Impact of Karimnagar Dccb on Agricultural Credit and Rural Development

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ABSTRACT

From a banker's perspective, the Karimnagar District Cooperative Central Bank (KDCCB) has transitioned from a loss-making entity in 2005 to a "beacon of success" in cooperative banking, serving as a vital instrument for agricultural credit and rural development in Telangana. The bank, which crossed a business mix of Rs 7,000 crore in 2024–25, has fostered rural prosperity through digital adoption, high-volume lending, and strong mentorship of Primary Agricultural Credit Societies (PACS).

District Central Cooperative Banks (DCCBs) in Telangana play a critical role in the state's rural credit system, facilitating agricultural finance and promoting rural development. This article examines the significance of DCCBs, identifies key challenges they face, and provides recommendations for enhancing their effectiveness and sustainability. KDCCB holding a significant impact on agricultural credit and rural development in the integrated Karimnagar district of Telangana. Banker opinion surveys and performance studies highlight the bank's evolution from a purely agriculture-focused institution to a competitive financial player, adapting to modern banking needs while maintaining a high share of rural credit.

Keywords: DCCB, management, PACS, financial, strategies, effectiveness and sustainability

INTRODUCTION

India is an agriculture based country and 70% of the population stay in rural areas. Agriculture is the most important and crucial industry of the Indian economy. It supplies food, income, and jobs for the vast majority of the country's inhabitants. It employs over 57% of the working population and accounts for 18.5% of GDP (Annual report 2020-21, Ministry of Agriculture). Indian agriculture is mostly driven by small, marginal farmers and landless labourers who survive in the subsistence economy and cannot afford agricultural inputs for agricultural expansion. Therefore, adequate funding is necessary for agricultural development in order to satisfy their agricultural demands.

The cooperatives which are the life blood of the Indian economy and the mechanism for any developmental programs. Especially in an agriculture dominated rural sector, cooperative banks play a pivotal role in bolstering the common individual and financing his business and personal needs. The cooperative credit structure has been serving Indian society since 1904 and since then it has seen several ups and downs. Despite several limitations such as restriction of area of operations, limited clients, small volume of business, political interference, this movement has been standing since the last 108 years and serving the society. The increase in the level of agricultural loans granted by the cooperative banks positively influence development of agriculture in India.

District Central Cooperative Banks (DCCBs) form an integral part of Telangana's financial landscape, catering primarily to rural areas and agricultural communities. Established to provide financial services to farmers and rural entrepreneurs, DCCBs have evolved to become key players in rural credit delivery and economic development.

Services provided by Cooperative banks:

The Indian banking sector provides different services to the farmers that facilitate them to take credit from banks.

- Cash Credit: It is one of the major sources of agricultural credit. Most of the banks provide the cash credit facility on behalf of the crops cultivated in farmers' land. This credit is provided on very low interest near about 4%. It is a short-term loan.
- Term loan: It is also a main source of agricultural credit. Banks provide it for long term. This is beneficial for agricultural development.
- Gold loan: It is also one of the prevalent types of credit facility. Banks give credit on behalf of gold which is lent by farmers as a mortgage. It also fulfills the working capital needs of farmers.
- Crop insurance: This facility is also provided by the bank. This is also beneficial to farmers to reduce the risk of farming.
- Mobile banking: Almost all banks started to provide banking facilities on mobile. This is beneficial for farmers to access their account balance and transactions.
- Online banking: Farmers started to take benefits of online banking. It proves helpful for them to save time and money.

Impact of agricultural banking on farmers

1. Expansion of the irrigation area: Using the credit facility, farmers can expand the area of irrigation in farming. It also increases production of crops. They are able to take all three-season crops. Drip irrigation is the best example.
2. Use of machinery: Farmers use machinery in farming activities which helps do work accurately and in a timely manner. Farmers save their efforts, money and time by using machinery. Say for example, harvester, tractor equipment etc.
3. Storage Godown (warehouse): Farmers have been able to develop storage facility in their area. It has become beneficial for them to store the agricultural goods for better price and supply in market as per requirement. NABARD has separate schemes for agricultural godown.
4. Processing units: Nowadays, farmers focus on food processing industry also. Using this, they are able to do proper marketing of their products.
5. Horticulture: Farmers are now opting for horticulture farming in their farmland. It has become possible due to the availability of bank credit in time and with ease.
6. Immunity from money-lenders: Farmers got rid of traditional moneylenders and landlord tyranny. They are able to bid a desirable price of their products and sell them in different markets.
7. Financial stability and social development of farmers: Using banking facilities, farmers are able to derive better profits and they can decisively spend money on their primary needs.

