



An Analysis on Supply and Utilisation of Agricultural Finance in Dindigul District With Special Reference to Selected Areas

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Abstract – The purpose of this paper is to discuss the availability and use of agricultural credit loans in Dindigul district's selected areas. This study used primary data on agricultural credit loans in a particular region. This study used correlation and regression tools. This finding demonstrates that agriculturists are forced to accept short-term loans from commercial banks to purchase agricultural tools and inputs, as well as farming operations, the benefits of which cannot be realised within the loan's duration. The backlog in installment payback imposed pressure on later operations and limited repayment options. The situation is more serious in the areas. Agricultural credit is provided at a reduced rate as a matter of priority. It should not be used for anything other than agricultural purposes. The researcher has previously demonstrated that agricultural finance has a good impact on farming. This study attempted to explain that agricultural financing has a positive and significant impact on agriculture using correlation and regression models. The result of farming is quantified in terms of income generated from agriculture, which greatly increases agricultural credit loans among farmers in commercial banks.

Keywords: Agricultural credit loan, Utilisation, Repayment and Commercial bank.

1. INTRODUCTION

India is mostly an agricultural country. The agriculture industry works over 64 per cent of the labour force, contributes nearly 26 per cent of GDP, and accounts for approximately 18 per cent of total export value (Government of India 2002). Agriculture provides a crucial role in the Indian economy. Though the agricultural sector's contribution to the country's overall Gross Domestic Product (GDP) has decreased from around 30 per cent in 1990–91 to less than 15 per cent in 2011–12, this decline is factored into the country's development process layoff; agriculture remains the backbone of development. Agriculture finance involves long-term planning, and the Indian banking industry actively encourages agricultural funding, allowing peasants to carry out their obligations efficiently and without difficulty (Barot, H. et al., 2015). Agricultural financing has been investigated both nationally and world-wide. The Indian economy depends on agriculture. Agriculture provides a living for 70 per cent of Indians. Because Indian agriculture is generally rain-fed, it cannot create year-round revenue (Kambali, U. 2021). Several studies have found that financial resources have a substantial impact on agricultural productivity. Profitable agriculture has a higher likelihood of being sustainable. Numerous laws and initiatives to support farm financing have been formed in recognition of the need for greater and easy access to finance in agriculture (Kambali, U. 2021).

2. REVIEW OF LITERATURE



J.O. Amao (2013) analysed on the age of both credit and non-credit users. The age group was between 41–50 years. The average farm size was 5.89 hectares, and the majority of users were male. Farmers encountered great challenges in obtaining credit facilities, such as late disbursement of agricultural loans, non-compliance with security or collateral requirements demanded by bad debts, and banks distributing funds for non-agricultural reasons. The problem of default in agricultural loan repayment is one of the factors that have hampered the development of Nigeria's agricultural industry since it reduces financial institutions' willingness to lend to the sector. One of the reasons for agriculture's declining contribution to the economy is a lack of formal national credit policy and credit institutions.

According to Ujjal Bhuyan (2017), there are various financial organisations that lend to different sectors of the economy. The credit facilities supplied range from short-term operating loans to corporate medium and long-term loans for financing infrastructure projects. The financial and credit markets are extended across the economy and affect all segments of the people. The factors influence the growth of bank credit are gross domestic factor, interest rates on lending by banks, financial performance of banks, NPAs, asset quality, and capital adequacy ratio.

Dang et al., (2021) aim to investigate the factors that influence the performance of Vietnam's publicly traded financial institutions. For example, equities have a considerable positive impact on financial efficiency, suggesting that more capital leads to better performance. Furthermore, because operational costs are negatively correlated with capital sufficiency, rising operating costs can jeopardize the bank's profitability. Finally, bank performance is closely related to agricultural funding. This shows that a high proportion of agriculture finance in overall funds may benefit bank performance. The findings have a number of policy implications, which are discussed, and future study directions are also clearly identified.

