

“A Study on Impact of Credit Facilities on Productivity in Agriculture Sector on Varsha Private Limited Chitradurga”

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ABSTRACT:

Agriculture is an important sector that supports the livelihood of many people in India. Farmers require adequate financial support to purchase seeds, fertilizers, machinery, irrigation equipment, and other agricultural inputs. Credit facilities provided through banks, government schemes, and financial institutions help farmers meet these financial requirements. Proper access to credit can improve the use of modern agricultural technologies and increase farm productivity.

This study focuses on the impact of credit facilities on productivity in the agriculture sector with special reference to Varsha Associates Private Limited, Chitradurga. The study examines the availability and awareness of agricultural credit facilities and their role in improving agricultural productivity. Primary data was collected from respondents using a structured questionnaire. A sample of 50 respondents was selected for the study. Percentage analysis and graphical representation were used to analyse the collected data. The study helps to understand the relationship between financial support and agricultural productivity and provides suggestions for improving access to suitable credit facilities for farmers.

INTERDOCTION:

Agriculture plays a major role in the economic and social development of India. Farmers need sufficient financial resources to carry out agricultural activities effectively. Expenses for seeds, fertilizers, pesticides, irrigation, machinery, labour, and other inputs can create financial pressure on farmers.

Credit facilities provide financial support to farmers when their available income is not sufficient to meet agricultural expenses. Banks, cooperative societies, government institutions, and other financial organisations provide different types of agricultural loans and credit facilities. These facilities can help farmers purchase modern agricultural equipment, adopt better farming methods, and improve productivity.

Varsha Associates Private Limited, Chitradurga, is associated with agricultural machinery and engineering solutions. The availability of credit can influence farmers' ability to purchase and use agricultural machinery and other productive resources. Therefore, studying the impact of credit facilities on agricultural productivity is important.

This study examines the availability, awareness, and usefulness of credit facilities and their contribution to improving productivity in the agriculture sector with special reference to Varsha Associates Private Limited, Chitradurga.

STATEMENT OF THE PROBLEM:

Farmers require adequate financial resources to purchase agricultural inputs, machinery, and other necessary equipment. However, some farmers may face difficulties in obtaining suitable credit facilities due to lack of awareness, complicated procedures, insufficient loan amounts, or repayment problems.

Limited access to credit may affect farmers' ability to adopt modern agricultural machinery and improve their productivity. Therefore, there is a need to study whether available credit facilities are sufficient and how they contribute to agricultural productivity.

Hence, the present study is undertaken to examine the impact of credit facilities on productivity in the agriculture sector with special reference to Varsha Associates Private Limited, Chitradurga.

OBJECTIVES:

- To examine the types of credit facilities available in the agriculture sector.
- To analyse the relationship between credit availability and productivity of agricultural products.
- To suggest strategies for improving credit policies to enhance productivity in the agriculture sector.

RESEARSH METHODOLOGY:

Research Design

The study follows a descriptive research design to understand the availability and impact of credit facilities on agricultural productivity.

Research Approach

A quantitative approach is used for collecting and analysing the data.

Study Area

The study is conducted in Chitradurga District, with special reference to Varsha Associates Private Limited.

Population

The study focuses mainly on farmers and respondents connected with agricultural activities and credit facilities.

Sample Size

The sample consists of 50 respondents.

Sampling Technique

Simple Random Sampling is used to select the respondents.

Sources of Data

Primary Data: Collected through a structured questionnaire and personal interaction with respondents.

Secondary Data: Collected from books, journals, agricultural reports, government publications, company information, and other relevant sources.

Data Collection Method

Primary data was collected through a structured questionnaire covering awareness, availability, usage, and impact of agricultural credit facilities.

LITERATURE REVIEW:

Varma (2018)

Varma reported that government-supported credit programs and subsidy initiatives make a significant contribution to agricultural development. The study highlighted that affordable financial assistance allows farmers to increase production, achieve higher sales, and improve overall profitability. As a result, these credit facilities help strengthen the economic condition and financial security of farmers.

Joshi (2018)

He emphasized the role of market access and pricing in determining agricultural sales and credit access. Farmers with access to better markets and fair pricing mechanisms are more likely to achieve higher sales, which positively impacts their eligibility for loans and other credit facilities.

