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Loan utilization pattern and constraints faced by paddy farmers in Chandrapur district

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Abstract
The present paper was undertaken to examine the loan borrowing pattern, utilization of agricultural credit, and constraints faced by paddy farmers in Chandrapur district of Maharashtra. Primary data were collected from 90 selected paddy farmers during 2024–2025 through personal interviews using a structured questionnaire. The data were analyzed using tabular and percentage analysis. The findings revealed that institutional sources were the major sources of agricultural credit, with co-operative societies accounting for the highest share of borrowing (35.56%), followed by commercial banks (31.11%) and co-operative banks (15.56%). The overall expenditure on paddy cultivation was ₹48,395.14 per hectare, with an average yield of 31.58 quintals per hectare. The major constraints faced by farmers were difficulty in loan repayment due to crop failure or low farm income (23.33%), low market prices of agricultural produce (20.00%), excessive documentation and paperwork (14.44%), and inadequate loan amounts sanctioned (11.11%). Farmers mainly suggested loan waivers (25.56%), flexible repayment schedules and support during crop failure (18.89%), and adequate loan amounts (15.56%). The study concludes that timely credit, flexible repayment facilities, simplified procedures, and better institutional guidance are essential for effective credit utilization and sustainable paddy cultivation.

Keywords: Agricultural credit, loan utilization, paddy farmers, credit constraints, Chandrapur district

Introduction

Agriculture plays an important role in the rural economy, and paddy is one of the major crops cultivated by farmers in Chandrapur district. Paddy cultivation involves considerable expenditure on seed, fertilizers, labour, plant protection, irrigation, harvesting, transportation and other farm operations. Many farmers have limited financial resources and may not be able to meet all these expenses from their own savings. In such situations, agricultural credit provides necessary financial support for carrying out cultivation activities on time. The effectiveness of credit, however, depends not only on the amount of loan borrowed but also on its proper utilization. Studying the borrowing pattern and utilization of loans helps to understand the sources of credit used by farmers, the purposes for which loans are obtained and whether the borrowed funds are being used for productive agricultural activities.

Although different sources of agricultural credit are available, farmers may face several difficulties while obtaining loans. Lengthy procedures, documentation requirements, delays in loan disbursement, inadequate loan amounts, lack of awareness about credit facilities, repayment difficulties and other financial constraints may affect the timely availability of credit. These problems can create difficulties for farmers in managing their agricultural operations and may increase their financial burden. Therefore, it is important to identify the major constraints faced by paddy farmers in borrowing loans and understand their suggestions for overcoming these difficulties. In this context, the present study entitled "Loan Utilization Pattern and Constraints Faced by Paddy Farmers in Chandrapur District" was undertaken to study the loan borrowing pattern and its utilization and to identify the major constraints faced by paddy farmers, along with suitable suggestions for overcoming them.

Objective of Study

1. To study the loan borrowing pattern and its utilization.
2. To study the constraints of the loan borrowing and suggestions to overcome.

Research Methodology

It covers the study area, data sources, study period, and data collection procedure. Primary data were collected from selected paddy farmers through personal interviews to fulfill the objectives of the study.

Area of study

The present study was conducted in Chandrapur district of Maharashtra. The district was selected purposively, considering its significance as one of the major paddy-growing districts in the Vidarbha region of Maharashtra.

Period of study

The data was collected for the year 2024-2025.

Source of data

Primary data

The primary data was collected through a personal interview of 90 farmers through scheduled and structured questionnaires.

Sample Size

A sample size of 90 Farmers was selected for the study.

Analytical tools

To accomplish objective of study the simple tabular analysis was used along with the percentage analysis.

Loan Borrowing Pattern and its utilization

The loan borrowing pattern was focus on the sources of loan like institutional and non-institutional as well purpose for borrowing loans. The utilization was focus on the use of loan for various purposes like

- crop loan
- personal use of loan etc.

Constraints of the borrowing loan and suggest to overcome

The constraints faced by farmers in obtaining loans were studied through personal interviews. Their suggestions for overcoming these difficulties were also collected. The responses were classified, summarized, and presented using simple tabular analysis.

Result and Discussion

The study presents the loan utilization pattern and constraints faced by paddy farmers in Chandrapur district. The analysis is based on primary data collected during 2024–25, with emphasis on the utilization of borrowed credit, difficulties in accessing loans, and farmers' suggestions for improving credit facilities.

1. The loan borrowing pattern and its utilization.

Loan borrowing helps paddy farmers meet cultivation expenses such as seeds, fertilizers, pesticides, and labour. The study examines the sources, amount, purpose, and utilization of loans and their role in improving farm production and income.

