



Borrowing and Utilization of Crop Loans: a Case Study of Primary Agricultural Co-Operative Credit Societies in Bantwala Taluk of Dakshina Kannada District

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ABSTRACT

This case study provides an opportunity to create awareness among Primary Agricultural Co-operative Credit Societies regarding their functioning and providing credit for crop cultivation purposes. This study also helps Primary Agricultural Cooperative Credit Societies to strengthen their credit lending activities. An examination of the achievements of Primary Agricultural Co-operative Credit Societies helps in the activity of increasing the country's agricultural output and of improving the socio-economic conditions of a large segment of rural population. This study further examines whether credit disbursed by the Primary Agricultural Co-operative Credit Societies and other inputs provided by them have increased crop production in the Dakshina Kannada district and improved the standard of living of the beneficiaries. The study highlights the beneficiary's overall development by availing and utilizing financial loan from the cooperative societies. This study further gives recommendations for the effective utilization of credit and lending process for the cooperative societies.

Key words: Crop, Credit, Lending, Utilization, Disbursed, Loan, Dakshina Kannada, Co-Operative, Society.

INTRODUCTION

Agriculture forms the backbone of the Indian economy. Agriculture occupies a place of pride after Industrialization in the last 6 decades. Agriculture is an unorganized profession. Indian economy is largely dependent on rural resources specifically agricultural output. The agricultural sector has a significant role to play in the economic development of a country. Agriculture provides livelihood to about 65% of our labour and contributes to nearly 22% of our GDP. After the govt of India's new policy of liberalization, privatization and globalization we have found a way for modern cultivation through latest technology. The recent technological changes in Indian agriculture have brought about intensive use of capital and other farm resources with the result that the demand for credit has increased.

The co-operative movement was introduced by the former Prime Minister Pandit Jawaharlal Nehru to develop the standard of living of the people in the rural areas. In general the people living in the rural areas face more financial crises to fulfill the basic needs due to lack of financial resources. Co-operative societies were organized to advance loans for productive purpose. They can fulfill the requirements of farmers.

A co-operative society is a financial entity which belongs to its members, who are at the same time the owners and the customers of their society. Co-operative societies are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative societies generally provide their members with a wide range of banking and financial services like loans, deposits, banking accounts etc.

The word co-operation is derived from the Latin word "Cooperari". 'Co' means 'with' and 'operary' means 'to work'. So cooperation means working together with others for a common purpose. The term co-operation is defined by different philosophers based on movement, development and socio-environmental conditions.

OBJECTIVES OF THE STUDY:

This study is taken with the following objectives in mind:

- To know the structure and nature of disbursement of crop loans of primary agricultural credit cooperative societies.
- To examine the utilization of crop loans by the borrowers in Bantwala taluk.
- To analyse the role of primary co-operative agricultural credit in the Socio-economic development among the borrowers.
- To understand the impact of primary agricultural co-operative credit in the socio-economic development of a country.

METHODOLOGY OF THE STUDY

In this study Secondary data is collected from books, journals, proceedings, magazines, newspapers, personal resources, libraries, websites and government records and documents etc.

Relevant studies:

In India various studies were conducted and numerous suggestions were sought to bring effectiveness in the working and operations of the financial institutions. A review of past studies helps to understand the scope of the present study and provides the framework for analysis and interpretation. Such a study is useful to identify the existing research gaps. The present study makes an attempt at reviewing earlier studies to evaluate the crop loan by Primary Agricultural Co-operative Credit Societies in Dakshina Kannada District.

Nidhesh K.B., (2009) in his study "Role of Co-operative Banks in Catering to the Credit Needs of Rural Masses" has observed the role of primary co-operative banks in providing credit to rural poor and he suggested improving the performance of Co-operative Banks.

Gandhi Mathi and Vanitha (2010) in their study entitled "Determinants of Borrowing Behaviour of Farmers – A Comparative Study of Commercial and Cooperative Banks" had revealed that number of accounts in crop loan was higher for small farmers. However, the total amount sanctioned was higher for the medium farmers. Small farmers have been the major beneficiaries of investment loan. The commercial and cooperative banks have provided higher loans for coconut and turmeric crops, may be because the cultivation of coconut and turmeric crops is also higher.

