
**A Study on Financial Flow Towards
Agricultural Development in Hassan District
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ABSTRACT:

Agriculture continues to be the backbone of rural livelihoods in Hassan district, Karnataka, contributing significantly to food security, employment, and regional economic stability. The present study examines the financial flow towards agricultural development in the district with a focus on institutional credit, government subsidies, and private investments between 2005 and 2024. Using both secondary data from government reports, district statistical handbooks, NABARD credit flow statements, and primary insights from farmer surveys, the study analyzes the trends, accessibility, and impact of financial resources on agricultural productivity and sustainability. The findings indicate a steady rise in institutional credit disbursement through cooperative and commercial banks, particularly after the implementation of agricultural loan waiver schemes and the Kisan Credit Card program. However, disparities persist across small and marginal farmers, who continue to face constraints in collateral requirements and high dependence on informal credit. Subsidy-driven investments in irrigation, mechanization, and crop insurance have improved resilience, yet the effectiveness of fund utilization is uneven due to administrative delays and limited financial literacy. The study concludes that targeted financial inclusion, better credit delivery mechanisms, and monitoring of subsidy utilization are essential to ensure equitable and sustainable agricultural development in Hassan district.

KEYWORDS:

Institutional credit, Financial inclusion, credit delivery, Digital payment, cooperative societies.



INTRODUCTION

Agriculture remains the principal source of livelihood in Hassan district, Karnataka, and continues to play a central role in ensuring food security, employment generation, and rural development. Over the last two decades, the structure of agricultural financing in India has undergone significant transformation, with institutional mechanisms expanding to provide credit and support services to farmers. However, regional disparities and farmer-specific constraints often determine how financial flows are distributed and utilized at the district level. In this context, the study of financial flows towards agricultural development in Hassan district between 2005 and 2024 becomes highly relevant.

This involves a comprehensive examination of how institutional credit, subsidies, and private investments have evolved over the years. Institutional credit—primarily delivered through cooperative banks, commercial banks, and regional rural banks—has been a critical instrument for enabling farmers to access inputs such as seeds, fertilizers, irrigation equipment, and mechanization. Similarly, government subsidies for irrigation infrastructure, crop insurance, and soil health management have sought to reduce risks and promote sustainability. In addition, private investment, particularly in agri-business ventures, contract farming, and agri-tech services, has begun to shape the rural financial landscape. Analyzing the interplay among these sources will shed light on whether financial inflows are adequate, inclusive, and aligned with the developmental needs of agriculture in Hassan district. Financial resources alone do not guarantee improved agricultural outcomes; their effectiveness depends on accessibility, utilization, and the capacity of farmers to convert financial inputs into productive gains. For instance, access to timely credit can enable small and marginal farmers to adopt modern cultivation practices, diversify cropping patterns, and reduce dependence on informal moneylenders. Similarly, subsidies for drip irrigation, soil conservation, and renewable energy applications contribute to long-term sustainability by reducing input costs and preserving natural resources. The study further recognizes that the economic condition of farmers is shaped not only by productivity but also by debt burdens, income stability, and resilience to market and climate shocks. Therefore, this objective emphasizes measuring both the tangible and intangible impacts of financial flows at the farm level.

To operationalize these objectives, the research draws upon secondary data sources such as Hassan District Statistical Handbooks, NABARD credit flow reports, and government budget documents, alongside primary field surveys of small and marginal farmers. Trend analysis and correlation techniques are used to connect financial flows with agricultural outcomes, while qualitative insights from farmer experiences enrich the understanding of constraints and opportunities. By focusing on both macro-level financial patterns and micro-level farm realities, the study ensures a holistic examination of the relationship between finance and agricultural development.

Methodology

The present study adopts both primary and secondary sources to analyze financial flow towards agricultural development in Hassan district. Primary data were collected through structured questionnaires and interviews with farmers, officials from cooperative banks, regional rural banks, and commercial banks, along with focus group discussions involving Self-Help Groups (SHGs) and Joint Liability Groups (JLGs). A stratified random sampling method was used to ensure representation from different taluks, and the responses were analyzed using descriptive statistics and percentage analysis. Secondary data were drawn from Hassan District Statistical Handbooks, NABARD credit flow reports, Karnataka Economic Surveys, RBI publications, and annual reports of cooperative institutions, supplemented by published research articles and theses available in repositories such as KrishiKosh. The integration of farmer-level insights with institutional and policy-level data provides a comprehensive understanding of the trends, sources, and impacts of financial flows in the district.

Objectives of the study:

- To analyze the trends, sources, and patterns of financial flow towards agricultural development in Hassan district between 2019–20 and 2022–23, with a focus on institutional credit, subsidies, and private investments.
- To assess the impact of financial resources on agricultural productivity, farm sustainability, and the economic conditions of small and marginal farmers in Hassan district.

Information about loan lent by the bank (2021–22)

Particulars	Number of accounts	Amount	Target amount
Crop loan (ACC+KCC)	324	5,67,85,000	3,33,12,000
Gold loans to agricultural	134	59,56,000	1,12,27,000
Total short term to agriculture	458	6,27,41,000	4,45,39,000
Investment credit	17	7,60,000	30,34,000
Other allied agriculture activities	15	6,15,000	7,35,000
Total term to agriculture	33	13,75,000	37,69,000
Total agriculture	491	6,41,16,000	4,83,08,000
Education loan	7	13,47,000	6,76,000
Housing loan	8	46,26,000	48,29,000
SHG	3	2,52,000	5,95,000
SME	60	92,38,000	50,75,000
JLG	7	7,39,000	2,00,000
SCC	72	36,87,000	34,16,000
GCC	41	1,88,000	4,00,000
Other priority sector	81	51,70,000	24,99,000
Total to non-agriculture	279	2,52,47,000	1,76,90,000
Total priority sector	770	8,93,63,000	6,59,98,000
Non priority sector	18	16,28,000	36,53,000
Total advances	788	9,09,91,000	6,96,51,000