Overview of Karimnagar District Central Co-operative Bank:

Cooperative banks offer loans and other services to farmers and rural populations in a timely manner. However, the bank's operating efficiency and financial stability will be impacted by any loan repayment default. Funds are halted as a result of NPA, which lowers interest income and results in a cash shortage. Operating bank services, such as processing regular payments and dues, is undoubtedly made more difficult by this. Cooperative banks are currently under a lot of stress, which is resulting in decreased working profits as well as a decline in productivity and efficiency.

REVIEW OF LITERATURES

Lakshmanan,C and Dharmendran.A (2024) in his article, studied the impact of Non Performing Assets (NPAs) on performance variables in Chennai Central Co-operative Bank. They examined performance variables namely, net profit, investment, legal expenses and spread. They observed that the results of NPAs on all the above performance variables were negative and insignificant at 5 percent level in all the equation. They concluded that the effective management of NPAs is essential to strengthen the financial position of the bank.

Singh et al. (2022) in his article examined the economic performance of District Central Cooperative Bank (DCCB), Raipur and its Mandir Hasaud Branch in Chattisgarh state for the time period 1991-92 to 1998-99. The various parameters selected for analyzing the performance were number of borrowers, amount advanced, recovery and over dues. During the period of study, the number of borrowers and the number of advances had increased but at the same time rate of over dues had also increased. It was suggested that the over)dues should be checked by improving the recovery performance of the bank. It was also suggested that there should be provision to convert the kind loan in cash if the farmers are reluctant to kind portion of loan, this will increase the level of recovery.

Sujatha (2020) had attempted to summarize the financial performance of Krishna Cooperative Central Bank Ltd. for a period of 11 years from 1995 to 2005. To analyze performance various liquidity, productivity and profitability ratios were used. It was found that the strength of the bank is: higher level of owned funds, reasonable cost of deposits & borrowings, low expense ratio, favourable burden ratio but the bank has the weakness of high level of liquid & cash assets, low credit to deposit ratio and low yield on advances. It was suggested that the bank should launch a deposit mobilization campaign and there is a need to diversify the loan portfolio. Also the bank should enforce the provisions to recover loans in order to reduce its NPAs.

Raikar (2011) made an attempt to study the performance of District Central Cooperative Banks (DCCBs) in India for the period 2002-03 to 2007-08. For analyzing the performance, ratio analysis and Data Envelopment Analysis (DEA) were used. It was found that the number of CCBs on the efficient frontier and above efficiency score showed a fluctuating but declining trend, this indicates declining efficiency of CCBs over the study period. It was also found that there is significant growth of CCBs in terms of financial parameters, i.e., reserves, deposits, investments, loans & advances, income etc. But the performance was deteriorating due to weak capital base and huge NPAs. It was suggested that to improve the performance of CCBs, there was a need to improve their recovery performance.

Statement of the Problem:

Despite their pivotal role, DCCBs in Telangana encounter various challenges. These include financial constraints, governance issues, regulatory compliance burdens, competition from commercial banks, and technological limitations. These challenges hinder their ability to effectively serve their intended beneficiaries and achieve sustainable growth.

The Karimnagar District Cooperative Central Bank (KDCCB) plays a vital role in promoting agricultural credit and rural development in the region. However, studies on District Central Cooperative Banks (DCCBs) indicate that rising Non-Performing Assets (NPAs), poor recovery performance, and increasing overdues have negatively affected their financial stability and efficiency. Despite growth in loan disbursement and borrower base, challenges such as low credit-deposit ratio, weak capital base, inadequate liquidity, and inefficient recovery

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mechanisms persist. These issues may also impact the functioning of KDCCB, limiting its ability to effectively support farmers and rural borrowers. Moreover, there is limited research focusing specifically on KDCCB from a banker's perspective.