Chandrasekhar S., Manicka S., and SolemonRaj D., (2011) in their study entitled "Role of Agriculture in cultivator Generation", concluded that the borrower achieved a substantial rise in crop productivity. Improvement in irrigation facilities coupled with the sustained use of fertilizers and other inputs were evidently the decisive forces. It was observed that bank loans have helped to rise per hectare income of the borrower farmer substantially.

Anil S. Memane (2012) in his study entitled "Performance of Primary Agriculture Cooperative Societies during 2000-01 to 2009-10 in India" concluded that Agriculture Cooperative Credit societies are working positively. Though there is negative direction found in the number of societies, the total numbers of members have increased during the ten years of 2000-01 to 2009-10. Increasing number of members in Primary Agriculture Cooperative Credit Societies indicates that the farmers are getting awareness about the societies and its benefits. So, the farmers like to take a membership in those societies. Total borrowing, total deposits and working capital also increased. Farmers are depositing their money in society and they have a belief in the process of primary agriculture cooperative societies.

Shanmugaraj, C.G (2014) in his study "A study of utilisation of credit facilities by borrowers of primary co operative agricultural rural development banks in Salem and Namakkal districts", explained that there is a need for effective coordination between the short term and long term co-operative credit structure. The State Government should take steps to reorganize the weak or dormant primary agricultural credit societies, central co-operative banks and primary land development banks. Land development banks should make suitable modifications in their loan policies and procedures to ensure that the prospective borrower has already an access to adequate production credit from his local primary credit societies

PRIMARY AGRICULTURAL CREDIT CO-OPERATIVE SOCIETY:

Agricultural Co-operative Credit Societies were established in India in 1904 as a resistance against the money lenders in human dealings and malpractices. They had been the first institutions to be organized under the Co-operative Societies Act of 1904. They are the very foundation stone of the co-operative credit structure and constitute by far the largest member of co-operative institutions in India. In the context of the national drive after independence for increasing agricultural production and the consequent need for making available to the farmers credit in cash and in kind, Primary Agricultural Co-operative Credit Societies have assumed a significant role.

A society formed at the village level to supply agricultural credit and other inputs to the agriculturists is called a Primary Agricultural Co-operative Credit Society. It is a voluntary organisation of villagers for mutual help and cooperation to meet their common economic requirements and to increase agricultural production. Primary Agricultural Co-operative Credit Societies provide short and medium term credits to their member farmers to meet their financial requirements, supply high yielding varieties of seeds, chemical fertilizers and insecticides and to teach them to adopt modern methods of cultivation. They also formulate plans for the village to increase the production of agricultural products and assist the farmers to implement those plans. In addition, they educate and advise the farmers on the achievements of applying modern technology into agricultural operations besides looking after the welfare of their members.

Primary Agricultural Co-operative Credit Societies lie at the root of the co-operative credit structure of the country. They are at the local or base level. In rural areas, there are Primary Agricultural Co-operative Credit Societies, which cater to the short and medium term credit needs of the farmers. They directly deal with the farmers. Their members have unlimited liabilities. The members contribute to their share capital. The members elect President or Chairman, Secretary and other members of the Managing Committee and the elected members work on an honorary basis.

Crop Loan:

Financial assistance to meet cultivation expenses for various crops is called crop loan. Agriculturists, tenant farmers and share croppers, who actually cultivate the lands, are eligible for these loans. Loan amount is based on the cost of cultivation incurred for each crop per acre, and 90 per cent of the cost of cultivation is given as loan. Farmers need funds for a short period of less than 15 months for the purpose of cultivation.

In addition, purchasing of land, or purchasing of agricultural tools, storage of produce and transport, cost of ploughing land for sowing, weeding, and transplantation also are included under the purview of agricultural crop loans. Farmers can avail an agricultural loan starting at 7% p.a. and with processing fee ranging between zeros to 4% of the loan amount. The Government of India encourages farmers in taking up projects in select areas by subsidizing a portion of the total project cost. All these projects aim at enhancing capital investment, sustained income flow and employment areas of national importance.