3. OBJECTIVES OF THE STUDY

1. To study the socio-economic factors influencing agricultural credit loan utilization by beneficiaries
2. To identify any disparities in the use and repayment of agricultural credit loans between the study areas
3. To analyse the use of agricultural credit loans from commercial banks

4. DATA SOURCES AND METHODOLOGY

The present study is based on a survey method that makes considerable use of primary data. The primary objectives of the study were to evaluate the existing state of agricultural finance in terms of contribution and utilisation, as well as to provide recommendations for potential changes in this sector. A suitable methodology was developed for this purpose. The main source of information was primary data, which was acquired from the district's commercial banks, which are the primary providers of agricultural loans. For the sake of this study, the entire Dindigul district is divided into three regions: east, north, and south. The areas selected are Vadamadurai, Vendasandur, and Nilakottai, all from the East, North, and South areas. This study used percentage, correlation, and regression analysis techniques. The investigation was conducted using a random sample technique. Two commercial banks from each area were selected to conduct an analysis of loan holders' perceptions of credit issued by banks. This was accomplished through commercial banks that provided the largest amount of agricultural credit in the identified district of the region. Based on the ratio of borrowers in the agricultural sector of commercial banks, 284 sample respondents were selected from the district, including 68 from Vadamadurai, 81 from

Vedasandur and 135 from Nilakottai.

5. SCOPE OF THE STUDY

The current study focused only on agricultural credit utilisation in the Dindigul district. For this purpose, the district was divided into three regions, and the study was conducted in one of the districts with the highest supply of agricultural credit in each region. The study focuses on agricultural credit given by the Dindigul district’s commercial banking sector.

6. RESULTS AND DISCUSSION

This research uses correlation and regression analysis to assess the impact of agricultural lending on the prosperity of farmers. Farmers’ prosperity is defined in the study work based on asset creation criteria that are closely related to the agricultural credit loan of the farmers after the credit loan period. Since we are testing the impact, the model construction is based on percentage, regression, and correlation analysis for agricultural credit loans.

Table -1:Socio-economic characteristics of beneficiaries of agricultural credit loan

| Variables | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|-------------------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Age groups | | | | | | | | |
| 21 to 35 years | 10 | 14.71 | 41 | 50.62 | 22 | 16.30 | 73 | 25.70 |
| 36 to 50 years | 38 | 55.88 | 25 | 30.86 | 68 | 50.37 | 131 | 46.13 |
| More than 51 years | 20 | 29.41 | 15 | 18.52 | 45 | 33.33 | 80 | 28.17 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |
| Educational Qualification | | | | | | | | |
| Less than Middle School Level | 42 | 61.76 | 34 | 41.98 | 90 | 66.67 | 166 | 58.45 |
| High School Level | 12 | 17.65 | 26 | 32.10 | 34 | 25.18 | 72 | 25.35 |
| Higher Secondary School Level | 10 | 14.71 | 16 | 19.75 | 8 | 5.93 | 34 | 11.97 |
| Graduation Level and above | 4 | 5.88 | 5 | 6.17 | 3 | 2.22 | 12 | 4.23 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |
| Size of land holding | | | | | | | | |

| | | | | | | | | |
|------------------------------|----|--------|----|--------|-----|--------|-----|--------|
| Less than 45 cents | 10 | 14.71 | 9 | 11.11 | 13 | 9.63 | 32 | 11.27 |
| 46 to 90 cents | 18 | 26.47 | 20 | 24.69 | 13 | 9.63 | 51 | 17.96 |
| 91 to 135 cents | 18 | 26.47 | 40 | 49.38 | 90 | 66.67 | 148 | 52.11 |
| More than 136 cents | 22 | 32.35 | 12 | 14.82 | 19 | 14.07 | 53 | 18.66 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |
| Occupational Status | | | | | | | | |
| Cultivation | 24 | 35.29 | 40 | 49.38 | 68 | 50.37 | 132 | 46.48 |
| Agriculture labour | 4 | 5.88 | 9 | 11.11 | 13 | 9.63 | 26 | 9.16 |
| Self-employed | 16 | 23.54 | 14 | 17.28 | 29 | 21.48 | 59 | 20.77 |
| Government employee | 4 | 5.88 | 4 | 4.95 | 13 | 9.63 | 21 | 7.39 |
| Others | 20 | 29.41 | 14 | 17.28 | 12 | 8.89 | 46 | 16.20 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |
| Loanees Annual Family Income | | | | | | | | |
| Less than Rs. 15000 | 2 | 2.94 | 3 | 3.70 | 5 | 3.70 | 10 | 3.52 |
| Rs. 15001 to Rs. 55000 | 48 | 70.59 | 56 | 69.14 | 82 | 60.75 | 186 | 65.49 |
| Rs. 55001 to Rs. 95000 | 16 | 23.53 | 19 | 23.46 | 43 | 31.85 | 78 | 27.47 |
| More than Rs. 95001 | 2 | 2.94 | 3 | 3.70 | 5 | 3.70 | 10 | 3.52 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 1 indicates the socioeconomic characteristics of sample farmers. Out of the total sample respondents, 46.13 per cent fall between the ages from 36 to 50. The group above the age of 51 comes in second with 28.17 percent. A similar pattern was observed among beneficiaries in Vadamadurai and Nilakottai areas, with a slight variance in Vedasandur, where approximately 50.62 per cent of the beneficiaries were between the ages of 21 to 35. All commercial bank loanees were found to be literate. The majority of loanees in the sample 58.45 per cent had less than a middle school education. 25.35 per cent of the respondents had completed high school. A similar pattern emerged among those selected across all areas. The responses were that the percentages for education below the middle school level were 61.76 per cent, 41.98 per cent and 66.67 per cent for Vadamadurai, Vedasandur, and Nilakottai areas respectively. The above table shows the classification of sample respondents based on their land holdings. The categories used for this purpose are less than 45 cents, 46 cents to 90 cents, 91 cents to 135 cents, and more than 136 cents. The majority of respondents 52.11 per cent own land valued between 91 cents to 135 cents, 18.66 per cent owned land valued at more than 136 cents. A similar pattern of land ownership was observed among beneficiaries in Nilakottai area. In Vadamadurai, 32.35 per cent of the respondents had an area of more than 136 cents. In the Vedasandur area, 49.38 per cent of respondents

