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Abstract. The scheme of People's Business Credit (KUR) is working capital financing credit or investment program in individual, corporate or business group who are productive and worthy. For the agricultural sector, since 2019 the financing program is only KUR that aims to increase agricultural production through the use of recommended technology and the use of other production facilities properly. The objective of the study is to analyze farmers' perceptions of the scheme KUR's business process. The research was conducted in four districts, namely Brebes, Central Lampung, Wajo, and Malang Districts with a survey method of 232 respondents. The results of the quantitative descriptive analysis reveal that the KUR's distributors use the precautionary principle on the aspects of the guarantee requirements, the amount of credit, the repayment period, and the frequency of the loan. Meanwhile, from the perspective of prospective debtors, the requirements and processes for applying credit vary between KUR's distributors. KUR debtors have a better perception of the scheme of KUR's business process, compared to non-debtors. About 74% of KUR's debtors stated that the KUR requirements were simple, easy procedures, timely processing, no additional collateral required, low interest, sufficient socialization, no additional fees, and a ceiling fund as needed, while non-debtors were only 38.4%. There is a need for more comprehensive socialization, promotion, and advocacy, to minimize the gaps in the implementation of the scheme of the KUR business process.

1. Introduction
Agricultural production can be achieved by increasing productivity with technology, and extended the planting area, or increasing the population. Currently, not all of the technologies that have been introduced have been adopted for reasons of limited costs, so that the resulting productivity is not as expected. Likewise, the economic scale of the business has not yet been achieved due to the narrow control over land and livestock which has resulted in the farming being undertaken not yet reaching the efficient stage.

Considering that most of the farming is controlled by small scale farmers, financial support from the government in the form of program credits has long been implemented. Previously known program credit schemes in the agricultural sector are a Farmers' Business Credit (KUT), Food and Energy Security Credit (KKPE), Energy Development Credit-Plantation Revitalization (KPEN-RE), and Cattle Breeding Business Credit (KUPS). Currently, the credit program launched by the government is the People's Business Credit (KUR). According to the Regulation of the Coordinating Minister for Economic Affairs No. 8/2019, regarding the Guidelines for the Implementation of People's Business Credit, there are four KUR groups, namely: micro KUR, small KUR, special KUR, and KUR for
Indonesian workforce in abroad [1]. In the agricultural sector, there are three types of KUR, namely: Micro KUR, Small KUR, and Special KUR [2].

The problem with agricultural credit is that the amount of credit disbursement for the agricultural sector is still relatively low compared to the target. We compare to the target because one of the indicators to assess the success of a program is to see the realization of the achievement compared to the target, so that it can be seen what percentage of the success of the KUR program. However, in many cases, credit defaults were also found, also the participation on credit program is still low. For the KUR credit scheme in the agricultural sector, so far there is no set up the target that must be achieved. According to data from the Coordinating Ministry for the Economy, in 2019, the distribution of KUR for all agricultural commodities was 26% or IDR 36.4 trillion [3]. In 2020 the Ministry of Agriculture is targeting KUR for the agricultural sector to reach IDR 50 trillion. This target is up 37.46% from the realization of KUR for the agricultural sector in 2019. The increasing KUR target for the agricultural sector and the historically low absorption of agricultural sector program credit require special attention [4]. Consequently, this effort will be able to take advantage of financing in the agricultural sector this year and in the future to support increased food production. The credit on agricultural sector have impact on the increasing technical efficiency on paddy rice production, food security and farmers welfare in the future [5,6]. Also, microcredit and technology have enhanced farmers’ well-being through pathways that enabled farmers to develop farming scale [7].

In this regard, the objective of this study are (1) to identify the business process of KUR, and (2) to determine farmers’ perceptions of the People’s Business Credit scheme. The results of the study are useful for accelerating the implementation of the KUR program in Indonesia, so that agricultural production and farmer welfare increases.

2. Materials and Methods

2.1. Study area and respondents

The study was conducted in four provinces: Central Java, Lampung, East Java and South Sulawesi with the following considerations: (i) the province with the high KUR’s debtors for rice, cattle, onion and sugarcane commodities, and (ii) aspects of culture, banking services and local government services. In each province, one district is selected with the same criteria as in determining the province. We select the area, because this study assesses the perception of farmers in using KUR for rice, cattle, shallots and sugarcane commodities so that the province which is the centre for each of these commodities must be selected. After that, we selected the respondents who are KUR debtors and non-debtors from each commodity

Based on the above justifications, the following four research locations were selected: (1) Central Lampung District for beef cattle; (2) Brebes District for shallot; (3) Malang District for sugarcane; and (4) Wajo District for rice. The determination of the number of respondents is based on the proportional representation aspect by considering the limitations of research personnel and time. Moreover, because of the COVID-19 pandemic, we set 60 samples for each commodity due to the COVID-19 pandemic and limited time, enumerator and health protocols. The number of samples and types of commodities in each study location are presented in Table 1.