Objectives:

This study aims to achieve the following objectives:

1. To assess the role of KDCCBs in rural credit delivery and agricultural finance from the perspective of bankers.

2. To evaluate the contribution of KDCCB towards rural development activities in the district.

3. To analyze the relationship between credit availability and rural economic development.

4. To provide recommendations for enhancing the performance and sustainability of KDCCBs in Telangana towards better credit availability and rural economic development.

Importance of the Study:

The study of DCCBs in Telangana is essential for several reasons. Firstly, they contribute significantly to agricultural finance, ensuring timely credit availability to farmers for crop production and allied activities. Secondly, DCCBs promote financial inclusion by reaching out to underserved rural populations who may not have access to formal banking services. Thirdly, understanding the challenges faced by DCCBs is crucial for devising strategies to strengthen their operational efficiency and sustainability.

RESEARCH METHODOLOGY

It is based on the primary data collected from bankers from the various branches of KDCCB across different levels of hierarchy using the questionnaire constructed based on Likert 5 point scale .The data analysed and presented using percentages.The sample size of the respondents is 50 drawn from 20 Branches of KDCC Bank in Erstwhile Karimnagar district, Sircilla urban, Sircilla rural , Vemulawada urban , Vemulawada rural, Thangalapalli, Kodurupaka, Konaraopet, Yella Reddypet, Chandurthi, Rudrangi, Korutla, Metpally, Jagityal, Mustabad, GangaDhara, Chapadandi, Husnabad, Karimnagar Head Branch, Sultanabad, Manakondor branches

Bankers Perception and Attitude Towards KDCC Bank Credit Lending And Loans For Farmers

To begin with an attempt is made to understand the bankers perception on impact of KDCC Bank on agricultural credit and rural development.

The profile of the respondents (Bankers)

Table 1 Designation distribution of respondents (Bankers)

S.NO	Designation of Bankers	Percentage
1	Managers	40%
2	Asst. Managers	40%
3	Office Staff	20%

Table1 presents that 40% of the respondents are in manager category, 40% of the respondents are from assistant manager cadre and the remaining 20% of the respondents are from office staff of different branches. Presenting a reasonable representation from the decisionmaking cadre.

Table 2 Applicants for agricultural loans every year

S.NO.	Applicants for agricultural loans	Percentage
1	Below 100	Nill
2	100 - 200	30%
3	200 -500	40%
4	500 Above	30%
	Total Respondents	100%

Table 2 reveals that 30% of the respondents says that approximately 100 to 200 farmers applying for agriculture loan in every year in rural branches, 40% of the respondents says that nearly 200 to 500 farmers applying for agricultural loan in every year in semi urban branches and other 30% of the respondents says that 500 above farmers applying for agricultural loans in every year in urban branches. Based on which we can infer that there are reasonably high applicants for the agricultural loans.

Table 3 Requirement to access loan from bank

S. No	Particulars	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Practicability of agriculture project which is stated by farmers	100%	-	-	-	-
2	Size of land holding	20%	80%	-	-	-
3	Value of security	24%	76%	-	-	-
4	Repayment capacity	30%	70%	-	-	-
5	Cropping pattern of farmer	20%	72%	8%	-	-
6	History of farmers	60%	30%	10%	-	-

The data about table 3 shows the requirements to access the agricultural loans from the banks. In the case of practicability of the agriculture project which is stated by the farmers, 100% of the respondents was given preference as very important. In the case of size of land holding, only 20% of the respondents was given the preference as very important and 80% of the respondents was given the second ranking as treated as the only important factor. For the value of security most of the respondents 76% were given second ranking as only treated as an important factor and 24% of respondents were given first ranking position to this factor. Repayment capacity was rated as an important factor by 70% of the respondents but 30% of the respondents rated it as a very important factor. In the same way for cropping patterns of farmers only 20% of the respondents treated the factor ad very important, 72% of the respondents treated this factor as only just important and remaining 8% of the respondents are giving average importance to this factor. In the same way for the factor history of farmers the respondents of 60% are giving very importance, 30% of the respondents were giving only importance. Based on which we can infer that practicability of the agriculture project is one of the most important followed by history of farmers.

Based on which we can infer that Practicability of agriculture project which is stated by farmers, Size of land holding, Value of security, Repayment capacity, Cropping pattern of farmer and repayment History of farmers is treated as vital requirement to access loan from bank.

