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Institutional loan access among tenant farmers in Rajasthan and Haryana

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Abstract

Access to institutional credit is crucial for sustainable agricultural development, especially for tenant farmers in India who are landless. Study examined the socio-economic profile, credit access, and usage patterns of tenant farmers in Haryana and Rajasthan by analysing the challenges they face in availing institutional loans. Using a random sampling approach, data from 320 contractual farmers were collected and analysed. Findings reveal significant dependency on both institutional and non-institutional loans. Key factors influencing loan access include socio-economic variables like education, caste, income, and landholding patterns. Productive loan utilization primarily supported agricultural investment, while unproductive use often used for fulfilment of social obligations, negatively impacting repayment capacity. The study highlighted the need for targeted policies to enhance financial inclusion for tenant farmers by improving access to institutional loan, strengthening land tenure systems, and promoting financial literacy.

Keywords: Landless, credit access, income, unproductive use, repayment, financial literacy

Introduction

Access to institutional credit is a critical factor in ensuring the sustainability and development of agriculture in India, especially for tenant farmers (Misra, 2019; Ramprasad, 2019; Alpanda and Zubairy, 2017) ^[8, 12, 11]. Institutional credit plays a pivotal role in providing farmers with the necessary financial resources to invest in inputs, adopt modern farming techniques, and meet their livelihood requirements. As per the Reserve Bank of India (RBI) guidelines, banks are required to allocate 40% of the total net bank loans to the priority sector and from which 18% specifically to agriculture. However, despite the expansion of institutional loan, the Indian agricultural sector has long grappled with challenges related to credit accessibility, particularly for small and marginal farmers and those who lease agricultural land.

Institutional loans play a significant role in empowering Indian farmers by providing an access to credit for agricultural use. It's been reported that between 2014-15 and 2016-17, the Government of India not only made sure to meet but exceeded its agricultural credit targets with rising achievement percentages from 105.67% to 118.42%. However, even after increased credit disbursement, tenant farmers, small and marginal farmers, and sharecroppers continue to face significant challenges, particularly regarding access to credit and repayment patterns (Yadav *et al* 2023) ^[16]. The 70th Round of NSSO (2013) ^[11] highlighted that 52% of agricultural households were indebted, with 60% of loans originating from institutional sources such as commercial banks (42.9%), cooperative societies (14.8%), and government programs (2.1%). Despite of these institutional efforts, tenant farmers often struggle to have an access of loan due to a lack of formal land titles (Revathi, 2014) ^[13]. This exclusion is compounded by their dependency on informal lenders who charge sky-high interest rates. Additionally, the use of loan varies between productive purposes, such as purchasing seeds and fertilizers, and unproductive purposes, including household expenses and social obligations. Unproductive use of credit significantly impacts repayment capacity tenants and small farmers especially during poor harvests.

To address these issues the Government of India and the Reserve Bank of India (RBI) have taken several targeted measures such as Domestic Scheduled Commercial Banks and Regional Rural Banks must allocate 18% of Adjusted Net Bank Credit (ANBC) to agriculture, with 8% reserved for small or marginal farmers. Short-term crop loans up to ₹3 lakh are offered at a

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reduced interest rate of 7% per annum, with an additional 3% interest subvention for timely repayment, effectively reducing the rate to 4%. Moreover, Kisan Credit Cards (KCC) also provide flexible loan limits of ₹10,000 to ₹50,000 for marginal farmers, addressing both production and post-harvest needs. The impact of these measures is evident in the growing share of SF/MFs in agricultural credit. Between 2015-16 and 2016-17, the share of SF/MF accounts in total loans grew from 60.07% to 72.06%, while their share in total disbursed amounts increased from 41.51% to 50.14%. So entirely, credit disbursement to SF/MFs rose from ₹3.80 lakh crore in 2015-16 to ₹5.34 lakh crore in 2016-17, with the number of SF/MF accounts increasing from 5.40 crore to 7.71 crore. (NABARD 2018)^[10].