Entrance Fees:

The Primary Agricultural Co-operative Credit Societies charge nominal amount as entrance fees, for admission of members. Obviously, such fee amount is very little, covers minor portion of the working capital of the societies. Therefore, it was recommended that the Government should contribute to the share capital of credit societies and that the contribution should be 51 per cent of total share capital.

Borrowings and Loans from Apex Banks:

Primary Agricultural Co-operative Credit Societies can borrow funds or receive loans from District Central Co-operative Banks or from Central Cooperatives. In fact, such borrowings and loans from the major share of the working capital of Primary Agricultural Co-operative Credit Societies. A perusal of the above sources shows that the working capital of Primary Agricultural Co-operative Credit Societies is mobilized internally and externally. Entrance fees, share capital and reserve funds are internal sources, whereas Government contributions, deposits and borrowings and loans from Apex institutions are external sources.

The Primary Agricultural Co-operative Credit Societies also raise their funds by way of share capital, membership fees, deposits of members and non-members and loans from the District Central Co-operative Bank and the government. The Primary Agricultural Co-operative Credit Societies grant short-term and medium-term loans only to their members against the personal security and mortgage security. The rates of interest charged by them vary from State to State. They deposit their reserve funds with the District Central Co-operative Banks (DCCB).

Features of Primary Agricultural Co-operative Credit Societies:

1. Limited geographical area
2. Shares of small value
3. Permanent invisible reserve fund
4. Unlimited liabilities
5. Loans for productive purposes
6. Loan facility only to its members
7. Credit of relatively long periods with facilities for repayment in easy instalments.

Objectives of Primary Agricultural Co-operative Credit Societies:

The Primary Agricultural Co-operative Credit Societies have the following objectives.

1. To borrow funds from members as well as others to be utilized for giving loans to the members for productive purposes.
2. To act as an agent for the joint supply of agricultural, domestic and other requirements of the members and for joint sale of the produce.
3. To purchase and own implements, machinery or cattle or for hiring instruments.
4. To encourage thrift, self-help and co-operative spirit among the members.

Functions of Primary Agricultural Co-operative Credit Societies:

The Primary Agricultural Co-operative Credit Societies have many functions. Their main functions are:

1. Promoting the economic interest of their members in accordance with the co-operative principles.
2. Providing short and medium term credit.
3. Supplying agricultural inputs like fertilizers, seeds, insecticides and implements.
4. Promoting sharing habits among members.
5. Supplying domestic requirements such as sugar, rice and daal.
6. Providing marketing facilities for sale of agricultural produce.
7. Associating the members with the economic and social welfare programs in village.

Credit Policy:

Primary Agricultural Co-operative Credit Societies provide not only short term credit but also medium term credit. These societies advance loans to members who are tillers of the soil, owing their own land or cultivating it as tenants and to creditworthy agricultural members whose vocation is normally remunerative business enabling them to repay their wings from the proceeds of the crops raised by them. The Primary Agricultural Co-operative Credit Societies do not advance loans to members limitlessly. They fix the credit limit of each member on the basis of certain criteria like

- The purpose of the loan
- The standing character of the applicant
- His repaying capacity
- The security he can give

Major crops in Dakshina Kannada:

The District comprises seven taluk. They are Mangalore, Puttur, Sullia, Bantwala, Belthangady, Kadaba and Moodabidri. Dakshina Kannada District is an agriculture oriented district. Crop cultivation is the most important occupation of Dakshina Kannada District. Large numbers of farmers belong to the category of small farmers. They depend on co-operative credit to meet their cultivation expenses. Primary Agricultural Co-operative Credit Societies sanction and issue short-term loans to crop cultivators. The major crops in Dakshina Kannada consist of Paddy, Areanut, Coconut, Rubber and banana. Mango, banana, and pulses are seasonal crops grown in the district. Paddy, Areanut, rubber, coconut, and cashew are the notable plantation crops. Farmers need funds for a short period of less than 15 months for the purpose of cultivation. Short-term credits are popularly known as crop loans. Crop loan is meant to meet cultivation expenses of various crops. Nearly 85 per cent of the crop cultivators are utilizing the crop loans from Primary Agricultural Co-operative Credit Societies in Dakshina Kannada District. So, in this district, agricultural development is mostly depending upon the crop loan.