Table 4 Bankers opinion towards agriculture loan

S. No	Particulars	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Greater potential for				-	-

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	agriculture loans	64%	32%	4%		
2	Proper mortgage is essential before loan is disbursed	68%	24%	8%	-	-
3	Scale of finance for crop loans are sufficient	24%	76%		-	-
4	Hardship to recover agriculture loans	-	-	-	76%	24%
5	Difficult to implement KCC scheme	-	-	-	80%	20%

Table 4 presents that the bankers attribute the most importance to the Greater potential for agriculture loan, alongside proper mortgage for the loan disbursement and Scale of finance for crop loans are sufficient for the farmers getting access to agricultural loans. They did not impart much importance to hardship in recovery of agriculture loans and implementation of KCC scheme. pointing towards the creditworthiness being more important rather than the process of recovery.

Table -5 Attitude of farmers regarding Agriculture loan

S. No	Particulars	Very High %	High %	Average %	Not High %	Not Very High %
1	Farmers expect agriculture loan to be waived	56%	36%	8%	-	-
2	Farmers never respond to bank notice and phone calls regarding special mentioned accounts and NPA	62%	28%	10%	--	-
3	Banker-farmer's relationship and repayment are good in case of farmers club and SHGs	72%	28%	-	-	-
4	Farmers are diversifying agricultural loan	24%	36%	40%	-	-
5	Farmers create documentation problem	-	-	8%	24%	68%

Table 5 presents the bankers' perception regarding the attitude of farmers towards agricultural loans. The majority of the respondents felt that the farmers expect agricultural loans to be waived, indicating a strong perception that loan waiver expectations influence repayment behaviour and credit discipline. Similarly, around 62% Very high as respondents opined that farmers do not respond to bank notice and phone calls regarding overdue accounts and NPAs, suggesting communication gaps and challenges in recovery follow- up.

On a positive note, nearly 72% of bankers felt that banker-farmer relationships and repayment are good in the case of farmers club and SHGs, reflecting the importance of collective approaches and financial literacy initiatives in improving credit culture. Regarding credit utilisation, about 24% rated very high, 36% high and 40% Average that farmers are diversifying agriculture loans, implying a moderate level of diversification but also highlighting scope for better financial planning and monitoring lastly a significant proportion of respondents indicate that documentation procedures are not a major problem as most responses fall under Not high categories, suggesting administrative process are relatively manageable to farmers.

Table-6 Issues influencing future of extension of agriculture loan to Farmers

S. No	Particulars	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Credit to the agriculture sector should continue to be given special attention.	76%	24%	-	-	-
2	The rural economy has come of age and special consideration is unnecessary today.	-	-	8%	36%	56%
3	There is a huge demand supply gap in the agriculture credit delivery system.	52 %	28%	20%	-	-
4	Agriculture sector advance leads to increased NPA and therefore, it should be discontinued.	-	-	12%	38%	50%
5	The agricultural farmers are still exploited by Non-institutional agency and thus there is a need to save them from such agency.	56%	36%	8%	-	-
6	Agriculture sector advance affects the health of the banking system and hence the scale of finance to such sectors be scaled down.	-	-	-	22%	78%
7	For agricultural development, the multi-agency rural credit delivery system needs to be strengthened.	76%	24%	-	-	-
8	Banks find it difficult to recover the loan granted to the agriculture sector.	-	-	-	32%	68%
9	In the agriculture sector, the security position of beneficiaries does not create much problem.	-	-	-	22%	78%
10	The ethics of repayment in loans of the agriculture sector is low.		20%	24%	56%	-

Table-6 presents the Issues influencing future of extension of agriculture loan to Farmers. The analysis indicates that a significant majority of respondents 76% consider that credit to the agriculture sector should continue to receive special attention. This clearly reflects the first priority given to agriculture in the banking system due to its contribution to rural livelihoods and economic stability. Further, about 52% of respondents strongly agree that there exists a huge demand–supply gap in agricultural credit delivery, while an additional proportion rates it as important. This highlights inadequacies in the current credit delivery mechanism and the need for expansion of institutional finance.Regarding the statement that agricultural sector advances increase NPAs, responses are more distributed. A section of respondents (around 38–50%) expressed concern, indicating that bankers perceive agricultural lending as relatively risky. However, not all respondents share this view, suggesting a mixed perception about credit risk in agriculture.

