

AGRICULTURE CREDIT THROUGH CANARA BANK- A CASE STUDY ON SATHENAHALLI VILLAGE

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ABSTRACT

Agriculture remains the backbone of the Indian economy, providing livelihood to nearly two-thirds of the population and contributing significantly to GDP. Given the challenges of increasing productivity with limited land, financial support through agricultural credit has become essential. This study focuses on the role of Canara Bank in delivering agricultural credit in Sathenahalli village, Karnataka, and examines its impact on rural farmers. The research highlights the necessity of credit for modern farming—covering inputs like seeds, fertilizers, irrigation, and equipment—and the critical role of institutional credit in reducing dependence on non-institutional sources. It also explores issues such as limited access to credit for marginal farmers, high interest rates, and insufficient awareness. A gap in existing literature regarding Canara Bank's specific role in Sathenahalli prompted this case study. Using both primary data (through questionnaires) and secondary sources (research papers, reports, and online data), the study analyzes the socio-economic conditions of farmers and evaluates the efficiency of credit facilities. The findings emphasize the need for improved financial literacy, streamlined loan processes, and inclusive lending policies to strengthen rural development and agricultural productivity.

Keywords: Agricultural credit, Rural finance, Canara Bank.

INTRODUCTION

Agriculture plays a vital role in the Indian economy, contributing significantly to GDP and providing livelihoods for nearly two-thirds of the population. It is often regarded as the backbone of the economy, with its prosperity directly influencing the nation's overall well-being. Given the rising population and the limited availability of land, increasing agricultural productivity is essential to meet future food demands.

Farm finance is a critical component of agricultural development, supporting the adoption of modern technology, enhancing productivity, and reducing regional disparities. Institutional sources of agricultural credit include cooperatives, commercial banks, and regional rural banks (RRBs), with the National Bank for Agriculture and Rural Development (NABARD) playing an apex role. Despite the expansion of institutional credit, non-institutional sources like moneylenders have remained prominent in rural areas. Commercial banks offer both direct and indirect agricultural finance, supporting not only farmers but also agro-based industries and supply chains.

This study explores the crucial link between agriculture, rural poverty, and the role of financial institutions in supporting the agricultural sector. It also examines the evolution of agricultural credit and its impact on India's macroeconomic development.

NEED FOR FINANCE IN AGRICULTURE

Finance is as crucial to agriculture as technology. Farmers often lack sufficient funds to purchase modern inputs, equipment, and meet basic needs, necessitating external credit. The

demand for finance arises for land improvement, machinery, inputs like seeds and fertilizers, and household expenses.

Indian agriculture faces challenges from the second-generation issues of the Green Revolution, global recession, and lack of diversification. However, emerging opportunities such as greenhouse farming, food processing, and genetic engineering also demand heavy capital investment—beyond the reach of most small farmers—making credit essential.

ISSUES IN AGRICULTURAL CREDIT

Agricultural credit is a key input for India's rural and economic development, playing a crucial role in poverty reduction. To meet growing credit demands, the Government and RBI have established a multi-agency institutional framework involving Co-operatives, Commercial Banks, and Regional Rural Banks.

Credit availability and distribution remain central to agricultural growth. While innovations like Microfinance and the Kisan Credit Card (KCC) have improved access, challenges persist. These include high transaction costs, weak rural credit systems, lack of collateral among small farmers, low loan volumes, and high risk perception.

Marginal and small farmers, despite holding most of the agricultural land, receive a shrinking share of total credit due to bankers' preference for large farmers with better collateral. This credit imbalance hampers inclusive growth.

RESEARCH GAP

Although numerous research studies have been conducted on agricultural financing, rural credit, performance evaluation, and loan overdues, the researcher could not find any previous study specifically related to agricultural credit provided by Canara Bank in Sathenahalli village. This study is distinct from earlier research in its focus and scope. Therefore, the present research titled "*Agricultural Credit through Canara Bank: A Case Study of Sathenahalli Village*" has been undertaken to fill this gap.

OBJECTIVES OF THE STUDY:

1. To know the socio-economic conditions of the study area.
2. To know the credit facilities to various agricultural activities.
3. To study about borrowings and lending of credit system

METHODOLOGY OF STUDY

Data Source: The information has derived by both primary and secondary sources. Primary sources are collected through questioners and secondary information are collected through Research Journals, Reports, Newspapers, Published Research articles and Internet sources.

Variables: Social Variables and Economic Variables are chosen. Social variables are age, gender, education and economic variable is income selected for case study.

HASSAN DISTRICT PROFILE:

Hassan is a prominent district and tourist destination in Karnataka, surrounded by Chikkamagalur, Chitradurga, Tumakuru, Mandya, Mysuru, Kodagu, and Dakshina Kannada districts. It spans an area of 6,845 sq. km and lies between 12°13'–13°33' N latitude and 75°33'–76°38' E longitude. The district comprises 8 taluks, 38 hoblis, and 2,368 villages.

Geographically, Hassan features both Malnad (hilly and forested) and Maidan (plains) regions, with the Hemavathi River flowing eastward from the Western Ghats. Major

irrigation projects include Hemavathi (Gorur), Yagachi (Belur), and Vatehole. Agriculture is vital, with key crops including coffee, black pepper, potato, paddy, and sugarcane.

SATHENAHALLI VILLAGE PROFILE

Sathenahalli is a small village located on the Mysore–Arsikere highway in Channarayapattana taluk, Hassan district, Karnataka. As per 2022 data, the village has a population of 650 across 161 households, with 334 males (51.38%) and 316 females (48.62%). The population density is approximately 316 persons per sq. km.

