



## **AGRICULTURAL LOANS OF BANKS AND THE DILLEMA OF PADDY FARMERS IN LOAN RESETTLEMENT IN POONAGARI DS DIVISION**

Venuga kanesamoorthy<sup>1</sup> & Kamalakumari Karunaanithy<sup>2</sup>

Correspondence: [kkamal@univ.jfn.ac.lk](mailto:kkamal@univ.jfn.ac.lk)

### **Abstract**

Obtaining and repaying loans are inseparable in a farmer's life. This study tries to analyze the factors that influence commercial banks agriculture loan repayment of the paddy farmers and to know the prevailing status of loan repayment in the war torn Poonakary Divisional Secretariat in Kilinochchi district. The study attempts to fill the gap in literature on the association of income and other demographic, social factors with loan repayment in the research area as loan defaults are reported in this region, though one decade has lapsed after the war. Data were randomly collected from 100 families, (where the head of the household is a paddy farmer and obtained paddy agriculture loans from Bank of Ceylon) through questionnaire and interviews in February – March 2021. Correlation analysis was applied to check the association and the LOESS line was fitted to observe the type of relationship; in addition central tendency measures and graphical descriptions profiled the research problem and helped to answer the research questions. Through the mixed method, the research found the factors that influence the agriculture loan repayment of the paddy farmers in the research area are mainly farmers' income, but it varies among income levels; in addition individual factors namely, farmers' attitudes, age and experience moderate the loan amount and thereby the repayment; whereas, number of dependents and the cost incurred by them negatively affect the loan repayment. In parallel, bank related factors or lender behavior- measured through bank employees' attitudes- play a major role in resettlement as it creates mental agony among farmers.

**Keywords:** Agricultural loans, Loan repayment, individual characteristics, bank employees' behavior.

---

<sup>1</sup> Graduate, Department of Economics, Faculty of Arts, University of Jaffna

<sup>2</sup> Senior Lecturer, Department of Economics, Faculty of Arts, University of Jaffna