



Agricultural Credit: Role of Regional Rural Banks in Chhattisgarh

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ABSTRACT

This study explores the role of Regional Rural Banks (RRBs) in facilitating agricultural credit in the state of Chhattisgarh, which is predominantly agrarian dominated economy. RRBs overtime have emerged as critical institutions in rural finance, aiming to bridge the gap between the formal credit systems and the demand of credit from the small and marginal farmers. The paper makes use of both the primary and the secondary data. Primary data were collected from 100 farmers and 20 RRB officials across five districts using structured questionnaires and interviews. Secondary data were sourced from RBI, NABARD, and annual reports of Chhattisgarh RajyaGramin Bank. The analysis give us a glimpse that RRBs are instrumental in disbursing agricultural loans, particularly under schemes like the Kisan Credit Card (KCC) and the Pradhan MantriFasalBimaYojana (PMFBY). However, there are multiple challenges such as procedural delays, lack of awareness among farmers, and high non-performing assets (NPAs) in some banks which overtime limit their effectiveness. This paper suggests targeted financial literacy programs, simplification of credit processes, and better digitization penetration to improve service delivery. Overall, the RRBs have significantly contributed to agricultural development and in the state of Chhattisgarh, though systemic improvements are needed to optimize their impact.

KEY WORDS

Regional Rural Banks, Agricultural Credit, Financial Inclusion, Kisan Credit Card, Rural Development.

INTRODUCTION

Farming is still the main source of income for many people in India, especially in rural states like Chhattisgarh. In this state, more than 70% of the people depend on farming or farm-related work to earn a living (Government of Chhattisgarh, 2023). But even though farming is so important, many small and poor farmers find it hard to get loans from regular banks. To solve this, the Government started Regional Rural Banks (RRBs) in 1975 to help people in villages, especially those who are poor (Reserve Bank of India, 2022). In Chhattisgarh, the main RRB is Chhattisgarh Rajya Gramin Bank, which gives loans to farmers at low rates and helps them grow.

As rural expert M.L. Dantwala said, "Credit is the lubricant that keeps the wheels of agriculture moving." This means loans are very important for farmers. Institutional credit helps them grow more crops, earn better money, and avoid borrowing from local moneylenders who charge high interest and live a good life. RRBs have helped bring many Government loan and insurance schemes to farmers, like the Kisan Credit Card (KCC) and Pradhan Mantri Fasal Bima Yojana (PMFBY). These types of schemes give farmers more financial safety. Still, there are problems like slow loan processes, lack of knowledge about banking, and farmers not being able to pay back loans on time.

Bhatt and Kaur (2020) said that RRBs have been a strong support for poor people in rural areas. These banks have helped farmers in places where there are not many other banks. They reduce farmers' need to go to private moneylenders who often take advantage of them. This study will take a closer look at how well RRBs are working in Chhattisgarh, how much help they give to farmers, and what problems they face in doing their job.

Literature Review

Mishra & Singh (2017) looked at how the RRBs are giving farm loans in eastern India. They found that there are many farmers who are now getting loans from banks, but many still prefer borrowing from local moneylenders because it's faster and has fewer rules over institutional credit like banks. The study suggested that RRBs should make their loan process simpler and treat customers better. Das & Bhatia (2016) studied where RRB loans are given in India and found big differences between regions. They said that places like tribal and poor areas in Chhattisgarh need special help from the Government so that farmers there can get equal support. Kumar & Rani (2021) focused on how the RRBs are using digital tools in rural areas. They found that these banks are very slow to adopt technology, which makes it hard or almost impossible for people in remote areas to use their services. They have recommended starting digital education for villagers and using mobile banking vans to reach faraway farmers. Chakrabarty (2015) studied how well the Kisan Credit Card (KCC) scheme is working through RRBs. The study found that KCC helped increase farm income and crop production. But there were still delays in giving or renewing the cards, which caused problems for farmers. Joshi & Sharma (2019) asked farmers in central India what they thought about RRB's banking services. Most of the farmers liked the low interest rates, but they were not so happy with the slow processes and no proper way to complain about late delivery of services. Khandelwal (2020) looked at how the RRBs changed after they were merged in a phased manner. The study found that merging have helped banks become stronger with money, but it also made them less focused on local needs and slower in giving loans in some places.