Reddy (2019)

He pointed out that the availability of credit facilities improves agricultural sales performance by enabling farmers to invest in better inputs such as seeds, fertilizers, and machinery. This creates a positive cycle where increased sales further enhance access to future credit. Reddy concluded that credit and sales performance are interdependent in the agriculture sector.

Kumar (2019)

He highlighted that mini & marginal farmers often face challenges in accessing credit despite good sales performance due to lack of formal documentation. The study suggested that financial institutions should consider alternative methods of assessing sales, such as digital transaction records, to improve credit inclusion.

Patel and Mehta (2020)

They observed that agricultural sales growth directly impacts the volume of institutional credit. Their study highlighted that farmers with better market linkages and higher produce sales tend to receive higher credit limits. They also emphasized that stable income from sales enhances creditworthiness and strengthens relationships with financial institutions.

Singh (2020)

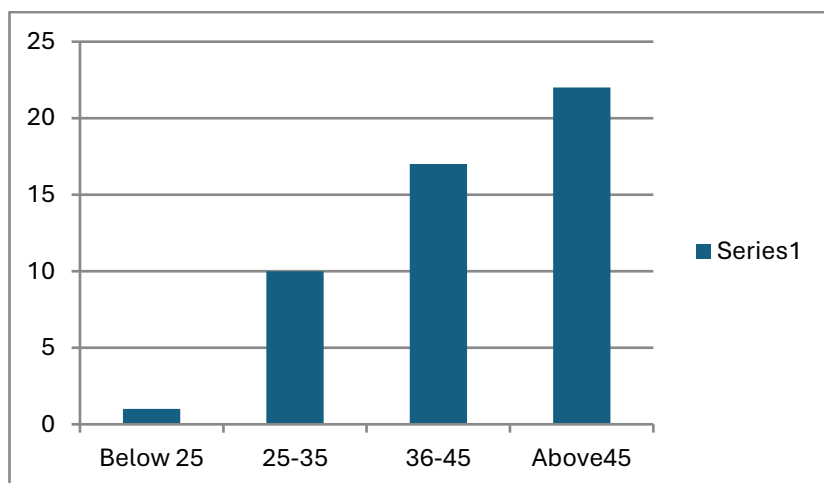
He emphasized that seasonal fluctuations in agricultural sales affect the repayment behaviour of borrowers. During periods of high sales, farmers are more capable of repaying loans on time, whereas low sales periods may lead to delays or defaults. Singh suggested that flexible credit policies should be adopted to match the cyclical nature of agricultural sales.

Table :1 The table showing the age of the respondents.

Particular	Customer	Percentage
Below 25	1	1%
25-35	10	20%
36-45	17	35%
Above45	22	44%
Total	50	100

Analysis:

Out of 50 customers, 44% are above 45 years, 35% are aged 36–45 years, 20% are aged 25–35 years, and 1% are below 25 years. The majority of customers belong to the above 45 age group.



Interpretation:

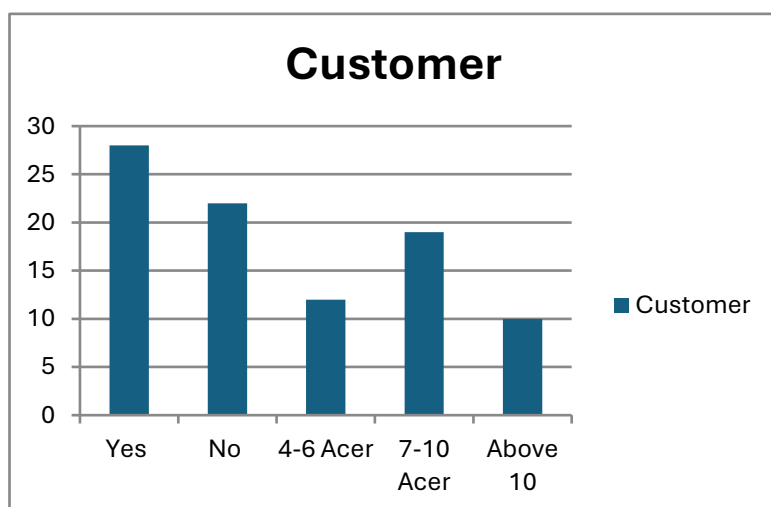
The data indicates that customers above 45 years form the largest share of the respondents. The 36–45 years age group is the second largest, whereas younger customers represent only a mini section of the sample. This suggests that the company's products and services are used mainly by experienced and mature customers.