Table 1: Source-wise borrowing of loan by selected Paddy farmers

S. N.	Source	Small	Medium	Large	Total	Percentage of interest		
						Avg.	Min.	Max.
A	Institutional							
1	Commercial bank	24 (32.43)	3 (25.00)	1 (25.00)	28 (31.11)	6.50	6.00	7.00
2	Co-operative bank	12 (16.22)	2 (16.67)	0 (0.00)	14 (15.56)	6.14	3.00	7.00
3	Co-operative society	25 (33.78)	5 (41.67)	2 (50.00)	32 (35.56)	0.00	0.00	0.00
4	Regional Rural Bank	2 (2.70)	1 (8.33)	1 (25.00)	4 (4.44)	5.50	4.00	7.00
B	Non-Institutional							
5	Village Money lender	2 (2.70)	1 (8.33)	0 (0.00)	3 (3.33)	16.00	16.00	16.00
6	Relative/ Friends	9 (12.16)	0 (0.00)	0 (0.00)	9 (10.00)	0.44	0.00	4.00
7	Total	74 (100.00)	12 (100.00)	4 (100.00)	90 (100.00)			

(Figures in parenthesis indicate percentage to total)

The table shows that out of 90 farmers, the majority borrowed loans from co-operative societies (35.56%), followed by commercial banks (31.11%) and co-operative banks (15.56%). Institutional sources accounted for the major share of borrowing, indicating farmers' preference for formal credit sources. Among non-institutional sources, relatives/friends (10.00%) were the main source, while village moneylenders (3.33%) accounted for a small share. The average interest rate was highest for village moneylenders (16%), whereas co-operative societies and relatives/friends provided loans at little or no interest. Overall, the table indicates that most paddy farmers depended on institutional sources, particularly co-operative societies and commercial banks, for their credit requirements.

Table 2: Size group-wise expenditure on Paddy cultivation (Rs./Ha)

S. N.	Expenditure	Small	Medium	Large	Overall
1	Land preparation	7,774.53 (16.12)	8,346.99 (17.08)	8,000.00 (16.48)	7,911.80 (16.35)
2	Seed	6,998.23 (14.51)	6,992.77 (14.31)	7,000.00 (14.42)	6,997.36 (14.46)
3	Sowing/Nursery & Transplanting	8,994.42 (18.64)	9,007.23 (18.44)	9,000.00 (18.54)	8,997.55 (18.59)
4	Manures and fertilizers	6,991.43 (14.49)	6,992.77 (14.31)	7,000.00 (14.42)	6,992.66 (14.45)
5	Application of manures and fertilizers	499.39 (1.04)	496.39 (1.02)	500.00 (1.03)	498.87 (1.03)
6	Intercultural operation	2,032.93 (4.21)	2,043.37 (4.18)	2,050.00 (4.22)	2,036.90 (4.21)
7	Plant protection	2,990.88 (6.20)	3,007.23 (6.16)	3,000.00 (6.18)	2,995.11 (6.19)
8	Harvesting	9,995.92 (20.72)	10,000.00 (20.47)	10,000.00 (20.60)	9,997.18 (20.66)
9	Packaging	731.39 (1.52)	737.35 (1.51)	750.00 (1.55)	734.66 (1.52)
10	Transporting and marketing	1,232.82 (2.56)	1,233.73 (2.53)	1,233.33 (2.54)	1,233.06 (2.55)
11	Total expenditure of paddy cultivation	48,241.94 (100.00)	48,857.83 (100.00)	48,533.33 (100.00)	48,395.14 (100.00)
12	Yield (qtl per ha)	31.56	31.95	31.08	31.58
13	Average price received (Rs. Per qtl)	2867.06	1619.28	950	2406.81
14	Value of produce (Rs.)	89382.23	89865.06	90050	89551.96

(Figures in parenthesis indicate percentage)

The data presented in Table 2 show that the total expenditure on paddy cultivation was ₹48,395.14 per hectare at the overall level, with expenditure being highest for medium farms (₹48,857.83/ha), followed by large farms (₹48,533.33/ha) and small farms (₹48,241.94/ha). Across all farm-size groups, harvesting constituted the largest component of cultivation expenditure, accounting for 20.66 per cent of the total cost, followed by sowing/nursery and transplanting (18.59%), land preparation (16.35%), seed (14.46%), and manures and fertilizers (14.45%). The expenditure on other operations such as intercultural operations, plant protection, packaging, and transportation and marketing was comparatively lower. Paddy yield was 31.58 quintals per hectare on average, with medium farms recording the highest yield (31.95 qtl/ha), while large farms recorded the lowest (31.08 qtl/ha).

The average price received was ₹2,406.81 per quintal, with small farmers obtaining the highest price of ₹2,867.06 per quintal, whereas large farmers received only ₹950 per quintal. Despite differences in the price received, the value of paddy produce remained relatively similar across farm-size groups, ranging from ₹89,382.23 per hectare among small farms to ₹90,050.00 per hectare among large farms. Overall, the findings suggest that cultivation costs and physical productivity were fairly similar across farm sizes, while variation in the price received had a greater influence on the returns obtained from paddy cultivation.