had land holdings ranging from 91 cents to 135 cents. Loanees are grouped according to their major occupation: cultivators, agricultural workers, self-employed individuals, government employees, and others. Others include former employees, housewives, and members who have no defined job. The majority of sample loanees 46.48 percent were cultivators. The final position is held by self-employed people 20.77 percent. Only 21 of 284 sample loanees were government employees. A similar pattern was observed among loanees in Nilakottai and Vedasandur area, with a little variance in Vadamadurai , where 35.29 per cent of beneficiaries were cultivators and 29.41 per cent were others. The loanee's family income is an essential aspect that influences loan repayment capacity and utilisation. A similar pattern was observed among recipients earning less than Rs. 15000 and more than Rs. 95001, while commercial bank loanees fall into only two categories: Rs. 15001 to Rs. 55000 and Rs. 55001 to Rs. 95000. The majority of sample respondents 65.49 percent reported an income between Rs. 15001 to Rs. 55000. 27.47 percent of the respondents had an income between Rs. 55001 to Rs. 95000. A similar pattern of household income was observed among beneficiaries across all areas. The percentage of loanees with an income between Rs. 15001 to Rs. 55000 was 70.59 percent in Vadamadurai, 69.14 percent in Vedasandur, and 60.75 percent in Nilakottai areas.

Table -2:Annual Investment for Cultivation

| Amount invested | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|------------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Less than Rs. 10000 | 23 | 33.82 | 11 | 13.58 | 24 | 17.78 | 58 | 20.42 |
| Rs. 10001 to Rs. 30000 | 28 | 41.18 | 23 | 28.40 | 68 | 50.37 | 119 | 41.90 |
| Rs. 30001 to Rs. 50000 | 15 | 22.06 | 38 | 46.91 | 34 | 25.18 | 87 | 30.64 |
| More than Rs. 50001 | 2 | 2.94 | 9 | 11.11 | 9 | 6.67 | 20 | 7.04 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 2 depicts the respondents' views according to investment levels. The main reason for the decrease in agricultural investment is that the sector is unable to generate sufficient surpluses. Nearly 62.32 percent of the loanees indicated that their annual cultivation investment was less than Rs. 30,000, 30.64 per cent invested between Rs. 30001 to Rs. 50000, with 7.04 per cent investing more than Rs. 50001. A similar pattern of cultivation investment was observed among beneficiaries in Vadamadurai and Nilakottai areas, with the exception of Vedasandur, where about 46.91 per cent of respondents invested between Rs. 30001 and Rs. 50000.