Table.2 Number of acres of land owned

Particular	Customer	Percentage
Below 1 Acre	1	2%
1-3 Acer	8	16%
4-6 Acer	12	24%
7-10 Acer	19	38%
Above 10	10	20%
Total	50	100

Analysis:

Out of 50 respondents, 38% (19 farmers) own 7–10 acres of land, making it the largest group. 24% (12 farmers) have 4–6 acres, while 20% (10 farmers) own more than 10 acres. Farmers with 1–3 acres account for 16% (8 respondents), and only 2% (1 respondent) possess less than 1 acre.



Interpretation:

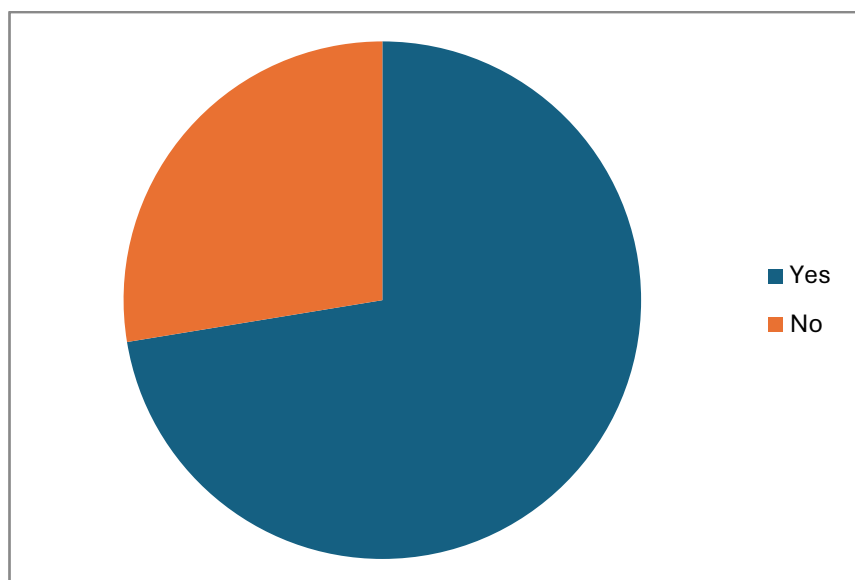
The survey indicates that a large percentage of respondents are medium-scale landowners, with the highest number owning 7–10 acres of farmland. This advises that agricultural credit services are mainly utilized by farmers with moderate landholdings. Farmers with very mini land areas form only a little part of the sample, showing comparatively lower representation in the study.

Table.3 Do you know about loans/credit for farming

Particular	Customer	Percentage
Yes	42	84%
No	16	16%
Total	50	100

Analysis:

Among the 50 farmers surveyed, 42 respondents (84%) said that understand about agricultural loans and credit facilities. The remaining 8 respondents (16%) said that they do not have knowledge of these loan facilities.



Interpretation:

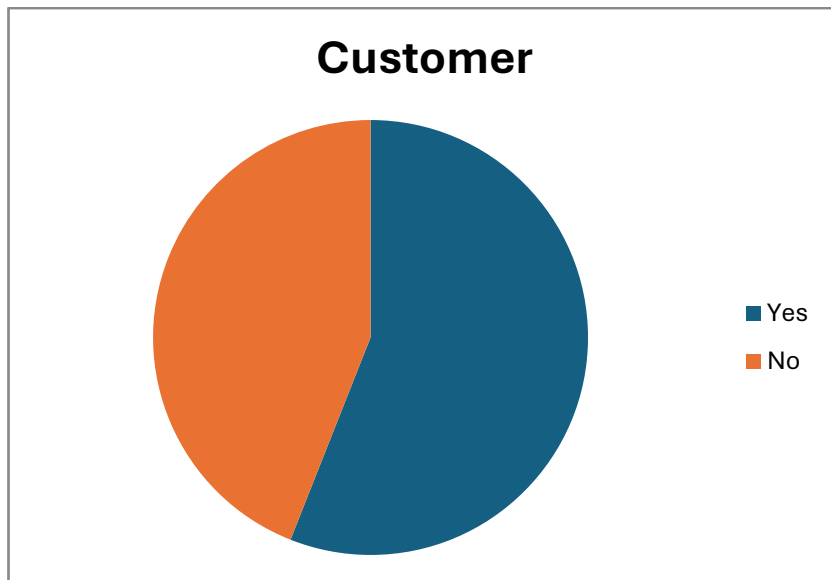
The results indicates that most farmers are aware of agricultural loans and credit options. This means that data about farm credit has reached many farmers. However a little number of farmers still do not know about these facilities. More awareness and advise can help them recognize and use these financial services.

