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### Explore the problems experienced by the farmer in accessing rural credit in Udaipur, Districts

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#### Abstract

This study explores the constraints faced by farmers in accessing institutional sources of finance, despite ongoing governmental development efforts. Using a structured four-point scale, data were gathered from respondents to assess the severity of problems encountered. The analysis revealed that the most critical issue was the lack of information regarding financial institutions beyond banks, with a mean percent score (MPS) of 95.50. Other major problems included non-availability of proper documentation, lack of awareness about loan schemes, illiteracy, and hidden banking charges. These challenges significantly hinder farmers' access to rural credit. The findings suggest an urgent need for policy interventions focusing on financial literacy, improved information dissemination, and simplification of credit procedures to ensure better inclusion of farmers in institutional credit systems.

**Keywords:** Rural credit, institutional finance, farmers, constraints, financial literacy

#### Introduction

Agriculture is the main source of income for the vast majority of people in India who reside in villages. Due to the fact that small and marginal farmers make up a sizable portion of the rural population, Indian agriculture has struggled with unproductive farms. It requires a significant annual investment from farmers to ensure a strong yield. In order to boost their output and augment their personal and household income, farmers need credit. In the financial intermediation system, credit is a component that transfers resources between individuals, households, and enterprises over time.

Farmers find it difficult to obtain credit from institutional sources because of the lengthy loan application process, despite the government's efforts to make credit available to them. Lack of assets to provide security, illiteracy, the need to travel considerable distances to obtain the loan, and identification validation are some of the challenges people encounter when applying for credit. Most respondents had problems with having to wait longer for scheme approval, going through a lengthy document acquisition process, having their grant application interrupted at a crucial time, needing more documents than necessary, and not knowing what documents were required, according to Vitthal.

Financial institutions can promote financial inclusion among farmers by focusing on the challenges and developing more user-friendly lending rules and credit programs. Therefore,

this study aims to evaluate the Udaipur district farmers' understanding of rural credit, their use of it, and the difficulties they encounter while trying to obtain institutional rural credit facilities.

#### Methodology

The present study was conducted in the Udaipur District of Rajasthan in two randomly selected panchayat samities, Badgaon and Girwa. Out of the two selected panchayat samities, four villages were selected at random. A total of 200 respondents were included in the sample, with 25 farmers selected at random from each hamlet. To aid in data collection, a personal interview schedule was employed. The data was statistically analyzed using mean percent score, frequency, and percentage.

#### Results and Discussion

##### 1. Problems experienced by the farmers in accessing rural credit

Farmers' access to institutional sources of financing is restricted due to various constraints or issues, despite the government's extensive development efforts. The current study aims to investigate the difficulties farmers had when attempting to obtain the finance. Response of the respondents regarding problems faced was gathered on four point continuum i.e. most severe, severe, least severe and nil assigning 3, 2, 1 and 0 scores respectively and then mean

percent scores were worked out.

Data in Table 1 reveal that majority of the respondents (92.5%) reported the lack of information regarding institution providing loan to farmers was the major problem experienced in accessing rural credit with the mean per cent score of 95.50(I). They were aware about only bank as a source of credit but lacked information about other institutional sources such as PACS, LAMPS, FPO and SHGs. Problem of non- availability of documents was reported by majority of the respondents (71%) as most severe with MPS 85.66 ranked at second place as most of them inherited the land from their ancestors and did not have the proper documents. It was followed by lack of information regarding schemes of loan with the MPS 82 and ranked III. They were not aware of the various schemes under which credit can be taken.

Majority of the respondents mentioned problem of illiteracy (IV) with MPS 69.16 as lack of education hindered them in accessing bank facilities. Hidden charges of bank was also mentioned by the respondents with MPS 67.5 at V rank

followed by problem of distant location of bank from the village with MPS of 62.5 as their homes and farms were located away from the banks. Respondents also faced the problem of need of collateral security for personal loan with MPS 56 ranked at VII place.