Cultivation and Crop Loan in Bantwala Taluk of Dakshina Kannada District:

There are 82 villages in Bantwala Taluk. Most of the land in the Bantwala Taluk remains underutilized. More than 50 per cent of the net as well as gross area is under rain fed cultivation over the years. During 2021 it was raining throughout the year and it has adversely affected to the cultivation. The last two years of unusual monsoon and Corona Virus completely destroyed the agricultural produce. The farmers found it very difficult to survive. The production and productivity of land in agriculture depend on the factors like rainfall, irrigation, high yielding variety of seeds and the application of modern technology.

A farmer who is a member of the PACS, PCARD bank is eligible to avail Agricultural crop loans. Short term loans are given against the guarantee of one or two or more members for a certain amount and above that against the mortgage of lands. Now, the emphasis is being placed on the repaying capacity of the cultivators. For medium term loans, the security is usually the mortgage of land. In some states, the borrowers create a charge on their lands in favour of the society.

Crop loans are short term credit facilities provided to farmers to help them carry on seasonal agricultural operations to meet the expenses for raising various crops, including cost of seeds, fertilizers, pesticides, irrigation, labour, harvesting and marketing. In addition to this they are using this credit for purchasing the needed inputs, investing money in land to increase the level of income. Loan is used for soil conservation, dry farming, Land reclamation and developments. Crop loan is also used to buy a tractor.

The land holding pattern in the district reveals that it is small and marginal. They usually cultivate only traditional varieties of crops to meet their family consumption requirements, because for cultivating high yielding variety of crops, they find it difficult to get seeds, fertilizers and pesticides in time. Therefore, the demand for credit from farmers who cultivate traditional varieties of crops is relatively less than that from progressive farmers, who cultivate high yielding varieties. Hence, the farmers need more crop loan to meet the preparatory cultivation expenses and labour cost. The absence of credit will affect the production and productivity of land in the district. Even after the completion of annual credit plans in the district, the gross cultivated area under food crops is diminishing every year, because of the rising cost of labour, increasing input cost, almost stable price for the produce and conversion of paddy area into valuable house sites due to the liberal house loan schemes provided by the financial institutions and farmers getting more money from selling their lands for house constructions rather than cultivating them.

Ways to get Agricultural loans to farmers through co-operative institutions:

A farmer has to first enrol himself as Primary member in the co-operative institution by paying a membership fee and producing land records. Then he will have to apply for sanction of NCL (Normal Credit limit) for three years. Quantum of Loan requirement will be ascertained based on the Land holding and crop grown and he will be sanctioned NCL after the approval by the Board of directors of concerned District Central Co-operative Bank. Within this NCL, a farmer will get crop loan depending on the funds available in the PACS and DCC Bank. Crop insurance is compulsory for a farmer to avail crop loan. Premium of crop loan will range from 2.00 to 5.00 % of the loan amount. This will help him in case of loss of yield occurred due to deficit or excess of rain fall, damage by pest and diseases and natural calamities. By renewing Kissan Credit Card account, paying the crop insurance and personal accident insurance premium every year, a farmer can minimize the risk of yield loss occurred due to seasonal weather fluctuation.

Short term, medium term and long-term loans given for Agricultural and allied activities as classified by National Bank for Agricultural and Rural Development (NABARD) will come under the interest subsidy Scheme. Loans given to the farmers for non agricultural purposes including construction of a house will not come under the purview of this scheme.

Short Term, Medium Term And Long-Term Loan

In a developing economy like ours Agriculture credit assumes greater significance on account of the fact that it is a critical input to support and sustain crop production. The Co-operative Credit system is the oldest sector of the co-operation movement and consists of short term credit, medium term credit and long term credit structure.

Short Term structure is a three tier structure with Primary Agricultural Credit societies in rural areas, Co-operative Central Banks at the district level and the Apex Bank at the state level.