Even after these achievements, challenges still persists such as tenant farmers often lack formal rental agreements because small farms are either divided within families or rented informally by large landowners. The absence of official documentation prevents tenant farmers from securing formal loan or qualifying for government subsidies. These challenges typically limit informal tenants' ability to access institutional credit sources. Conclusively, strengthening land tenure systems, improving financial literacy, and expanding institutional loan mechanisms are crucial to reduce the dependence on informal loans and ensuring productive use of loans. (Khanna and Majumdar 2020)^[4]. Addressing these issues effectively would probably enhance financial stability and give a boost to sustainable agricultural practices among India's farming communities.

Objectives

- To analyse the socio-economic characteristics of tenant farmers in Haryana and Rajasthan and their association with the institutional amount of loan availed.
- To examine the patterns of loan utilization, repayment behaviours, and the challenges tenant farmers face in accessing institutional loans.

Methodology

The study was carried out in Haryana and Rajasthan, selected for their distinct agro-climatic zones. In Haryana, the dry south-western zone and the wetter eastern zone were examined, while in Rajasthan, the irrigated north-western plain and the hyper-arid partially irrigated zone were included to investigate the debt challenges faced by contractual farmers. One district was randomly selected from each agro-climatic zone: Bikaner and Hanumangarh in Rajasthan, and Sirsa and Yamunanagar in Haryana. From each district, two blocks were randomly chosen, namely Bajju Khalsa and Kolayat in Bikaner, Tibbi and Sangaria in Hanumangarh, Chopta and Rania in Sirsa, and Radaur and Jagadhari in Yamunanagar, resulting in eight blocks in total. Villages within these blocks were randomly selected, and 40 respondents were purposively chosen from each block, creating a total sample of 320 contractual farmers, equally divided between the two states. This paper focuses specifically on the institutional credit availed by tenants across the study regions. Data collection involved structured interviews using pre-tested questionnaires, complemented by secondary sources to provide additional context. A multistage random sampling approach was employed to select districts, blocks, and villages, while the respondents were chosen purposively. The data was analysed using descriptive and inferential statistical techniques to examine debt levels and the socio-economic factors affecting the respondents.

Results

Socio-economic profile of the tenants

The Table 1 summarized the demographic, educational, and socio-economic characteristics of tenants in Rajasthan and Haryana based on a sample size of 160 individuals from each state, totalling 320 respondents. The majority of tenants belonged to the 40–60 age group, with 48.75% in Rajasthan and 50% in Haryana, accounting for 49.37% of the total.

The level of education varied significantly between the states. Rajasthan had a higher proportion of illiterate tenants (28.75%) compared to Haryana (13.75%). Conversely, Haryana had a larger percentage of tenants with postgraduate qualifications (20.62%) than Rajasthan (3.12%). The most common education level across both states was secondary school (25.31%), followed by senior secondary school (22.81%). Backward Class constituted the largest group (38.44%) among tenants, with a higher proportion in Rajasthan (46.25%) compared to Haryana (30.63%).

Table 1: Socio-economic profile of the tenants (n=320)