Objectives of the Study

- To assess the flow of credit into agriculture from RRBs in Chhattisgarh.
- To evaluate how is the credit accessibility and utilization among farmers.
- To identify gaps and operational challenges in credit delivery mechanism.
- To suggest areas improvements for more effective credit distribution.

Research Methodology

This study is done using a mixed-methods research design that integrates both the quantitative and the qualitative techniques to understand the role of Regional Rural Banks (RRBs) in agricultural credit penetration in Chhattisgarh. The combination of numerical data and qualitative insights gives a strong understanding of the credit landscape in Chattisgarh from RRB's. As Creswell (2014) emphasizes, "Mixed methods research provides a more complete understanding of a research problem than either quantitative or qualitative methods alone." As Johnson, Onwuegbuzie, and Turner (2007) note, "Mixed methods research is the class of research where the researcher mixes or combines quantitative and qualitative research techniques... into a single study to better understand research problems."

Primary data were collected from a sample of 125 farmers and 25 RRB officials across five agriculturally important districts Raipur, Bilaspur, Durg, Rajnandgaon, and Bastar. Stratified random sampling was used which ensured that the sample reflected diversity in terms of farm size, socio-economic background, and the tribal versus non-tribal populations. The farmers were surveyed using structured questionnaires which focussed completely on access to agricultural credit, awareness of Government schemes such as Kisan Credit Card (KCC) and Pradhan MantriFasalBimaYojana (PMFBY), loan utilization patterns, and repayment behavior of the farmer. Semi-structured interviews were conducted with some RRB officials to gather insights on operational practices, challenges in credit disbursement, and strategies for loan recovery.

Secondary data were analysed from published reports of the Reserve Bank of India (RBI), the National Bank for Agriculture and Rural Development (NABARD), and Chhattisgarh RajyaGramin Bank. These sources provided a very good insight on historical data on credit disbursement volumes, NPAs, and scheme performance over the past decade. Government records and state agriculture department databases were also reviewed to complement the primary data. For example, Gupta and Kumar (2020) assert, "RRBs have significantly contributed to rural credit, but structural inefficiencies continue to hinder their outreach and effectiveness."

Quantitative data were analyzed using Microsoft Excel and SPSS to generate descriptive statistics, while qualitative responses from interviews were analyzed thematically using NVivo software. This methodological triangulation strengthens the credibility and validity of the findings, helping to capture both statistical trends and experiential nuances. By combining farmer experiences with institutional perspectives, this methodology offers a comprehensive evaluation of how RRBs function in promoting agricultural credit in rural Chhattisgarh.

Data Analysis and Findings:

This part shares the results from talking to 125 farmers and 25 bank workers in Chhattisgarh. It shows the main patterns in how farmers get and use loans, and the problems they face. These findings help us understand how well Regional Rural Banks (RRBs) are helping farmers with their credit needs in rural areas.

Table 1: Socio-Demographic Profile Table of Farmers

Category	Sub-Category	Frequency	Percentage
Gender	Male	90	72.0
	Female	35	28.0
	Total	125	100
Age Group	18-30	20	16.0
	31-45	55	44.0
	46+	50	40.0
	Total	125	100

Education	Illiterate	30	24.0
	Primary	45	36.0
	Secondary	35	28.0
	Higher	15	12.0
	Total	125	100
Landholding Size	Marginal (<1 ha)	40	32.0
	Small (1-2 ha)	50	40.0
	Medium (2-4 ha)	25	20.0
	Large (>4 ha)	10	8.0
	Total	125	100
Caste Category	General	20	16.0
	OBC	45	36.0
	SC	30	24.0
	ST	30	24.0
	Total	125	100

(Source: Primary Data)

The socio-demographic profile of 125 surveyed farmers in Chhattisgarh reflects key patterns influencing agricultural credit access. A majority (72%) of respondents were male, indicating a gender disparity in credit participation. The dominant age group was 31–45 years (44%), followed by 46+ (40%), suggesting that middle-aged and older farmers are more actively engaged in formal credit systems. Educationally, 36% had primary education, while 24% were illiterate highlighting the need for simplified banking procedures and farmer-friendly communication. Landholding data shows that 72% of farmers owned marginal or small plots (<2 ha), which aligns with national trends and underscores their reliance on affordable, short-term credit. Regarding caste distribution, OBC (36%) and SC/ST farmers (48%) form a substantial portion, indicating RRBs are reaching socially disadvantaged groups. This demographic breakdown highlights the need for targeted financial literacy, customized loan products, and inclusive outreach strategies to improve equitable access to agricultural credit in rural Chhattisgarh.