| No. | Province      | District      | Commodity  | Number of respondents |
|-----|---------------|---------------|------------|-----------------------|
| 1   | Central Java  | Brebes        | Shallot    | 60                    |
| 2   | Lampung       | Central Lampung | Beef cattle | 60                    |
| 3   | South Sulawesi | Wajo         | Paddy rice | 62                    |
| 4   | West Java     | Malang        | Sugarcane  | 50                    |
|     | **Total**     |               |            | **232**               |
2.2. Methods
The analysis method used in this study was qualitative and quantitative descriptive presented in table, pictures with a simple descriptive statistic. Descriptive statistic has a broadband aspect to explain the existing condition in the qualitative research [8]. The recommendation for the development of KUR was obtained from synthesis of the result and discussion.

3. Results and discussion
3.1. Characteristics of the respondents
Respondents consist of two types of farmers: using of KUR (debtors) and non-debtors in four districts: Brebes, Central Lampung, Wajo, and Malang, that center of shallots (Brebes), beef cattle (Central Lampung), sugarcane (Malang), and rice (Wajo), and is included in the top five largest KUR debtors in Indonesia [9].

The total number of respondents was 232 farmers, consisting of 113 farmers as KUR debtors, and 119 non-debtors. The socio-economic characteristics observed include demographic characteristics: age, education, number of households, farming experience and distance to the bank, while economic characteristics include farming land size, farmers income from agricultural and non-agriculture income. The previous research revealed that the factors that influence farmers to adopt agricultural innovation are household assets, gender, status, marital status and land ownership [10,11].

Table 2 shows the characteristics of KUR debtors and non-debtors at the research location. The average age of farmers is 47 years, not significantly different between debtors and non-debtors, but they are still in the category of “economically-active age group”. Among both groups, the variables of length of education, number of family members, farming experience and distance to the bank were not significantly different between debtors and non-debtors. The average length of education for debtors was 9.19 years, while non-debtors were 9.25 years, the number of households was 3.98 (debtors), and 3.90 (non-debtors) with an average farming experience of 21.65 years (debtors) and 21.87 years (non-debtors). These characteristics of farmers are consistent with the previous research which states that in rural areas the characteristics of farmers are relatively uniform in terms of education level, marital status and gender [12]. The low level of farmer education is a barrier to improving farming skills and the use of agricultural innovation [13].

Table 2. Characteristics of farmers by commodities in the research location, 2020.

| No. | Socio-economic characteristic | Debtor (n=113) Mean or % | Non-debtor (n=119) Mean or % | p-value |
|-----|-------------------------------|--------------------------|-----------------------------|--------|
| Demographic characteristic | | | | |
| 1. | Age (years) | 47.07 | 47.27 | 0.888 |
| 2. | Education (years) | 9.19 | 9.52 | 0.563 |
| 3. | Number Household (person) | 3.98 | 3.90 | 0.623 |
| 4. | Farming experience (years) | 21.65 | 21.87 | 0.888 |
| 5. | Distance to the bank (km) | 6.30 | 5.46 | 0.311 |
| Economic characteristic | | | | |
| 6. | Farming land size (ha) | 1.54 | 2.15 | 0.262 |
| 7. | Income (%): | | | 0.063* |
| | Agriculture | 98.2% | 93.3% | |
| | Non-agriculture | 1.8% | 6.7% | |
| 8. | Income from agriculture on farm (%): | | | 0.496 |
| | Food crop | 40.7% | 38.7% | |
| | Horticulture | 26.5% | 23.5% | |
| | Estate crop | 18.6% | 21.8% | |
| | Livestock | 12.4% | 10.1% | |
| | Others | 1.8% | 5.9% | |

Note: (*) indicates statistical significance difference at 10% level
Nearly 98.2% of the income of KUR debtor farmers from agricultural businesses, and is significantly different from the income of non-debtor farmers, who only 93.3% of their income comes from non-agricultural businesses. This can be understood because farmers borrow the average KUR which is used to increase their farming business, so that production and income increase. This study contradicts with previous research [14] which states that the agricultural credit program has no impact on farmers' income. Farmers who receive program credit are no better at how to cultivate and use their inputs. Additional factor that causes KUR not increase farmers' income is the use of KUR which is not fully used for farming activities. The previous research state that the average income of KUR recipient farmers is smaller or the same as non-KUR recipient farmers, in other words that KUR does not play a role in increasing the income of rice farmers [15]. The previous research in Vietnam and Pakistan revealed that the agricultural credit only has a positive impact on increasing non-farm income, not from on-farm farming even though it is given intensive counseling [16,17].