Variables	Rajasthan (n=160)	Haryana (n=160)	Total (n=320)
Age (years)			
20 - 40 age group	46(28.75)	44(27.50)	90(28.13)
40 - 60 age group	75(48.75)	83(50.00)	158(49.37)
60 - 80 age group	39(22.50)	33(22.50)	72(22.50)
Level of education			
Illiterate	46(28.75)	22(13.75)	68 (21.25)
Primary school	3(1.88)	12(7.50)	15 (4.69)
Secondary School	38(23.75)	43(26.88)	81(25.31)
Senior Secondary School	43(26.88)	30(18.75)	73(22.81)
Graduation	25(15.62)	20(12.50)	45(14.06)
Post graduation	5(3.12)	33(20.62)	38(11.88)
Caste			
Schedules Caste	65(40.63)	44(27.50)	109(34.06)
Backward Class	74(46.25)	49(30.63)	123(38.44)
General Caste	21(13.12)	67(41.87)	88(27.50)
Size of landholding (own)			
Nil	85(53.13)	56(35.00)	141(44.06)
Up to 1 acre	32(20.00)	60(37.50)	92(28.75)
Between 1 - 2 acre	25(15.62)	25(15.63)	50(15.63)
Above 2 acres	18(11.25)	19(11.87)	37(11.56)
Size of landholding (leased in)			
Nil	44(27.50)	35(21.87)	79(24.69)
Up to 2 acres	51(31.88)	46(28.75)	97(30.31)
2 - 4 acres	43(26.87)	45(28.13)	88(27.50)
Above 4 acres	22(13.75)	34(21.25)	56(17.50)
Size of landholding (crop sharing)			
Nil	28(17.50)	72(45.00)	100(31.25)
Up to 2 acres	37(23.13)	50(31.25)	87(27.19)
2 - 4 acres	45(28.12)	25(15.62)	70(21.87)
Above 4 acres	50(31.25)	13(8.13)	63(19.69)
Subsidiary occupation			
Nil	53(33.13)	70(43.75)	123(38.43)
Labourer	66(41.25)	47(29.38)	113(35.31)
Small scale enterprises	23(14.37)	28(17.50)	51(15.94)
Any others	18(11.25)	15(9.37)	33(10.32)
Annual income (in Rs.)			
1,00,000 - 2,00,000/-	68(42.50)	38(23.75)	106(33.13)
2,00,000 - 3,00,000/-	67(41.87)	74(46.25)	141(44.06)
Above 3,00,000/-	25(15.63)	48(30.00)	73(22.81)
Socio-economic status			
Low (8-14)	88(55.00)	73(45.63)	161(50.31)
Moderate (15-21)	49(30.63)	56(35.00)	105(32.81)
High (>21)	23(14.37)	31(19.37)	54(16.88)

Figures in parentheses denote percentage

Most tenants were landless with 53.13% in Rajasthan and 35% in Haryana, totalling 44.06%. Regarding leased-in land, 30.31% of tenants had up to 2 acres, while 27.50% had between 2–4 acres. The largest group of tenants did not engage in any subsidiary occupation, with 43.75% in Haryana and 33.13% in Rajasthan. Labour work was the second most common occupation, with Rajasthan (41.25%) showing a higher proportion than Haryana (29.38%). Annual income predominantly ranged between ₹2,00,000–₹3,00,000 for 44.06% of tenants, with Haryana having a slightly higher proportion (46.25%) than Rajasthan (41.87%). A smaller section earned above ₹3,00,000, with Haryana (30%) exceeding Rajasthan (15.63%). The socio-economic status of tenants revealed that 55% in Rajasthan and 45.63% tenants in Haryana were in the low category, making up 50.31% overall, while a smaller percentage (16.88%) had a high socio-economic status, with Haryana having a higher representation in this category (19.37%) compared to Rajasthan (14.37%).

Type of loan taken by tenants

Results from Table 2 indicates that non-institutional loans were more commonly taken by tenants across selected regions of both states. In Rajasthan, 54.38% tenants took institutional loans, while a higher proportion of 64.63% tenants took non-institutional loans. In Haryana, the preference for both types of loans was significantly higher with 77.50% tenants taking institutional loans and 85.60% tenants opting for non-institutional loans. When combined 65.94% tenants from both states took institutional loans, whereas 75.00% took non-institutional loans. In similar lines from the study of Seri and Tandur (2021)^[14]; Singh (2019)^[15] small farmers and tenants were highly reliant on private loans with exorbitant interest rates, probably because of the land ownership with farmers.

Table 2: Type of loan taken by tenants (n=320)

Type of loan	Rajasthan	Haryana	Total
Institutional loan	87(54.38)	124(77.50)	211(65.94)
Non-Institutional loan	105(64.63)	137(85.6)	242(75.00)

Figures in parentheses denote percentage
Responses are multiple

Sources of institutional loan

Results from Table 3 indicate the sources of institutional loans accessed by tenants in Rajasthan and Haryana. In Rajasthan, cooperative institutions were the most utilized source, with 30.00% of tenants obtaining loans from them. It was reported that 24.36% accounted to have taken loans from Commercial institutions, while 45.63% of tenants reported no access to institutional loans (indicated as "Nil").

Commercial institutions were the most common source of loans in Haryana also, with 45.00% of tenants utilizing loans from these institutions. Cooperative institutions followed closely since 32.50% of tenants took loans from cooperatives. A smaller proportion that is 22.50% of tenants reported no access to institutional loans ("Nil"). When combining the data from both states, commercial bank were among top formal sources utilised by the farmers (Yadav *et al.* 2023)^[16]. Cooperative institutions accounted for 31.25% of loans, while 34.06% of tenants across the two states reported no access to institutional loans because of landlessness of farmers.