Respondents reported lack of knowledge regarding loan process with MPS 54.5 and ranked VIII, followed by problem of proper guidance with the MPS 54.16 (Rank IX).The respondents were not very well aware of the bank procedures and they were hesitant to discuss with the bank employees. Similarly problem of loan amount less than required amount was mentioned by 66 per cent respondents at X rank and lots of formalities of bank at XI rank was reported with MPS 53.5. Lengthy bank finance procedures also affected their access to bank credit. Other problems such as lack of cooperation from officials, bribe for taking the loan on card, non-availability of bank officials in time, insufficient credit limit in KCC, delay in loaning and high rate of interest were also revealed by the respondents with MPS ranging between 43.6-47.33.

**Table 1:** Distribution of the respondents by the problems faced by the accessing rural credit n =200

S. No.	Problems	Degree of severity f (%)				MPS
		Most severe	Severe	Least severe	Nil	
1.	Lack of information regarding institution providing loan to farmers	185 (92.5)	8 (4)	2(1)	4(2)	95.66 (I)
2.	Non availability of documents	142(71)	37(18.5)	14 (7)	7 (3.5)	85.66 (II)
3.	Lack of information regarding schemes of loan	98(49)	86(43)	3(1.5)	13(6.5)	78.16 (III)
4.	Illiteracy	34(15.5)	111(55.5)	48 (24)	7 (3.5)	69.16 (IV)
5.	Hidden charges of bank	79 (39.5)	51 (25.5)	66 (33)	4 (2)	67.5(V)
6.	Distant location of bank from the village	11(5.5)	159(79.5)	21(10.5)	9(4.5)	62.6 (VI)
7.	Need of collateral security for personal loan	19(9.5)	129(64.5)	21(10.5)	31(15.5)	56 (VII)
8.	Lack of knowledge regarding loan process	65(32.5)	8(4)	116(58)	11(5.5)	54.5 (VIII)
9.	Lack of proper guidance	34(15.5)	66 (33)	91 (45.5)	9(4.5)	54.16 (IX)
10.	Loan amount less than required amount	12(6)	132(66)	21(10.5)	35(17.5)	53.5 (X)
11.	Lots of formalities of bank	19(9.5)	88(44)	86(43)	7(3.5)	53.16 (XI)
12.	Lack of cooperation from officials	29(14.5)	35 (17.5)	127(63.5)	9 (4.5)	47.33 (XII)
13.	Bribe for taking the loan on card	31(15.5)	38 (19)	119(59.5)	12 (6)	47 (XIII)
14	Non availability of bank officials in time.	19 (9.5)	34 (17)	142 (71)	5 (2.5)	44.5 (XIV)
15.	Insufficient credit limit in KCC	19 (9.5)	35(17.5)	139(69.5)	7 (3.5)	44.33 (XV)
16.	Delay in loaning	17(8.5)	36(18.5)	140(70.5)	7(3.5)	43.83(XV I)
17.	High rate of interest	19 (9.5)	32 (16)	141(70.5)	8 (4)	43.6 (XVII)

The study highlights critical constraints faced by farmers in accessing institutional sources of finance despite various governmental initiatives aimed at improving rural credit systems. The most pressing issue identified was a lack of information regarding available financial institutions beyond conventional banks. With an overwhelming 92.5% of respondents indicating this as a major challenge and a mean percent score (MPS) of 95.50, it reflects a significant knowledge gap among farmers regarding alternate sources such as Primary Agricultural Credit Societies (PACS), Large-sized Adivasi Multipurpose Societies (LAMPS), Farmer Producer Organizations (FPOs), and Self-Help Groups (SHGs). This finding suggests a disconnect between institutional efforts and outreach effectiveness at the grassroots level.

The non-availability of proper land documentation emerged as the second most severe constraint, reported by 71% of respondents. This issue is primarily rooted in inherited land ownership patterns, which often lack formal documentation, posing serious barriers to credit eligibility. The lack of awareness about various loan schemes further compounds

the problem, ranked third with an MPS of 82. This reflects poor dissemination of policy and scheme-related information.

**Conclusion**

The study revealed that farmers face multiple barriers in accessing institutional credit, with the most significant being a lack of information about available financial institutions and loan schemes. Other key issues include inadequate documentation, illiteracy, hidden charges, and complex bank procedures. These findings highlight the urgent need for better awareness campaigns, simplified documentation processes, and improved support services to enhance farmers’ access to rural credit.

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