3.2. Business process of KUR
The stages of the KUR business process from the submission stage to the return consist of document requirement, processing time, payback period, payback scheme, additional fees and additional collateral. The types of documents required by prospective KUR debtors vary according to the KUR channeling bank, the type of KUR proposed, and the character of the applicant. There are several channeling banks that do not require additional collateral and NPWP, but there are other channeling banks that require additional NPWP requirements. This certainly makes it difficult for prospective debtors who only have a narrow land area and some even work on land belonging to other people [18–20]. For Small KUR and Special KUR with a maximum ceiling of IDR 500 million, NPWP and certificate are obligation requirements for debtors.

The time required from the application process to the disbursement of KUR funds varies depending on: the status of the old or new debtor, the commodity being cultivated, the availability of field staff from the KUR channeling bank, and the pattern of KUR distribution whether individually or in groups. At the research location, it takes about seven days with a range of 2–13 days, except for sugarcane farming in Malang District, it takes longer, namely an average of 82.7 days with a fairly large standard deviation of 51.9 days.

Most of the farmers stated that the disbursement of credit funds was done on time, except according to sugarcane farmers in the Malang location, only 43.5% stated that they were on time. The length of time for disbursement is due to the location of sugarcane farmers' lands in several places. One of the requirements for KUR is that officers must conduct land surveys via GPS, so it takes a relatively long time to conduct a survey. The process that takes a long time causes when the liquid funds are no longer suitable for the time required according to the crop production cycle. However, this problem can be solved because the application for KUR sugarcane farmers is carried out in groups through farmer groups and coordinated by cooperatives/KUDs which oversee several farmer groups for further submission to banks/KUR distributors.

The KUR ceiling that is set uniformly for all shallot, beef, rice and sugarcane farming businesses needs to be reviewed. There are still many farmers who state that the liquid KUR ceiling is still not in accordance with what is needed. Only rice farmers in Wajo stated that the KUR ceiling that was realized was generally (85.7%) the same as what was required. This is because the cost of rice farming in all areas per hectare is lower than that of onion, sugarcane and cattle farming. In the case of a beef cattle fattening business, the capital required is much larger, so the Small KUR and the Special KUR are more suitable to be used because the maximum ceiling that can be used is IDR 500 million. However, the maximum ceiling amount is considered inadequate to make farmers independent.

Almost all farmers said there was no additional cost in the process of KUR. Even if there are costs incurred only for administrative purposes in the form of stamp duty fees, deposits in savings, and suggestions for taking life insurance or farmers' assets. For new debtors, they are required to open an account book and a fee is required for this.
The bank still needs an additional collateral in the form of land or house certificates, especially for new debtors. However, for farmers who do not have assets to pledge, while those concerned need loan funds, of course this requirement becomes a problem. In addition to the certificate as collateral, the farmer must also show a certificate from the village regarding the area of arable land, the location and status of the arable land. It's different when farmers borrow from non-banks lender with simple requirements, fast processing times even though the interest is high.

The KUR payback period varies according to the commodity being cultivated and the agreed payment pattern. For onion farming KUR loans, the average is 11 months. There are two patterns of return used by shallot farmers, namely monthly (33.3%) and seasonal (66.7%). For beef cattle breeding business, the average loan repayment period is around 11 months. There are also two patterns of return used by beef cattle farmers, namely monthly (9.4%) by certain channeling banks and seasonal (90.6%) by other KUR channeling banks. For rice commodities, all farmers pay their loans an average of six months or known as after harvest (yarnen). There are even those who are less than six months, which is about five months. This relatively short time causes many farmers to borrow KUR twice a year.

3.3. Farmers perception on KUR's business process

Farmers' perceptions of the KUR business process are presented in Table 3. A total of 92% of KUR debtors gave a high perception that KUR interest was low, 86% stated that the KUR procedure was easy, and 82% stated that the KUR requirements were simple. In contrast, only 48% of KUR debtors stated that KUR did not require additional collateral, and 58% stated that there had been intensive socialization. It can be concluded that KUR debtors are interested in applying for KUR because of low interest, easy requirements and procedures. This result consistent with the previous research in Ghana and Kenya [21,22]. Meanwhile, the problem with KUR debtors is the lack of socialization and the presence of additional collateral. This indicates that socialization still needs to be intensified.