Table 3: Sources of institutional loan (n=320)

Sources of institutional loans	Rajasthan	Haryana	Total
Commercial	39(24.36)	72(45.00)	111(34.68)
Cooperative	48(30.00)	52(32.50)	100(31.25)
Nil	73(45.63)	36(22.50)	109(34.06)

Figures in parentheses denote percentage

Institutional amount of loan taken by tenants

Results from Table 4 indicates the distribution of institutional loan amounts taken by tenants in Rajasthan and Haryana, based on a total of 211 tenants who accessed institutional loans (87 in Rajasthan and 124 in Haryana). In Rajasthan, the most common loan amount was between ₹50,000 and ₹1,00,000, with 45.97% of tenants falling into this category. Loans ranging from ₹1,00,000 to ₹1,50,000 were taken by 33.34% of tenants, while 20.69% borrowed amounts exceeding ₹1,50,000. In Haryana, the half of the tenants (50.00%) took loans ranging from ₹1,00,000 to ₹1,50,000. Smaller proportions (18.55%) borrowed amounts of ₹50,000 to ₹1,00,000 and above ₹1,50,000 (31.45%). When combining data from both states, 43.13% of tenants took loans between ₹1,00,000 and ₹1,50,000, making it the most common loan amount overall.

Table 4: Institutional amount of loan taken by tenants (n=211)

Institutional Loan	Rajasthan (n=87)	Haryana (n=124)	Total
50,000-1,00,000/-	40(45.97)	23(18.55)	63(29.86)
1,00,000-1,50,000/-	29(33.34)	62(50.00)	91(43.13)
Above 1,50,000/-	18(20.69)	39(31.45)	57(27.01)

Figures in parentheses denote percentage

Rate of Interest on Institutional Loans

The Table 5 highlights the rate of interest paid by tenants on institutional loans in Rajasthan and Haryana, based on a total of 211 respondents. In Rajasthan, 37.77% of tenants paid a low rate of interest (up to 4%), 47.50% paid a medium rate of interest (4.1% to 11%) and 17.24% paid a high rate of interest (above 11.1%). In Haryana, 62.23% of tenants paid a low rate of interest and 36.58% paid a high rate. Overall across both states, 42.65% of tenants paid a low rate of interest, while 19.43% paid a high rate. The data suggests that tenants in Haryana found taking loans at lower interest rates compared to those in Rajasthan.

Table 5: Rate of interest on institutional loan paid by tenants (n=211)

Level of rate of interest	Rajasthan (n=87)	Haryana (n=124)	Total
Low (up to 4%)	34(37.77)	56(62.23)	90(42.65)
Medium (4.1%-11%)	38(47.50)	42(52.50)	80(37.92)
High (11.1% and above)	15(36.58)	26(63.42)	41(19.43)

Figures in parentheses denote percentage

Types of Institutional Loans

This Table 6 describes the types of institutional loans taken by tenants in Rajasthan and Haryana. In Rajasthan, 80.46% of tenants took loan for short-term. Loans for medium term were taken by 13.79%, while long-term loans accounted for just 5.75%. In Haryana also short-term loans were also the most common, taken by 71.77% of tenants. While only 8.87% of tenants took for long-term. When combined, short-term loans accounted for 75.36% of all loans, medium-term loans for 17.06%, and long-term loans for 7.58%. These findings align closely with the studies conducted by Sharma and Kumawat (2014)^[6]; and Meena and Jheeba (2017)^[7]; Kumawat *et al.* (2014) which also indicate a strong preference for short-term loans among farmers.

