.00	Strongly Agree

The analysis of farmer perceptions about repayment challenges clearly shows the major obstacles they face. The biggest issue is low market prices, which farmers almost universally recognize as a significant problem affecting their ability to repay loans (Weighted Mean = 4.94). Poor crop yield (Weighted Mean = 4.71) and lack of rain (Weighted Mean = 4.45) are also seen as serious challenges, both firmly in the "Strongly Agree" category. This highlights the impact of agricultural and climate uncertainties on loan repayment. On the other hand, family emergencies (Weighted Mean = 2.64) are seen as a more neutral factor, leaning toward "Disagree." This suggests that while they can pose problems, they are not experienced as consistently or intensely as the main agricultural and market-related challenges.

**FINDINGS**

42% of respondents have landholdings between 5-7.5 acres, thus showing a moderate level of land ownership. This means that the farmers have a good enough size of land to grow their products, but may still have difficulties in managing their farms efficiently.

98.2% of the respondents reported that the loans were used for the purchase of fertilizers/pesticides. Thus, farmers seek to improve their yields through the use of fertilizers and pesticides.

64.1% of the respondents said that they had difficulties with long documentation. It indicates that farmers may be facing paperwork hurdles in accessing crop loans, which could seriously challenge them.

As many as 98.2% of the farmers see that the way they repay their loans influences government and institutional services. It implies that these rural people keep in view the importance of repaying their loans to remain in good standing with their credit providers.

**Conclusion of the Study**

The research demystifies the interaction of farmers with crop loans along with providing a detailed look into the socio-economic characteristics of farmers, which reflect the intricacies of agricultural finance and the necessity of targeted interventions to raise farmer productivity and their standard of living. Their age might be between 31 and 41 years, have

annual income ranging between 200,000 to 3,00,000 Indian rupees, own a landholding of 5-7.5 acres, yet such farmers encounter credit access issues, risk management problems, and low productivity

#### REFERENCES

1. Das, A.,(2020). [Specific Title Related to Agricultural Finance]. *Journal of Agricultural Finance and Development*, 45(1), 55-68.
2. Kumar, P., et al. (2021). Impact of agricultural financing on farm production in India. *Journal of Agricultural Economics*, 26(2), 15-30.
3. Patel, R., & Saravanan, V. (2018). Impact of national policies on agricultural loan disbursement by banks in India. *Journal of Agricultural Finance*, 13(1), 10-20.
4. Kumar, P., Singh, R., & Gupta, S. (2021). Agricultural financing and farm production in India. *Journal of Agricultural Economics*, 26(2), 15-30.