Table.4 Do you know about government or bank support for farming

Particular	Customer	Percentage
Yes	28	56%
No	22	44%
Total	50	100

Analysis:

Out of the 50 farmers, 28 respondents (56%) specified that they know about government or bank support for farming. On the anther hand, 22 respondents (44%) mentioned that they are not aware of these support services.



Interpretation:

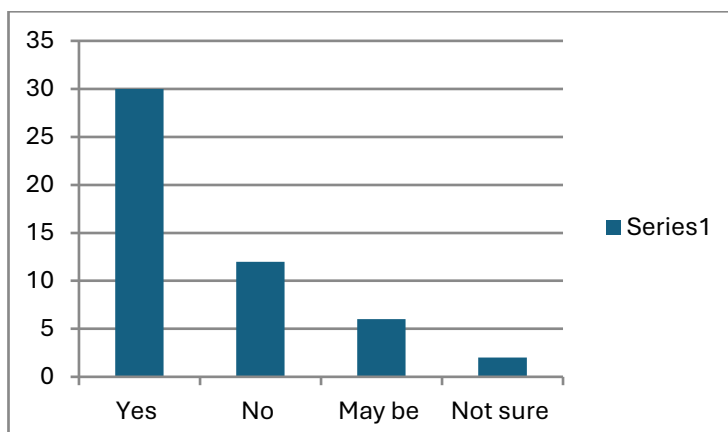
The investigates indicate that greeter than half of the farmers know about government and bank support schemes. At the same time, a large number of farmers are still not aware of the available assistance. This advice that better awareness campaigns and proper guidance are needed so that more farmers can facilities from these support programs.

Table.5 In your opinion does financial support improve the availability of agriculture products

Particular	Customer	Percentage
Yes	30	60%
No	12	24%
May be	6	12%
Not sure	2	4%
Total	50	100%

Analysis

Out of 50 respondents, 30 farmers (60%) said that financial support helps increase the availability of agricultural products. 12 farmers (24%) felt that it does not help. 6 respondents (12%) answered "Maybe," while 2 respondents (4%) were not sure about its effect.



Interpretation

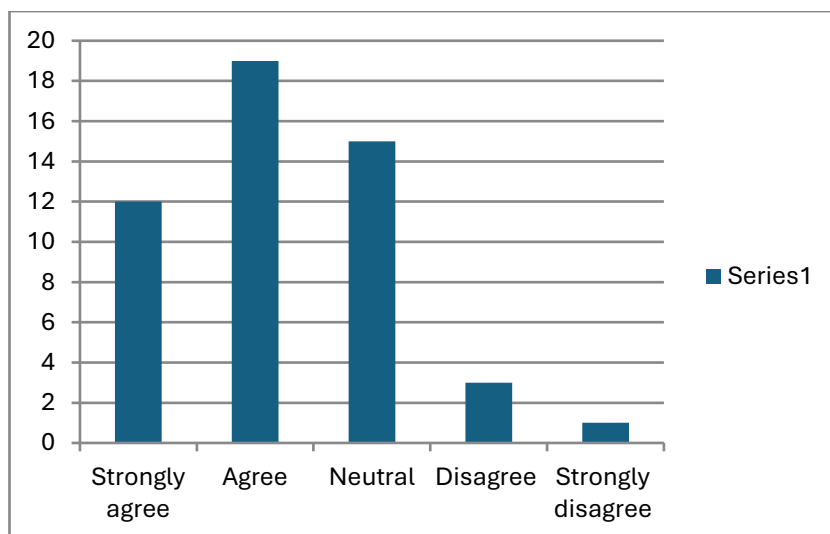
The survey outcome indicates that most farmers believe financial support has a positive impact on the availability of agricultural products. They feel that loans and financial assistance help farmers buy the required inputs and improve production. However, some farmers have a different opinion or are uncertain. This signifies that more data and practical support can help farmers better understand the facilities of financial assistance.