Table 6: Types of Institutional Loan taken by tenants (n=211)

Types of institutional loan	Rajasthan (n=87)	Haryana (n=124)	Total
Short term	70(80.46)	89(71.77)	159(75.36)
Medium term	12(13.79)	24(19.36)	36(17.06)
Long term	5(5.75)	11(8.87)	16(7.58)

Figures in parentheses denote percentage

Repayment Patterns of Institutional Loans

The repayment patterns of institutional loans in Table 7 were categorized as regular, irregular, or defaulter. In Rajasthan, 65.51% of tenants repaid their loans regularly, 25.29% had irregular repayment patterns, and 9.20% were defaulters. Whereas in Haryana, 56.46% repaid their loans regularly, 28.22% repaid irregularly, and 15.32% were defaulters. Overall, 60.19% of tenants across both states repaid their loans regularly, 27.01% had irregular repayment patterns, and 12.80% were defaulters. This shows that regular repayment was more common in Rajasthan, while the defaulter rate was higher in Haryana.

Table 7: Repayment pattern of institutional loan (n=211)

Repayment pattern	Rajasthan (n=87)	Haryana (n=124)	Total
Irregular	22(25.29)	35(28.22)	57(27.01)
Regular	57(65.51)	70(56.46)	127(60.19)
Defaulter	8(9.20)	19(15.32)	27(12.80)

Figures in parentheses denote percentage

Mode of Repayment of Institutional Loans

The modes of repayment were categorized in Table 8 as quarterly, half-yearly, yearly, or not paying at all. Data revealed that in Rajasthan, 66.67% of tenants claimed to repay their loans on half-yearly, 18.39% claimed yearly repayment, and 5.74% quarterly. A small proportion that is 9.20% of tenants did not pay at all. Whereas, in Haryana, 60.48% of tenants repaid half-yearly, 18.54% on yearly basis, and 5.64% quarterly, while 15.32% reported not paying at all. This indicates that half-yearly repayment was the most common mode and the proportion of

non-repayment was higher in Haryana.

Table 8: Mode of repayment of institutional loan (n=211)

Mode of payment	Rajasthan (n=87)	Haryana (n=124)	Total
Quarterly	5(5.74)	7(5.64)	12(5.68)
Half yearly	58(66.67)	75(60.48)	133(63.03)
Yearly	16(18.39)	23(18.54)	39(18.48)
Not paying at all	8(9.20)	19(15.32)	27(12.80)

Figures in parentheses denote percentage

Association of socio-economic variables with institutional amount of loan taken by tenants

The Table 9 illustrates the association between socio-economic variables and the amount of institutional loan taken by tenants. Age-wise, tenants in the 40–60 age group dominated medium and high loan amounts, indicating a weak association. Education significantly influenced loan amount level with higher education correlating to higher loan amounts, as 40.62% of postgraduates accessed high amount of loans. Caste displayed a strong association as general Caste tenants having the highest proportion (40.50%) in the high-loan category. Family type also played a crucial role, as joint families tended to access higher amount of loans. Other significant factors including family size, social participation, landholding patterns, subsidiary occupations, annual income, mass media exposure, and socio-economic status, all showed varying degrees of association with loan amount levels. According to Kumar *et al.* (2021) [5] also farm families' socioeconomic and demographic traits are closely related to their ability to acquire loans. Additionally, higher income groups and tenants with moderate to high socio-economic status frequently accessed larger amount of loans.

Table 9: Association of socio-economic variables with institutional amount of loan taken by tenants

Socio-economic variables	Level of Institutional Loan			
Age	Low	Medium	High	Total
20 - 40 age group	25 (41.70)	21 (35.00)	14 (23.30)	60 (28.40)
40 - 60 age group	28 (26.40)	45 (42.50)	33 (31.10)	106 (50.20)
60 – 80 age group	10 (22.20)	25 (55.60)	10 (22.20)	45 (21.30)
Total	63 (29.90)	91 (43.10)	57 (27.00)	211 (100.00)
$\chi^2 = 7.992$				
Level of education				
Illiterate	18 (38.30)	19 (40.43)	10 (21.27)	47 (22.20)
Primary school	4 (26.70)	3 (20.00)	8 (53.30)	15 (7.10)
Secondary school	13 (35.15)	17 (45.94)	7 (18.91)	37 (17.50)
Senior secondary school	12 (27.27)	24 (54.54)	8 (18.18)	44 (20.90)
Graduation	9 (25.00)	16 (44.44)	11 (30.56)	36 (17.10)
Post-Graduation and above	7 (21.87)	12 (37.50)	13 (40.62)	32 (15.20)
$\chi^2 = 15.120$				
Caste				
Scheduled Caste	35 (50.70)	19 (27.50)	15 (21.70)	69 (32.70)
Backward Class	20 (29.40)	36 (52.90)	12 (17.60)	68 (32.20)
General Caste	8 (10.80)	36 (48.60)	30 (40.50)	74 (35.10)
$\chi^2 = 32.920^{**}$				
Family Type				
Nuclear	52 (51.00)	34 (33.30)	16 (15.70)	102 (48.30)
Joint	11 (10.10)	57 (52.30)	41 (37.60)	109 (51.70)
$\chi^2 = 43.276^{**}$				
Family Size (members)				
Small (up to 4)	36 (47.40)	25 (32.90)	15 (19.70)	76 (36.00)
Medium (5-8)	10 (15.60)	35 (54.70)	19 (29.70)	64 (30.30)
Large (above 8)	17 (23.90)	31 (43.70)	23 (32.40)	71 (33.60)
$\chi^2 = 19.232^*$				
Social Participation				
Not a member of any organization	54 (32.10)	66 (39.30)	48 (28.60)	168 (79.60)