Source: Secondary data

As data revealed above the credit flow data highlights a strong emphasis on agriculture, with 491 accounts and ₹6.41 crore disbursed, exceeding the target of ₹4.83 crore. Crop loans (ACC + KCC) dominate short-term credit, while gold loans also play a significant role, though below targets. Term loans for agriculture remain relatively low, indicating limited investment in long-term assets. Non-agricultural priority sectors received ₹2.52 crore, with SMEs and housing loans absorbing the largest share. Overall, priority sector advances (₹8.93 crore) surpassed targets, reflecting effective financial inclusion, whereas non-priority lending (₹16.28 lakh) fell short of targets, suggesting cautious lending beyond

mandated sectors.

Trend of loan for agriculture from 2019 to 2022

Particulars	Amount in 000's			
	2019	2020	2021	2022
Crop loan (ACC+KCC)	45756	25150	16792	38450
Gold loans to agricultural	6960	4950	5873	6100
Total short term to agriculture	51200	35450	22665	44524
Investment credit	510	751	646	463
Other allied agriculture activities	651	452	00	852
Total term to agriculture	752	850	646	450
Total agriculture	45453	30401	23311	28451
Education loan	216	150	186	245
Housing loan	2545	561	2647	2432
SHGs	7514	365	451	1124

Source: Secondary data

The following data would have pooled from the primary source and analysed by using the simple statistical tools, which comprised average and percentage calculation for the analysis purpose, and 206 respondents were considered from 50 families for the collection of data by simple random sampling sampling method could be used.

Age	Frequency	Percentage
1 to 15	28	13.6%
15 to 30	47	22.8%
30 to 60	115	55.8%
60 above	16	7.7%
Total	206	100%

Source: complete the primary data

The above table is depicting about the age group of the respondents in the study area among the 50 families consist of 206 members, among them,106 are belongs to male and 100 are female have been considered . And in the second table as shown the age group that is 28 members comes under 1 to15 age group, 47 members comes under 15 to 30 age group, 115

members comes under 30 to 60 age group and 16 members comes under 60 above age group, respectively percentage is 13.60%, 22.80%, 55.80%, and 7.70% .

Information about size of land holding (in acres)

Size of land (in acres)	frequency	Percentage
1 to 5	23	46%
5 to 10	12	24%
10 to 15	5	10%
15 to 25	6	12%
25 above	4	8%
Total	50	100%

Source: complete the primary data

The above table explain about size of land holding, 46% respondents have 1 to 5 acres , 24% have 5 to 10 acres land , 10% have 10 to 15 acres , 12% of respondents have 15 to 20 acres and 8 percent families have above 25 acres land.

Information about annual income of bank account holders

Income range	Frequency	Percentage
>5,000	21	42%
5,000 to 10,000	15	30%
10,000 to 20,000	6	12%
20,000 <	8	16%
Total	50	100%

Source: complete the primary data

As shown in the above table the annual income of the respondents in the study area , 42% have less than 5,000 income range, 30% have 5,000 to 10,000 income range, 12% have 10,000 to 20,000 income range, and 16% of the respondents have above 20,000 income in annually.

Information about loan borrowed from bank

Loan amount range (Rs)	Frequency	Percentage
5,000 to 20,000	13	26%
20,000 to 50,000	18	36%
50,000 to 1lakh	6	12%
1lakhs <16%	8	16%
Did not get the loan	5	10%
Total	50	100%

Source: complete the primary data

In the table as bring out the loan borrowed by the bank from the respondents 26% respondents have borrowed Rs. 5,000 to 20,000, 36% have borrowed Rs. 20,000 to 50,000, 12% were borrowed Rs. 50,000 to 1 lakh, and 16% were borrowed more than 1 lakh loan from the bank for various agricultural activities.

Information about utilization of loan for various purposes

Particulars	frequency	Percentage
Agriculture	37	74%
Non- agriculture	13	26%
Total	50	100%

Source: Primary Data

The respondents have borrowed the loan and made this use for the agricultural and non agricultural purpose, as shown 74% were utilized for the farming activities but rest of them means 26% have used for the non agricultural purposes.

Repayment details of borrowers

Duration for repayment	Frequency	Percentage
>1year	33	66%
<1 year	5	10%
No Repayment	12	24%
Total	50	100%

Source: Primary Data.

Information about rate of interest on agriculture loans

Time period	Rate of interest
>365 days	7%
<1 year	14%
Business loan	13%

Source: complete the primary data

The bank lent loan would be return in the time period is one year or more, but the interest rate would charge as shown in the table like 7% and 14% respectively for the period of one and more than a year.

Conclusion

The primary sector continues to serve as a subsistence base for livelihood, with more than 55% of the population relying on agriculture and allied activities. The growth of agriculture is closely tied to the availability of adequate inputs and natural resources, among which credit plays a crucial role. Institutional credit, in particular, is considered the lifeline not only for the primary sector but also for the secondary and service sectors, as it fuels investment and growth. Within this framework, commercial banks, regional rural banks, primary cooperative societies, and agricultural cooperative institutions have emerged as key players in extending credit for farming and related needs. Among these, regional rural banks and primary cooperative banks hold special importance, as they provide long-term loans aimed at making permanent improvements in land and encouraging capital formation. Such loans help in building productive assets, thereby strengthening the real asset base of the agricultural economy.

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Conflict of interest:

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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