Table -3: Source of Information Regarding Agricultural Credit

| Source of Information | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|--------------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Friends/Relatives | 12 | 17.65 | 7 | 8.64 | 12 | 8.89 | 31 | 10.91 |
| Bank Employees | 20 | 29.41 | 26 | 32.10 | 49 | 36.30 | 95 | 33.45 |
| News paper/Advertisement | 6 | 8.82 | 5 | 6.17 | 6 | 4.44 | 17 | 5.99 |
| Others | 30 | 44.12 | 43 | 53.09 | 68 | 50.37 | 141 | 49.65 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 3 illustrates that the various sources of information on agricultural loans issued by commercial banks were categorized as friends and relatives, bank workers, newspapers /advertisements, and others. Others’ expressions include self-awareness. It was found that 49.65 per cent obtained knowledge from other sources and developed awareness on their own, 33.45 per cent received information from bank employees. A similar tendency was observed among respondents from all areas. In the areas of Vadamadurai, Vedasandur, and Nilakottai, the percentage of respondents in the category others was 44.12 per cent, 53.09 per cent, and 50.37 per cent respectively. It should be highlighted that 8.82 per cent, 6.17 per cent, and 4.44 per cent of respondents in Vadamadurai, Vedasandur, and Nilakottai areas, respectively, obtain information from advertisements, newspapers, and other campaigning methods. This highlights the reality that commercial banks cannot strategically promote agricultural credit, and they have never used the media to do so.

Table -4: Reasons for Selecting a Particular Bank

| Reasons | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|--|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| It is nearer to House | 8 | 11.76 | 24 | 29.63 | 35 | 25.93 | 67 | 23.59 |
| Its credit is less costly than other types | 16 | 23.53 | 26 | 32.10 | 15 | 11.11 | 57 | 20.07 |
| Personal relationship with bank officials | 18 | 26.47 | 1 | 1.23 | 35 | 25.93 | 54 | 19.02 |
| Others Reasons | 26 | 38.24 | 30 | 37.04 | 50 | 37.03 | 106 | 37.32 |

| | | | | | | | | |
|-------|----|--------|----|--------|-----|--------|-----|--------|
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |
|-------|----|--------|----|--------|-----|--------|-----|--------|

Source: Primary data

Table 4 shows the different factors that influence the choice of a particular bank. The many reasons for selecting specific banks include proximity to the house, lower credit costs, personal relationships with bank officials, and other factors. Other reasons include holding a savings account at the bank. It was found that 37.32 per cent of loanees selected the bank for their loan because they had a savings account there. This pattern was 38.24 per cent, 37.04 per cent, and 37.03 per cent in Vadamadurai, Vedasandur, and Nilakottai areas respectively. The second aspect differed across areas. In Vadamadurai area, it was 26.47 per cent availed loans due to personal relationships with bank officials. In Vedasandur area, the reason was (32.10 per cent) credit is less expensive than other banks and in Nilakottai area (25.93 per cent) for the categories of being closer to a house and having a personal relationship with a bank representatives.

Table -5: Time Lag in Sanctioning of a Loan

| Time Lag | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|-------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| 1 to 30 days | 50 | 73.53 | 72 | 88.89 | 89 | 65.93 | 211 | 74.30 |
| 31 to 60 days | 9 | 13.24 | 6 | 7.41 | 16 | 11.85 | 31 | 10.92 |
| 61 to 90 days | 2 | 2.94 | 2 | 2.47 | 20 | 14.81 | 24 | 8.45 |
| More than 90 days | 7 | 10.29 | 1 | 1.23 | 10 | 7.41 | 18 | 6.33 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 5 highlights the time lag related to the application procedure. If the loan amount is not received on time, the entire purpose of the program is gone. The majority of sample loanees (74.30 per cent) collected the loan within 1 to 30 days. It was found that 10.92 per cent of loanees received a loan ranging from 31 to 60 days. A similar pattern was observed among the beneficiaries in Vadamadurai (26.47 per cent) and Vedasandur (11.11 percent), with a small variance in Nilakottai (33.80 per cent), where the loan amount was received 30 days after the date of application.