The Short term credit structure provides Short term credit for crop production and Medium term credit for small developments through Primary Agricultural Co-operative Societies. Out of 5546 PACS in state 5355 PACS are functioning and are affiliated to 21 District Cooperative Banks (DCCB) with 744 branches. The Central Banks secure refinance facilities from NABARD through Karnataka state Co-operative Apex Bank. The average lending per farmer is Rs.45008 and average advance per PACS is Rs.180.34 lakhs.

Karnataka state cooperative Agriculture and rural development Bank (KSCARD) at the State level and 177 Primary cooperative Agricultural and Rural Development banks at the taluk level cater to the long term credit needs in the two tier credit delivery system. The National bank for Agriculture and Rural Development (NABARD) provides refinance to the Apex bank and KASCARD Bank. Interest subsidy on Agricultural loans disbursed at 0 & 3%:

The scheme of advancing agricultural short, medium and long term loans to the farmers at the rate of interest of 3% through Cooperative Credit Institutions has been implemented from 01.04.2008. The interest rate on loans up to Rs.3 lakhs has been reduced to 1% during 2011-12. Since 01.04.2012 the interest rate on loans disbursed up to Rs.1.00lakh is reduced to 0% and on entire loan above Rs.1.00lakhs up to Rs.3.00lakhs at 1%. The differential rate of interest is reimbursed by the Government to the Cooperative Institutions by way of interest subsidy.

During the year 2013-14 the interest rate on loans disbursed up to Rs.2.00lakhs has been reduced to 0% and the entire loan above Rs.2.00lakhs up to Rs.3.00lakhs is disbursed at the rate of 1%. Further during the year 2014-15 the limit of agricultural loans disbursed at 0% has been increased to Rs.3.00lakhs, which was continued in the years 2015-16, 2016-17, 2017-18 and 2018-19. In this regard Government has prescribed the fixed rate of interest to cooperative societies.

Loan limit for a farmer who can get at concessional interest rate:

Short term agricultural loan up to Rs.3.00 Lakhs, medium and long term agricultural loans up to Rs.10.00 lakhs are available at concessional rate through Cooperative institutions. He can also get the loans above these limits at normal interest rate. Short term loans are sanctioned based on his land holding and crop grown according to the scale of finance fixed by District level technical committee which will comprise NABARD district level officer, Officers from the Departments of Agriculture, Horticulture, Sericulture, Fishery, Co-operation and farmers as well in case of short term loans and indicative cost as fixed by NABARD in case of Medium and Long term Loans.

RESULTS, FINDINGS AND DISCUSSION

Agriculture is still the primary source of livelihood for majority of people in Bantwala Taluk of Dakshina Kannada District. Credit is an important input in the development of agriculture. There are many reasons which motivate the crop cultivators to getting a crop loan from Primary Agricultural Co-operative Credit Societies. The important reasons are less time consuming, government subsidy, self interest, low interest rate and reliability.

The benefits to the farmers as a result of crop loans can be mentioned thus:

Farmers are getting more knowledge about agriculture, Repayment of the crop loan properly, Increasing the level of income, Getting suggestions from the workers of PACCS, Enjoying the loan provided by PACCS, Making arrangements for irrigation, Getting awareness about Government schemes regarding crop cultivation, Adopting the modern techniques to increase the yield, Employment generation, Investing money in land, Providing employment to others, Understanding the benefit of fertilizers, Knowing the varieties of crop, and Getting self satisfaction through crop cultivation.

Problems faced by the Bantwala societies:

The following were the problems faced by the Bantwala societies in financing agricultural and allied activities. The first and foremost important problem that the societies faced was the existence of high over dues as a result of non-repayment of dues. Most of the borrowers were not sincere in repaying their due instalment and it has caused stagnation in lending for further developmental activities and others wanting to take loan.

Misutilization of the funds allotted to them is one of the major reasons of non-repayment of the dues on time for which the loan was taken. Apart from misutilization, diversion of loans for other uses like wedding of their children, for other functions at home, repair and renovation of the house and, Crop loan being used for higher education purpose of their children etc. The use of modern technology in the farming system is lacking which reduces their productivity. The farmers neither are interested to participate in trainings on modern means of farming nor are willing to use modern technology in the farming system.