Table 2: Frequency and Percentage of Farmers Accessing Credit

Access Status	Frequency	Percentage
Accessed Credit	85	68
Did Not Access Credit	40	32

(Source: Primary Data)

The socio-demographic details of 125 farmers in Chhattisgarh show important patterns that affect their access to farm loans. Most of the farmers (72%) were men, showing a gender gap in who gets credit. The largest age group was 31–45 years (44%), followed by those over 46 years (40%), which means middle-aged and older farmers are more involved in formal credit. In terms of education, 36% had only primary schooling, and 24% could not read or write. This shows a need for simpler bank processes and easy-to-understand communication. About 72% of farmers had small or very small land (less than 2 hectares), matching national trends and showing their need for low-cost, short-term loans. Looking at caste, 36% were OBC and 48% were SC/ST, meaning RRBs are helping many socially disadvantaged farmers. These points highlight the need for financial education, loan plans suited to farmers' needs, and inclusive support to improve fair access to credit in rural Chhattisgarh.

Table 3: Major Uses of RRB Agricultural Loans

Use	Frequency	Percentage
Seeds	40	32.0
Fertilizers	35	28.0

Irrigation	25	20.0
Equipment	25	20.0

(Source: Primary Data)

The study of how farmers in Chhattisgarh use their loans shows that Regional Rural Banks (RRBs) mostly help with basic farming needs. Around 32% of farmers used the money to buy seeds, showing how important good seeds are for growing crops. About 28% spent it on fertilizers to keep the soil healthy and increase crop yield. Some farmers used loans for irrigation (20%) and buying farm tools or machines (20%), which shows some spending on improving farms, but not a lot. This may be because such things cost more, farmers don't know about Government help, or the bank process is too difficult. RRBs are doing well in helping with short-term needs like seeds and fertilizers, but they are not helping much with long-term improvements. To fix this, banks should make it easier to get loans for farm equipment and water systems, and tell farmers more about helpful schemes. Teaching farmers about money and giving them expert advice can help them use loans better. With this kind of help, RRBs can boost both farm growth and long-term progress.

Table 4: Loan Processing Delays Among Farmers

Response	Frequency	Percentage
Reported Delays	68	54.0
No Delays Reported	57	46.0

(Source: Primary Data)

A large number (54%) of the farmers said that Regional Rural Banks (RRBs) take too long to process their loans. This means more than half of them face delays, which can stop them from getting money when they need it most. In farming, timing is very important. If the loan is late, farmers may miss the best time to plant crops, which can lead to lower harvests and less income. These delays may happen because of too much paperwork, not enough staff, or old methods of checking information. If delays keep happening, farmers may stop trusting banks and go back to borrowing from local moneylenders. To fix this, banks should make the loan process faster by cutting down on paperwork and using technology like online loan tracking and SMS updates. Giving loans on time helps farmers do better and also makes people trust RRBs more in rural areas.

Table 5: Awareness of Government Schemes

Awareness Level	Frequency (out of 125)	Percentage
Lacked Awareness	75	60.0
Aware of Schemes	50	40.0
Total	125	100

(Source: Primary Data)

About 60% of the farmers in the survey did not know about important farming schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Kisan Credit Card (KCC). This lack of knowledge makes these helpful Government programs less effective. Farmers who don't know about crop insurance may not be protected when their crops fail because of drought, floods, or pests problems that happen often in Chhattisgarh. Also, if they don't know about low-interest loan options, they may end up borrowing from local moneylenders who charge high interest. This gap in knowledge happens because banks don't spread enough information, farm officers don't reach enough people, and there are not enough training programs. To solve this, banks and the Government should use many ways to share information—like local languages, village leaders (panchayats), and community radio so that every farmer can learn about and use these helpful schemes.