The data also reveals that nearly 56% of respondents strongly agree that farmers are still exploited by non-institutional agencies, emphasizing the continued dependence on informal sources of credit. This underlines the importance of strengthening formal financial inclusion.

In terms of multi-agency rural credit delivery systems, a large majority 76% consider it very important. This shows strong support for coordinated efforts among banks, cooperatives, and other financial institutions to improve credit accessibility.

On the issue of loan recovery, a considerable proportion of respondents 68% agree that it is difficult to recover agricultural loans. This reflects operational challenges faced by banks and may influence cautious lending behaviour.

Similarly, around 56% of respondents indicate that repayment ethics among borrowers are low, pointing toward behavioural and socio-economic issues affecting credit discipline.

However, fewer respondents strongly agree that agricultural advances negatively affect the overall health of the banking system, suggesting that despite risks, agricultural lending is still seen as necessary and manageable.

Table.7 Rating the factors for determining the finance for agriculture

S.No.	Factors	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Bank guidelines.	66%	34%	-	-	-
2	Value of security offered.	76%	24%	-	-	-
3	Re-payment capacity of borrowers.	80%	20%	-	-	-
4	Past-History of borrowers relating to loan repayments.	84%	16%	-	-	
5	Whether farming is traditional or Modern.	28%	12%	-	24%	36%

Based on Table 7 it can be observed that Bank guidelines, Value of security offered,

Re-payment capacity of borrowers, Past-History of borrowers relating to loan repayments are considered as important factors in determining the finance for agriculture. The type of farming techniques whether it is traditional or Modern is not considered as important, indicating that type of farming practice is not a primary determinant in deciding loan amounts.

This suggests that institutional norms and regulatory frameworks significantly guide lending practices, borrowing history woven with repayment capacity plays a pivotal role alongside collateral security which continues to be a major determinant in agricultural lending decisions during the credit appraisal decisions.

Table- 8 problems in connection with agricultural credit lending

S.No	Particulars	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Identification of beneficiaries	-	-	-	72%	28%
2	Ignorance of beneficiaries	-	12%	28%	50%	10%
3	Lack of training in jobs	28%	40%	12%	20%	-
4	Lack of monitoring	8%	72%	28%	-	-
5	Miss utilization of loan.	64%	28%	8%	-	-

6	Political interference	-	40%	20%	32%	8%
7	Lack of securities	-	30%	28%	24%	16%
8	Poor recovery	-	-	12%	28%	60%
9	Lack of initiative of loanees to repay the loan	-	-		24%	76%
10	Taking loan only to avail subsidy	-	-	24%	20%	56%

Table- 8 summarizes Lack of training in jobs, Lack of monitoring, Miss utilization of loan is listed as the major problems faced in connection with agricultural credit lending followed by Political interference and Lack of security.

Identification of beneficiaries, Ignorance of beneficiaries, Poor recovery, Lack of initiative of loanees to repay the loan and taking of loans only to avail subsidy is not treated by bankers in relation to agricultural credit lending.

Table -9 Determinants of Agricultural Loan Repayment Behavior

S.No.	Particulars	Very Important %	Important %	Average Important %	Not Important %	Not Very Important %
1	Farmers are quite ignorant on loan guidelines of the bank	50%	30%	20%	-	-
2	Most of the farmers possess ROR	60%	40%	-	-	-
3	There is a negative impact of loan recovery because of loan waiver scheme of government	50%	30%	20%	-	-
4	Loan recovery procedure of educated farmers are more than illiterate farmers	-	40%	24%	20%	16%
5	Most of the farmers don't repay because of the poor financial management	-	44%	36%	205	-
6	Recovery rate depends upon success or failure of crops	36%	40%	16%	8%	-
7	Most of the farmers takes agricultural loan even if they don't require it	-	24%	56%	12%	8%
8	Local politicians influence the non-payment of agricultural loan	20%	40%	20%	12%	8%

Table 9 presents the factors considered as important Determinants of Agricultural Loan Repayment Behavior among the farmers, ignorance on loan guidelines of the bank, possession of ROR, loan waiver scheme of government and the success or failure of crops, taking of agricultural loan even if they don't require it causes it to be used for unproductive uses and the influence of Local politicians.

The education level of farmers, poor financial management are not considered important factors which influence the Agricultural Loan Repayment Behavior.