Member of one organization	9 (42.90)	11 (52.40)	1 (4.80)	21 (10.00)
Member of more than one organization	00 (0.00)	14 (63.60)	8 (36.40)	22 (10.40)
$\chi^2 = 15.900^*$				
Size of land holding (own)				
Nil	26 (35.62)	36 (49.32)	11 (15.06)	73 (34.59)
Up to 1 acre	13 (25.49)	24 (47.05)	14 (27.46)	51 (24.20)
Between 1 - 2 acre	14 (28.00)	15 (30.00)	21 (42.00)	50 (23.69)
Above 2 acres	10 (27.02)	16 (43.24)	11 (29.72)	37 (17.52)
$\chi^2 = 12.240^*$				
Size of landholding (leased in)				
Nil	11 (19.29)	24 (42.12)	22 (38.59)	57 (27.00)
Up to 2 acres	11 (19.65)	31 (55.35)	14 (25.00)	56 (26.50)
2 – 4 acres	21 (42.00)	19 (38.00)	10 (20.00)	50 (23.70)
Above 4 acres	20 (41.66)	17 (35.42)	11 (22.92)	48 (22.70)
$\chi^2 = 15.842^*$				
Size of landholding (crop sharing)				
Nil	13 (16.50)	34 (43.00)	32 (40.50)	79 (37.40)
Up to 2 acres	13 (22.00)	35 (59.30)	11 (18.60)	59 (28.00)
2 – 4 acres	17 (51.50)	9 (27.30)	7 (21.20)	33 (15.60)
Above 4 acres	20 (50.00)	13 (32.50)	7 (17.50)	40 (19.00)
$\chi^2 = 31.745^{**}$				
Subsidiary occupation				
Nil	16 (21.33)	32 (42.67)	27 (36.00)	75 (35.54)
Labourer	28 (42.42)	28 (42.42)	10 (15.16)	66 (31.27)
Small scale enterprises	7 (18.91)	21 (56.75)	9 (24.32)	37 (17.50)
Any others	12 (36.36)	10 (30.30)	11 (33.34)	33 (15.63)
$\chi^2 = 16.397^*$				
Annual income (in Rs.)				
1,00,000 – 2,00,000/-	35 (52.20)	21 (31.30)	11 (16.40)	67 (31.80)
2,00,000 – 3,00,000/-	16 (20.80)	44 (57.10)	17 (22.10)	77 (36.50)
Above 3,00,000/-	12 (17.90)	26 (38.80)	29 (43.30)	67 (31.80)
$\chi^2 = 32.567^{**}$				
Mass media exposure				
Low (5-8)	29 (29.29)	42 (42.42)	28 (28.28)	99 (46.91)
Medium (9-12)	19 (25.00)	41 (53.90)	16 (21.10)	76 (36.00)
High (13-15)	15 (41.66)	8 (22.22)	13 (36.12)	36 (17.00)
$\chi^2 = 10.177^*$				
Socio-economic status				
Low	38 (52.78)	26 (36.11)	8 (11.11)	72 (34.13)
Moderate	12 (14.11)	47 (55.29)	26 (30.58)	85 (40.28)
High	13 (24.07)	18 (33.34)	23 (42.59)	54 (25.59)
$\chi^2 = 37.260^{**}$				

Figures in parentheses indicate percentage.