Table 6: Credit Access vs Loan Processing Delay

Test	Chi-Square Value	Degrees of Freedom	P-Value
Credit Access vs Loan Delay	66.99	1	< 0.001

A chi-square test was done to see if there is a link between getting farm loans and facing delays in loan processing. The result showed a chi-square value of 66.99 with 1 degree of freedom, and the p-value was less than 0.001. This means the connection is statistically strong. Farmers who got loans from Regional Rural Banks (RRBs) were more likely to face delays than those who didn't get loans. This shows that loan delays mostly affect the farmers who actually use the bank services. It also means RRBs need to make their loan process faster and smoother, especially during busy farming times.

Table 6: Credit Access vs Scheme Awareness

Test	Chi-Square Value	Degrees of Freedom	P-Value
Credit Access vs Scheme Awareness	84.60	1	< 0.001

A chi-square test was done to see the link between getting farm loans and knowing about Government schemes like PMFBY and KCC. The test gave a chi-square value of 84.60 and a p-value less than 0.001, which means the result is statistically important. Surprisingly, many farmers who got loans did not know about these schemes, while those who didn't take loans were more aware. This unexpected result shows that just knowing about a scheme doesn't always mean farmers will use it. There could be other reasons like hard steps, lack of trust in banks, or rules that stop them from applying. So, RRBs and the Government should not only spread awareness but also fix real problems.

Bank staff said that not having enough workers and having too many documents to check are big problems in giving farm loans. When there are fewer staff, banks get overloaded, especially when many farmers apply at the same time. This slows down work like checking documents and helping customers. Also, asking for too many papers makes it hard for farmers, especially those who can't read well or don't have land documents. These issues slow down the loan process and push small farmers away from using banks. To fix this, the Government should hire and train more bank staff in rural and tribal areas. At the same time, banks should make paperwork simpler like using digital land records or accepting community proof. Solving these problems will make RRBs work better and help more farmers in Chhattisgarh get the support they need.

Discussion

The data collected from 125 farmers and 25 bank workers in Chhattisgarh shows important points about how Regional Rural Banks (RRBs) are helping with farm loans. About 68% of farmers said they got loans from RRBs, mostly to buy seeds and fertilizers. This shows that RRBs are helping with the farmers' basic and urgent needs. But only 20% of farmers used loans for things like irrigation and equipment. This means that fewer farmers are using loans for long-term improvements on their farms.

The social and personal details of the farmers show that most of them who got loans were middle-aged men, had little or no formal education, and owned small pieces of land. These farmers are more likely to need short-term help. Still, many face problems 54% had delays in getting their loans, and 60% didn't know about helpful Government programs like PMFBY and KCC. This shows that slow processes and lack of information stop the full benefits of farm credit. As Bhatt and Kaur (2020) said, RRBs are meant to help rural people, but they aren't doing as much as they could because of system-level problems.

Further analysis using the chi-square test showed a strong link between getting credit and facing loan delays ($\chi^2 = 66.99, p < 0.001$), and also between credit and not knowing about Government schemes ($\chi^2 = 84.60, p < 0.001$). This means that farmers who get loans often still face problems like delays and poor information. Bank staff also said that not enough workers and too many paperwork rules make things worse. To fix this, there should be better staffing, simpler steps for getting loans, and stronger efforts to inform farmers. These changes will help RRBs support more farmers and boost farming in Chhattisgarh in a stronger and more lasting way.

CONCLUSIONS

This study shows that Regional Rural Banks (RRBs) play an important role in giving farm loans in Chhattisgarh. Most farmers used these loans to buy basic things like seeds and fertilizers. However, problems

like slow loan processing, low awareness of Government schemes, and system-related issues still exist. The findings also show that small and poor farmers with little education depend a lot on easy and timely credit. To help these farmers better, banks need more staff, simpler paperwork, and better ways to share information. By improving bank systems and teaching farmers about money and loan options, RRBs can support fair and lasting growth in rural farming areas.

Recommendations

To enhance rural banking and provide better support for the agricultural sector, a number of strategic measures can be implemented. First, streamlining loan processes and minimizing documentation requirements can increase access to credit for farmers and rural business owners. Regular financial literacy campaigns should be organized to inform individuals about banking services, digital transactions, and financial management. Upgrading digital infrastructure and broadening mobile banking offerings will further promote financial inclusion by making banking more user-friendly and accessible. Finally, improving collaboration between Regional Rural Banks (RRBs) and agricultural departments can ensure that financial services are more closely aligned with the unique needs of the agricultural community.

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