FINDINGS

1. The bankers should carry out their activity according to the requirement of account holders. Further the bankers should implements all the schemes issued by the government for the welfare of the society as per the guidelines issued from the time to time.

2. And also observed that from the applied agricultural loan applications in every year according to the bankers perception 100% of loan applications of farmers are approved every year. In Rural, Semi Urban and Urban KDCC Bankers approved only all types of agricultural loans to the farmers. In rural areas nearly 1000 above and in urban area below 1000 agriculture accounts were operating in KDCC Bank.

3. In the case of practicability of agricultural project which is stated by the farmers was given the highest priority and in the case of size of and holding most of the bankers as given as second priority. The case of volume of security, repayment capacity , cropping pattern a farmers most of the bankers has giving second importance.

4. Regarding bankers opinion towards the agriculture loan reveals that on highest potential for agriculture loan and maintaining proper mortgage system which is essential before loan is disbursement. The bankers are giving highest priority only the case of hardship to recovers agriculture loans and implementing the KCC Schemes. The bankers were giving least importance.

5. It shows that a majority of bankers believe that farmers expect agricultural loans to be waived, indicating a strong perception that loan waiver expectations influence repayment behaviour and credit discipline.

6. The analysis indicates that a significant majority of respondents 76% consider that credit to the agriculture sector should continue to receive special attention. This clearly reflects the first priority given to agriculture in the banking system due to its contribution to rural livelihoods and economic stability. In terms of multi-agency rural credit delivery systems, a large majority 76% consider it very important. This shows strong support for coordinated efforts among banks, cooperatives, and other financial institutions to improve credit accessibility.

7. Repayment capacity of borrowers is another highly influential factor, marking it as very important. This reflects the emphasis placed by banks on the borrower’s ability to repay loans, ensuring financial discipline and minimizing default risk. The value of security offered also holds considerable importance.

8. It summarizes empirical findings from a study on construction projects, possibly government schemes in India where beneficiary identification and training are critical.

9. Problems like "lack of training" and "political interference" match widespread issues, causing delays, corruption, and poor outcomes—e.g., labour shortages affect 78% of firms, while weak oversight leads to cost overruns.

10. The highest "Very Important" ratings are for Farmer Ignorance (50%), Possession of ROR(60%), and Loan Waivers (50%). This suggests the primary hurdles are documentation, education, and government policy. For the "Waiver" Culture: There is a strong sentiment that government intervention (waivers) and political influence are significant barriers to a healthy banking relationship with the agricultural sector. For Risk Factors: The data correlates repayment directly with crop success, highlighting the inherent volatility in agricultural lending.

CONCLUSION

The study reveals that while the agricultural lending landscape—specifically within the KDCC Bank—is characterized by high loan approval rates, it is simultaneously strained by systemic inefficiencies and shifting credit discipline.

Although bankers prioritize the practicability of agricultural projects and the sector's contribution to rural livelihoods, there is a significant disconnect caused by the "waiver culture."

The expectation of government-led loan waivers, coupled with political interference and lack of farmer training, has created a challenging environment for maintaining credit discipline. Furthermore, the data suggests that primary hurdles such as documentation issues, lack of education, and the inherent volatility of crop success directly impact repayment capacity.

Ultimately, for the agricultural credit system to remain sustainable, there must be a shift toward better oversight, improved farmer education, and a multi-agency approach that balances social welfare goals with rigorous financial discipline to mitigate the risks of default and political volatility.

Suggestions

To ensure the sustainability of agricultural lending and improve credit accessibility, it is recommended that financial institutions shift from a passive lending model to an active partnership approach.

Banks should transition from a "waiver-centric" environment to an "incentive-based" system, where farmers are rewarded with interest rebates for timely repayments to foster better credit discipline.

Addressing the significant hurdles of farmer ignorance and documentation issues requires a dual approach: integrating digital land records to simplify the ROR process and launching localized financial literacy programs.

Furthermore, to mitigate the inherent volatility of the sector, banks should strengthen post-disbursement oversight through project monitoring and mandate weather-indexed insurance, ensuring that repayment is protected even during crop failure.

Finally, fostering a multi-agency credit delivery system—combining the resources of banks, cooperatives, and NGOs—will help minimize political interference and provide the technical training necessary to align loan volumes with the actual "practicability" and "repayment capacity" of the projects.

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