Table -6:Term of Loan taken by the Loanee

| Term of Loan | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|-------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Less than 1 year | 18 | 26.47 | 50 | 61.73 | 67 | 49.63 | 135 | 47.54 |
| 1 year to 5 year | 36 | 52.94 | 24 | 29.63 | 36 | 26.67 | 96 | 33.80 |
| More than 6 years | 14 | 20.59 | 7 | 8.64 | 32 | 23.70 | 53 | 18.66 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 6 demonstrates that there are three term loans were identified for analysis such as less than 1 year (short term), 1 to 5 years (medium term), and more than 6 years (long term). Kisan Credit Card loans are also considered medium-term loans. The above table shows the loanees’ loan periods. The majority of beneficiaries (47.54 per cent) had obtained loans with a maturity of less than a year. Besides this, 33.80 per cent have accepted loans with maturity periods ranging from 1 to 5 years. Only 18.66 per cent had obtained long-term loans. A similar pattern of loan availability was observed among the beneficiaries in the Nilakottai and Vedasandur areas, with one exception in the Vadamadurai where 52.94 per cent of the loanees took medium-term loans. The percentage of loanees who took out short-term loans (less than 1 year) comes next. Short term and medium-term loans appear to be more popular in the Dindigul district. This is because long-term loans are only possible with adequate security backing. Further analysis found that short-term loans increase the amount to be repaid per month, which causes repayment concerns. Agriculturists are required to take out short-term loans to purchase agricultural implements and inputs, as well as farming activities, the benefits of which are not necessarily realised throughout the loan’s period. The backlog in installment payback imposed pressure on later operations and limited repayment options.

Table -7: Utilisation of Loan Amount

| Nature of Utilisation | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|-------------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Fully Utilised | 26 | 38.24 | 32 | 39.51 | 67 | 49.63 | 125 | 44.01 |
| Used related activities | 26 | 38.24 | 24 | 29.63 | 23 | 17.04 | 73 | 25.71 |
| Partial Utilisation | 16 | 23.52 | 25 | 30.86 | 45 | 33.33 | 86 | 30.28 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 7 indicates that appropriate utilisation leads to prompt repayment of institutional dues, which aids in the continued supply of adequate credit. It was found that 44.01 per cent of the total sample respondents used their credit entirely for agricultural activities and 30.28 per cent of loanees used the loan amount partially for agricultural purposes, while 25.71 per cent completely used their loan amount for agricultural related activities. A similar pattern of utilisation was observed among beneficiaries in Nilakottai and Vedasandur areas, with a slight variation in Vadamadurai, where the proportion of utilisation and mis-utilisation was equal to 38.24 per cent each, and 23.52 per cent partially utilised the loan amount for agricultural purposes. However, the mis-utilisation rate of 25.71 per cent is cause for concern. The situation is particularly acute in the Vadamadurai area. Agricultural credit is provided at lower rates as a matter of priority. It should not be used for non-agricultural uses. The findings must be related to the findings on supervision and loan adequacy.

Table –8: Schedule of Repayment of Loan

| Schedule | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|----------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Yearly | 9 | 13.23 | 41 | 50.62 | 47 | 34.81 | 97 | 34.16 |
| Half yearly | 16 | 23.53 | 8 | 9.88 | 13 | 9.63 | 37 | 13.03 |
| Monthly | 26 | 38.24 | 1 | 1.23 | 22 | 16.30 | 49 | 17.25 |
| Flexible Terms | 17 | 25.00 | 31 | 38.27 | 53 | 39.26 | 101 | 35.56 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 8 illustrates that commercial banks' repayment schedules are yearly, half-yearly, monthly, and variable terms. The repayment schedule established by commercial banks for 35.56 per cent of the sample respondents was flexible, meaning payments without a specified time interval. The repayment plan for 34.16 per cent of loanees was determined every year. The recipients in Nilakottai area followed a similar repayment plan. The pattern, however, differed across Vadamadurai and Vedasandur areas. In Vadamadurai area, the majority of respondents (38.24 per cent) made monthly repayments, whilst in Vedasandur area, 50.62 per cent of respondents made annual repayments. Commercial banks rarely use step-up or step-down repayment systems, in which repayment is changed based on yield or income earned. Other factors, which are frequently discretionary, are made more flexible.

Table -9: Sources of Repayment of Loan

| Source of Income | Vadamadurai | | Vedasandur | | Nilakottai | | Total | |
|----------------------------------|------------------------|------------|------------------------|------------|------------------------|------------|------------------------|------------|
| | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage | No. of the Respondents | Percentage |
| Income from employment | 14 | 20.59 | 9 | 11.11 | 24 | 17.78 | 47 | 16.55 |
| Income from Agriculture | 1 | 1.47 | 12 | 14.82 | 18 | 13.33 | 31 | 10.92 |
| Income from other family members | 29 | 42.65 | 24 | 29.63 | 30 | 22.22 | 83 | 29.22 |
| Multiple sources | 24 | 35.29 | 36 | 44.44 | 63 | 46.67 | 123 | 43.31 |
| Total | 68 | 100.00 | 81 | 100.00 | 135 | 100.00 | 284 | 100.00 |