2. The constraints of the loan borrowing and suggestions to overcome

Loan borrowers often face various constraints such as high interest rates, complicated procedures, inadequate credit availability, and difficulties in repayment. Identifying these constraints and providing suitable suggestions can help borrowers access loans more easily and manage their repayment effectively.

Table 3: Constraints faced by Paddy farmers in availing the loan

S. N.	Constraints	No. of farmers	Percentage
1	Difficulty in loan repayment due to crop failure or low farm income	21	23.33
2	Low market price of agriculture produce	18	20.00
3	Excessive documentation and paperwork	13	14.44
4	Inadequate loan amount sanctioned	10	11.11
5	Poor co-operation/ guidance from bank officials	9	10.00
6	Delay in loan disbursement	7	7.78
7	Delay in loan Sanctioning	5	5.56
8	High interest rate	4	4.44
9	Lengthy loan procedure	3	3.33
10	Total	90	100.00

Table 3 presents the major constraints faced by farmers while availing agricultural loans. The findings indicate that difficulty in loan repayment due to crop failure or low farm income was the most prominent constraint, reported by 23.33 per cent of the farmers, followed by low market prices of agricultural produce (20.00%). This suggests that unstable farm income and unfavorable market conditions are major challenges affecting farmers' ability to access and repay credit. Excessive documentation and paperwork was reported by 14.44 per cent of farmers, while 11.11 per cent faced the problem of inadequate loan amounts being sanctioned. Further, 10.00 per cent of farmers expressed dissatisfaction with the cooperation and guidance provided by bank officials, followed by delays in loan disbursement (7.78%) and loan sanctioning (5.56%). Relatively fewer farmers identified high interest rates (4.44%) and lengthy loan procedures (3.33%) as constraints. Overall, the results indicate that farmers' major difficulties are related more to repayment capacity, low agricultural returns, and procedural issues than to the interest rate itself.

Table 4: Distribution of Paddy farmers according to their suggestions for improvement in loan

S. N.	Suggestions	No. of farmers	Percentage
1	Loan waiver should be provided to farmers	23	25.56
2	Provide flexible repayment schedule and support during crop failure	17	18.89
3	Increase the loan amount according to farmers actual requirements	14	15.56
4	Improve cooperation and guidance from bank officials	9	10.00
5	Ensure timely disbursement of loan amount	8	8.89
6	Timely sanction of agricultural loans	7	7.78
7	Reduce documentation and paperwork	5	5.56
8	Reduce the interest rate on agricultural loans	4	4.44
9	Simplify the loan application procedure	3	3.33
10	Total	90	100.00

Table 4 presents the suggestions made by farmers for improving the agricultural loan system. The findings reveal that loan waiver was the most preferred suggestion, expressed by 25.56 per cent of the farmers, particularly reflecting the financial burden faced during difficult agricultural seasons. This was followed by the demand for a flexible repayment schedule and support during crop failure (18.89%) and increasing the loan amount according to actual farm requirements (15.56%). About 10.00 per cent of farmers suggested better cooperation and guidance from bank officials, while 8.89 per cent emphasized the need for timely disbursement of loans and 7.78 per cent sought timely sanctioning of agricultural loans. A smaller proportion of farmers suggested reducing documentation and paperwork (5.56%), lowering interest rates (4.44%), and simplifying the loan application procedure (3.33%). Overall, the findings suggest that farmers primarily expect greater flexibility and financial support in loan repayment, adequate credit availability, and timely delivery of loans, along with a simpler and more farmer-friendly banking process.

Conclusion

The paper concludes that institutional credit plays a significant role in supporting paddy farmers in meeting their cultivation expenses, with co-operative societies (35.56%) and commercial banks (31.11%) emerging as the major sources of agricultural loans. The overall expenditure on paddy cultivation was ₹48,395.14 per hectare, while the average productivity was 31.58 quintals per hectare, indicating that credit availability contributes to meeting important production requirements. However, farmers continue to face difficulties, particularly in loan repayment due to crop failure or low farm income (23.33%) and low market prices of agricultural produce (20.00%), along with excessive documentation and inadequate loan amounts. The farmers' suggestions further highlight their need for greater financial security and a more responsive credit system, with loan waiver (25.56%), flexible repayment schedules and support during crop failure (18.89%), and adequate loan amounts (15.56%) receiving the highest preference. Overall, the findings suggest that improving the effectiveness of agricultural credit requires not only timely and adequate loan provision but also flexible repayment arrangements, better institutional guidance, simplified procedures, and appropriate support during crop and market-related difficulties, which would help farmers manage credit more effectively and strengthen the economic sustainability of paddy cultivation.

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