The total area of the village is 205.88 hectares, of which 166.17 hectare is used for agriculture. Out of this, 157.98 ha is unirrigated, and 8.19 hectare is irrigated by wells or tube wells. Non-agricultural land accounts for 4.05 hectare, and 0.92 hectare is under miscellaneous tree crops. The village also has a primary healthcare center.

PRIMARY DATA ANALYSIS

Data analysis is a key step in the research process, requiring critical judgment and skill. It involves examining collected data to identify patterns and relationships among variables using both quantitative and qualitative methods.

As this study focuses on "*Agricultural Credit through Canara Bank: A Case Study of Sathenahalli Village*," this chapter presents the analysis and interpretation of the primary data collected.

GENDER OF THE RESPONDENTS

Gender	No. of Respondents	Percentage %
Male	25	50
Female	25	50
Total	50	100

Source: Primary data

The table shows an equal gender distribution among the 50 respondents, with 25 males and 25 females (50% each). This balance ensures fair representation of both perspectives in analyzing agricultural credit usage in Sathenahalli village.

EDUCATION STATUS OF THE RESPONDENTS

Particulars	No. of the respondents	Percentage
Non-literate	24	48
School	18	36
College	8	16
Total	50	100

Source: Primary data

The table shows that most respondents have low educational levels—48% are non-literate, 36% have schooling, and only 16% attended college—potentially affecting their access to agricultural credit.

FLOORING STATUS OF THE RESPONDENTS

Particulars	No. of respondents	Percentage
Mud	00	00
Cement	26	52
Mosaic	13	26

Vitrified tiles	11	22
Granite	00	00
Total	50	100

The table shows most respondents have cement (52%), mosaic (26%), or vitrified tile (22%) flooring, indicating generally basic to moderately improved housing.

ROOF STATUS OF THE RESPONDENTS

Particulars	No. of respondents	Percentage
Local tiles	30	60
Modern tiles	4	8
Sheet	3	6
RCC	9	18
Local tiles +sheet	3	6
RCC+ Local tiles	1	2
Total	50	100

Source: Primary data

The table shows that **60%** of respondents have **local tile roofing**, followed by **18%** with **RCC roofs**. A smaller portion uses modern tiles (8%), sheets (6%), or a combination of materials. This suggests that traditional roofing remains common, with some shift toward modern structures.

LOAN BORROWING FROM THE RESPONDENTS

Loan amount	No. of respondents	Percentage
<100000	07	14
100000-300000	23	46
300000-500000	12	24
500000-700000	05	10
700000-900000	03	6
Total	50	100

The table shows that **46%** of respondents borrowed loans between **₹1,00,000–₹3,00,000**, making it the most common loan range. Smaller portions borrowed amounts above or below this range, with only **6%** borrowing between **₹7,00,000–₹9,00,000**. This suggests that most farmers prefer moderate loan amounts for their agricultural needs.

LOAN LENDING PURPOSE FOR THE RESPONDENTS

Particulars	No. of respondents	Percentage
Seeds & Fertilizer	29	58
Agricultural equipment	5	10
Irrigation	11	22
Others	2	4
Seeds & Fertilizer+ irrigation	2	4
Seeds & fertilizer+ others	1	2
Total	50	100

Source: Primary data

The table shows that 58% of respondents took loans for seeds and fertilizer, followed by 22% for irrigation, and 10% for agricultural equipment. A few used loans for combined or other purposes. This indicates that most loans were used to support crop production needs.

Income of the respondents

Source	Total Income	Percentage
Agriculture	11810000	63.77
Non-agriculture	6710000	36.23
Total	18520000	100

Source: Primary data

From the above table shows that, income of the respondents. Out of the 50 respondents, 63.77% of the respondent's income received from the agricultural sources, remaining 36.23% of the respondent's income received from the non-agricultural source.

Expenditure of the respondents

Source	Expenditure	Percentage
Agriculture	4820000	62.86
Non-agriculture	2847000	37.14
Total	7667000	100

From the above table illustrate that, expenditure of the respondents. Out of the 50 respondents, 62.86% of the respondents spent more money for agricultural activities, remaining 37.14% of the respondents spent money for non-agricultural activities.

FINDINGS:

1. 48% are non-literate, with fewer having school or college education.
2. Cement is the most common flooring; local tiles are the most used roofing.
3. All families use basic amenities like rooms, toilets, TV, almirahs, and mobile phones.
4. 58% used loans mainly for seeds and fertilizers.
5. 46% borrowed between ₹1,00,000–₹3,00,000 for agriculture and other needs.

SUGGESTIONS:

To improve Canara Bank's agricultural credit initiative in Sathenahalli village, the following suggestions are recommended:

1. Provide proper guidance to borrowers on loan usage and available loan schemes.
2. Offer subsidies on agricultural loans to support farmers' financial growth.
3. Reduce high interest rates to make loans more accessible.
4. Redesign repayment schedules to ease repayment difficulties.
5. Conduct awareness programs on banking services and loan details for farmers.
6. Share success stories to encourage more participation in the loan program.

CONCLUSION

Agriculture is vital to India's economy, supporting around 65% of the population and contributing significantly to national income. Access to institutional credit is essential for adopting modern agricultural practices, especially for small farmers lacking resources.

Canara Bank's agricultural credit initiative in Sathenahalli village has positively impacted local farmers by improving access to credit, enhancing productivity, and supporting income

growth. Loans enabled investment in quality inputs and modern techniques, while financial literacy programs helped farmers manage resources effectively.

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