Source: Primary data

Table 9 provides details about the sources on which the agricultural loanees repaid their loans. Various sources of loan repayment were identified: salary from employment or business income, agricultural income, income from other family members, and income from several sources. The study attempted to investigate the sources from which prompt repayment obtained funds to repay their loan. Out of 284 respondents, 123 members (43.31 per cent) repaid the debt using income from multiple sources. It was found that 29.22 per cent had paid repayments using income from their family members. Beneficiaries in Vedasandur and Nilakottai areas followed a similar repayment pattern, with a little deviation in Vadamadurai area , where 42.65 per cent returned the loan with the support of other family members.

Table -10: Correlations analysis

| | | Loan from Commercial bank | Income after loan |
|---------------------------|---------------------|---------------------------|-------------------|
| Loan from Commercial bank | Pearson Correlation | 1 | 0.741 |
| | Sig. (2-tailed) | | 0.034 |
| | N | 284 | 284 |
| Income after loan | Pearson Correlation | 0.741 | 1 |
| | Sig. (2-tailed) | 0.034 | |
| | N | 284 | 284 |

Source: Primary data

Table -11: Regression Co-efficients Analysis

| Model | Unstandardized Coefficients | | t | R2 |
|---------------------------|-----------------------------|----------------|---------|-------|
| | B | Standard Error | | |
| 1 (Constant) | 5848.832 | 189.245 | 30.906* | 0.923 |
| Loan from Commercial bank | 754.621 | 124.638 | 6.054* | |

Source: Primary data

Note: Dependent variable: Income after loan

Independent variable: Loan from Commercial bank

* 1 per cent level of significance

According to the mentioned table 10 and table 11 statistical data, loan amount and income generated are substantially positively connected (0.741), and agricultural credit loans have an impact of nearly 92 percent (R-square value of 0.923) on the income of the framers. The researcher has already proven that agricultural credit loans have a favourable impact on farming by testing the hypothesis at a 1 percent level of significance. The researcher attempted to demonstrate that agricultural loan credit has a favourable and significant impact on farming using the correlation and regression model constructs. The impact on farming is measured in terms of farm income, which greatly increases from farmers' demand for agricultural credit loans from commercial banks. The model therefore evidences that rising savings are the resulting indication of loan credit provided by Commercial Bank.

7. SUGGESTION

1. Solutions include timely seeding, scientific agriculture, collective farming, and farmer marketing societies can solve the repayment of agricultural loans.
2. For farmers affected by floods, natural disasters, or unforeseen losses, it is recommended to take a brief repayment holiday or reduce installment amounts. During the harvest season, the installment amount may be increased.
3. Commercial banks should create successful bridging loan schemes to assist needy farmers with limited money. Such needy borrowers should be carefully identified based on their current utilisation patterns.

8. CONCLUSION

In the commercial banking sector, the majority of borrowers provided land as security for their loans. It was discovered that the issuing of loans was highly secure due to the availability of security. Agriculturists with small land holdings found it incredibly difficult to acquire loans, even to meet their legitimate credit requirements. Low-cost credit did not always reach the needy. Banks often choose for security-based lending rather than purpose-based lending. The majority of beneficiaries in both industries had taken short-term loans, which had a maturity length of less than 1 year. Agriculturists are forced to take short-term loans to purchase agricultural implements and inputs, as well as for agricultural operations, the benefits of which are never repaid within the loan's terms. The backlog in installment repayment imposed



pressure on later operations and limited repayment options. In the case of commercial bank lending, the majority of sample borrowers' repayment schedules are flexible, meaning they do not have a predetermined time interval. Commercial banks rarely use step-up or step-down repayment systems, in which repayment can be altered based on yield or income earned. The majority of prompt payers in commercial banks repaid their loans using the income of other family members. Commercial bank loanees, on the other hand, repaid their loans on time using income from multiple sources. In a period of dropping agricultural output prices and rising agricultural input prices, income from agriculture has become a limited source of loan repayment for small and marginal farmers. The impact on farming is measured in terms of farm income, which greatly increases farmer demand for agricultural credit loans from commercial banks. The model thus demonstrates that increasing savings is a direct effect of loan credit granted by commercial banks.

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