| No | Business process | Perceptions (%) |
|----|------------------|-----------------|
|    |                  | Shallot (n=60)  | Cows (n=60) | Paddy (n=62) | Sugarcane (n=50) | Total (n=232) |
| I.  | Debtor           |                |              |              |                  |               |
| 1.  | Simple requirements | 30             | 32           | 28           | 23               | 113           |
| 2.  | Easy procedure   | 80.0           | 100.0        | 96.4         | 60.9             | 82.3          |
| 3.  | Timely           | 96.7           | 100.0        | 92.9         | 56.5             | 86.7          |
| 4.  | No additional collateral  | 76.7           | 96.9         | 89.3         | 39.1             | 77.9          |
| 5.  | Low interest rate | 20.0           | 50.0         | 50.0         | 73.9             | 48.7          |
| 6.  | Intensive socialization | 93.3           | 93.8         | 89.3         | 91.3             | 92.0          |
| 7.  | No additional fees | 56.7           | 53.1         | 46.4         | 82.6             | 58.4          |
| 8.  | Ceiling is needed | 73.3           | 87.5         | 78.6         | 43.5             | 72.6          |
| II. | Non-debtor       |                |              |              |                  |               |
| 1.  | Simple requirements | 23.3           | 42.9         | 60.7         | 74.1             | 53.8          |
| 2.  | Easy procedure   | 23.3           | 42.9         | 53.6         | 63.0             | 45.4          |
| 3.  | Timely           | 30.0           | 25.0         | 57.1         | 40.7             | 30.3          |
| 4.  | No additional collateral  | 10.0           | 25.0         | 32.1         | 66.7             | 32.8          |
| 5.  | Low interest rate | 43.3           | 50.0         | 57.1         | 88.9             | 56.3          |
| 6.  | Intensive socialization | 20.0           | 17.9         | 17.9         | 70.4             | 30.3          |
| 7.  | No additional fees | 13.3           | 32.1         | 17.9         | 59.3             | 28.6          |
| 8.  | Ceiling is needed | 23.3           | 28.6         | 28.6         | 44.4             | 30.3          |

Meanwhile, from the perspective of non-KUR debtors, 56% of respondents stated that KUR interest was low, and 53% of respondents stated that the KUR requirements were simple. In contrast, only 28% of non-KUR debtors stated that there was no additional KUR fee, and 30% of non-debtors stated that KUR processing was timely and the ceiling was as needed. It can be concluded that non-KUR
debtors have a low perception that KUR has low interest and simple requirements. There is any specific characteristic on each commodity related to the perceptions. For example, in sugarcane, because sugarcane farming currently uses a channelling system through cooperatives (KUD), so the procedures and requirements for applying for KUR are considered difficult. In addition, the maximum micro-KUR ceiling of 50 million is not enough for shallot, cattle and sugarcane farming.

Regarding other business processes, debtor farmers generally have a good perception. On the other hand, non-debtor farmers still have a bad perception of the KUR business process, except for the low KUR interest rate. This indication shows that low interest rates on KUR are not enough to attract farmers to access KUR, but KUR procedures and requirements, as well as other factors are taken into consideration by farmers [20,23,24]. The previous research in a remote area in Gilireng Subdistrict, Wajo District, there are some farmers who do not get good socialization because in this area there is no BRI Unit Office. Farmers in this area have the perception that applying for KUR is difficult and takes a long time. This condition causes them not to choose to borrow KUR and prefer to borrow money from money lenders and third parties whose process is fast, even though the interest is high (20% interest rate per six months) [20].

4. Conclusions
Characteristics of KUR debtor and non-debtor farmers are almost similar in terms of age, education level, number of family members, but differ in terms of income where 86% of KUR debtors have income from agriculture and 1.8% non-debtors from non-agriculture. KUR requirements vary according to the KUR channeling bank, the type of KUR applied for, and the character of the farmer applying. The stages and time needed in the application process to disburse funds vary depending on the status of the debtor (old or new), the commodity being cultivated, the availability of field staff from the KUR channeling bank, and the pattern of KUR distribution whether individually or in groups.

The disbursement of credit funds was carried out on time, except according to sugarcane farmers in the Malang location, only 43.5% stated that they were on time. Meanwhile, it is necessary to review the amount of the KUR ceiling which is unvarying for shallot, beef, rice and sugarcane farming businesses. There is additional collateral in the form of land or house certificates, especially for new debtors. The KUR payback period varies according to the commodity being cultivated and the agreed payment pattern.

As many as 92% of KUR debtors gave a high perception that KUR interest was low, 86% stated that the KUR procedure was easy, and 82% stated that the KUR requirements were simple. In contrast, only 48% of KUR debtors stated that KUR did not require additional collateral, and 58% stated that there had been intensive socialization. It can be concluded that KUR debtors are interested in applying for KUR because of low interest, easy requirements and procedures. Meanwhile, the problem with KUR debtors is the lack of socialization and the presence of additional collateral.

This study provides some recommendations for increasing farmer participation using KUR as follows: (i) equating the implementation of KUR regulations according to agreed rules from the central level to regional implementers, (ii) reviewing KUR rules related to the ceiling amount and KUR repayment period in accordance with commodities, (iii) encouraging the distribution of KUR in groups by involving off takers, and (iv) massive socialization, promotion and advocacy by local governments together with channeling banks.

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