Table .6 Do you think better financial support leads to better agriculture quality

Particular	Customer	Percentage
Strongly agree	12	24%
Agree	19	38%
Neutral	15	30%
Disagree	3	6%
Strongly disagree	1	2%
Total	50	100%

Analysis:

The survey asked 50 farmers whether better financial support leads to better agricultural quality. 19 respondents (38%) agreed, while 12 respondents (24%) strongly agreed. 15 respondents (30%) gave a neutral opinion. Only 3 respondents (6%) disagreed, and 1 respondent (2%) strongly disagreed.



Interpretation:

The outcome indicates that most farmers believe financial support helps improve the excellence of agricultural products. With better financial assistance, farmers can buy good-quality seeds, fertilizers, machinery, and other farming materials. A few farmers were neutral or disagreed, but overall the survey indicates that financial support has a positive impact on agricultural quality.

HYPOTHESIS:

H₀: There is no significant relationship between credit facilities and agricultural productivity.

H₁: There is a significant relationship between credit facilities and agricultural productivity.

X	Y	Dx	Dy	Dx2	Dy2	dxdy
12	1	2	-9	4	81	18
19	8	9	-2	81	4	18
15	12	5	2	25	4	10
3	19	-7	9	49	81	-63
1	10	-9	0	81	0	0
Σx= 50	Σy= 50			Σdx2=240	Σdy2=138	Σdxdy=109

Note: For the calculation of correlation I use table 4 and table 5

$$r = \frac{\sum dxdy}{\sqrt{\sum dx^2 \sum dy^2}}$$

$$= \frac{109}{\sqrt{(240)(138)}}$$

$$= 0.59$$

Interpretation of Value:

The value $r = 0.59$ indicates a moderate positive relationship between credit facilities and agricultural productivity. Hence, H_1 is accepted and H_0 is rejected. This shows that improved credit facilities are associated with increased agricultural productivity.

Conclusion: The Karl Pearson's coefficient of correlation ($r = 0.59$) shows a moderate positive relationship between credit facilities and agricultural productivity. Hence, the alternative hypothesis (H_1) is accepted, and the null hypothesis (H_0) is rejected, indicating that improved credit facilities are associated with increased agricultural productivity

SUGGESTIONS

Increase Awareness of Credit Facilities:

Varsha Associates and financial institutions should conduct awareness programs to educate farmers about available agricultural loans, credit schemes, interest rates, and repayment procedures.

Easy Access to Credit:

Banks and financial institutions should simplify loan procedures and reduce unnecessary documentation so that farmers can obtain credit facilities easily and on time.

Adequate Credit Support:

Farmers should be provided with sufficient credit according to their agricultural requirements. Adequate financial support can help them purchase modern machinery, seeds, fertilizers, and other inputs.

Promote Agricultural Mechanisation:

Varsha Associates should encourage farmers to use modern agricultural machinery by providing information about financing options and suitable credit facilities.

Timely Financial Assistance:

Financial institutions should ensure timely approval and disbursement of agricultural loans, especially during sowing and harvesting seasons.

Further Research:

Future studies can include a larger number of farmers and cover other districts or states to understand the impact of credit facilities on agricultural productivity more broadly.

SUMMARY AND CONCLUSION

The present study examined the impact of credit facilities on productivity in the agriculture sector at Varsha Associates Pvt. Ltd., Chitradurga. The study focused on understanding the availability of agricultural credit facilities, farmers' awareness of credit options, and the role of financial support in improving agricultural productivity.

The study indicates that credit facilities play an important role in supporting farmers' agricultural activities. Financial assistance helps farmers purchase agricultural machinery, seeds, fertilizers, and other necessary inputs. The availability of adequate and timely credit can improve farming activities and contribute to better productivity.

However, some farmers still face difficulties such as lack of awareness, complicated loan procedures, insufficient credit, and repayment-related issues. Therefore, improving awareness and making credit facilities easily accessible can provide greater benefits to farmers.

Conclusion:

Overall, the study concludes that credit facilities have a positive role in improving agricultural productivity. Easy access to adequate and timely financial support can help farmers adopt modern agricultural practices and machinery, improve production, and increase efficiency. Varsha Associates, banks, and financial institutions can work together to improve farmers' awareness and access to suitable credit facilities.

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