**Significant at 1 percent level of significance.

*Significant at 5 percent level of significance

Productive purposes of loan

Results from Table 10 indicates that loans for productive purposes were utilized for various activities across the selected regions of Rajasthan and Haryana. In Rajasthan, 71.25% of tenants used loans for agricultural investment, which was the most common purpose. A smaller proportion of 16.88% tenants used loans for livestock purchases, while 19.37% directed loans towards land development. Expansion of landholding was the least common purpose, reported by only 3.75% of tenants. Moreover, 25.62% of tenants utilized loans for infrastructure development. Among tenants of Haryana also agricultural investment was the predominant purpose as 88.75% of tenants used loans for this activity. Livestock purchase was done by 15.00% of tenants, while land development and expansion of landholding were reported by only 1.25% of tenants each, making them the least common purposes. Moreover, Loans for infrastructure development were utilized by 22.50% of tenants.

Table 10: Productive purposes of loan

Purpose of loan	Rajasthan	Haryana
Agricultural investment	114(71.25)	142(88.75)
Live stock purchase	27(16.88)	24(15.00)
Land development	31(19.37)	02(1.25)
Expansion of land holding	06(3.75)	02(1.25)
Infrastructure development	41(25.62)	36(22.50)

Figures in parentheses denote percentage

*Multiple responses

Unproductive purpose of loan

Results from Table 11 shows that loans for unproductive purposes were utilized for various activities in both Rajasthan and Haryana. In Rajasthan, marriage ceremonies emerged as the most common unproductive purpose, with 75.00% of tenants using loan amount for this purpose. This was followed by house construction or repair, reported by 61.88% of tenants. Household consumption accounted for 38.13% of loan usage, while 35.00%

of tenants used loans for the education of their children. Other unproductive purposes included debt repayment (12.50%), lifestyle upgrades (6.87%), death ceremonies (6.25%), and medical treatment of family members (2.50%). In Haryana also, marriage ceremonies were also the most prevalent unproductive purpose, with 93.75% of tenants utilizing loans for this activity. House construction or repair was the second most common purpose, reported by 83.13% of tenants. Loans for the education of children were used by 58.75% of tenants, while household consumption accounted for 56.25%. Other unproductive purposes included debt repayment (16.25%), lifestyle upgrades (13.75%), medical treatment of family members (11.25%), and death ceremonies (1.88%). Similarly, the findings are consistent with those of Chakraborty and Gupta (2023)^[2] and Dandekar and Bhattacharya (2017)^[3], who also observed that a significant portion of loans was utilized for unproductive purposes.

Table 11: Unproductive purpose of loan

Purpose	Rajasthan	Haryana
Household consumption	61(38.13)	90(56.25)
Marriage ceremonies	120(75.00)	150(93.75)
Death ceremonies	10(6.25)	03(1.88)
Medical treatment of family members	04(2.50)	18(11.25)
Education of their children	56(35.00)	94(58.75)
Debt repayment	20(12.50)	26(16.25)
Lifestyle upgrades	11(6.87)	22(13.75)
House construction or repair	99(61.88)	133(83.13)

Figures in parentheses denote percentage

*Multiple responses

Conclusion

The study accentuates the critical role of institutional loan in enhancing the financial resilience of tenant farmers. However, significant challenges continues to persist due to the lack of formal land titles, dependency on non-institutional loan sources, and high unproductive credit use. Socio-economic variables like education, caste, income, and family structure significantly influence loan access and utilization patterns. Productive purposes, such as agricultural investments, dominate institutional loan use, whereas unproductive purposes, such as marriage ceremonies and household consumption, adversely affect repayment capacity. Addressing these challenges requires strengthening land tenure systems, promoting formal rental agreements, and expanding institutional loan coverage. Additionally, enhancing financial literacy and encouraging productive loan utilization can improve repayment patterns, fostering sustainable agricultural practices among tenant farmers. Targeted interventions by government and its agencies could bridge the gap between institutional credit policies and tenant farmers' realities, fostering financial inclusion and economic stability in India's agricultural sector.

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