Problems of Crop Loan from PACCS the Primary Agricultural Co-operative Credit Society is the lender of last resort to economically weaker section, low income group and middle income group agriculturists. They have to contact the Primary Agricultural Co-operative Credit Societies several times before the sanctioning of the loan. They face the difficulties such as lending policies and procedures. The bankers also observed that some of the borrowers submitted their loan proposal late. If the loan is sanctioned to these borrowers, there may be a possibility of diversion of the loan. There is

also a chance in repayment problem as the loan sanctioned may not be able to generate returns to repay the instalment due date. Thus, the bankers face the problems of advancing the loans in odd times.

Even financing to the remote areas and other localities has caused supervision problems due to poor connectivity and the distance between the society branch and the customers. The bank related information that needs to be passed to respondents gets delayed. Also the distance has caused the problems in relation to training that is needed to be imparted to them.

The bankers also face uneven distribution of borrowers, which also leads them to supervision problem. Though they have come up with the idea of group borrowing and area approach system for better supervision, the problems are not always solved as there are no respondents from the target area, while there are individuals who want loan and not from the target groups/area.

It has also been found that there are borrowers who are unfaithful towards supervision officials especially when the official/staff go for evaluating the projects of the borrowers. The problem is such that the society finds it difficult to evaluate the actual benefits or significance of society loans to the borrowers who have diverted to other activities or consumption purposes. The misutilization of society loan by the borrowers in the study area may not be due to lack/inadequate funds, but the unfaithful nature of the borrowers. But this is not true in all the cases, some farmers are faithful and hard workers. Due to unavoidable circumstances they are unable to repay their dues in time.

Lack of manpower has been a hindrance in the society's expansion as well as supervision. As there are less society branches, more area has to be covered by a society branch in that locality; this has caused work load the limited field staffs that have to cover more areas / villages. The limited society staffs with more work load and faced with poor or lack of logistics supports and poor communication are not able to do their works efficiently.

Problems faced by the respondents:

It has been found that one of the problems faced by the respondents was with the supervision and other agricultural and allied problems, followed by interest rates charged. The less knowledge about different types of govt schemes, transportation problem, lack of banking knowledge, short repayment period, insect-pest problem & diseases, and marketing of their produce are the other problems faced by the farmers. There is no adequate, required and sufficient information and explanation to the farmers from the societies regarding the various types of loans, its rate of interest, repayment structure, subsidies, government new schemes and their applicability. Sometimes delay in sanctioning of loan, more formalities followed by the societies, many annexure required, unfavourable land valuation to sanction loan, getting guarantors, inadequate knowledge about loan facilities and evaluation also cause problems to the farmers.

Further, there are other problems faced by the crop cultivators which need to be identified first, before making an attempt to solve them. The various factors responsible for such problems are identified as high cost of labour, lack of knowledge about high yielding variety, lack of modern technologies, shortage of natural manure, monsoon failure, climatic changes, problem of power, and financial shortage. The crop cultivators also face problems primarily relating to granting of crop loan, crop cultivation and repayment. Crop cultivators have to supply good quality of agricultural produce. So they are struggling to get needed inputs. So, proper guidance should be provided by the banker to the borrowers regarding loan process, forms issued by the bank, type of loan, tenure, rate of interest, and filling up of forms.

The rationalization of agriculture all over the country requires a well co-ordinated policy to be undertaken by the State. The scarce resources are not properly utilized. Cultivable things are yet to be brought under the plough. Crop planning is practically unknown to the masses. There is unemployment and under employment of labour; the excessive pressure of population on land is the primary cause for this. A growing percentage of landless labourers accentuate the labour problem. Shortage of capital needs no mentioning. Scientific farm management is also conspicuous by its absence.

The PACC Society committee has laid down the following recommendations for the proper functioning of the Co-operative Credit Societies.

- Every member should have knowledge of principles of co-operation
- The society should lend only to its members.
- Loans should be given for productive purposes.
- Loans will be given only to those persons who are in a position to repay.
- The members should exercise a vigilant watch that the money is expended and the purpose for which the loan was granted.

Agriculture remains a principal force in sustaining the operation and growth of the whole economy even in highly industrialized countries. Valuation of the various economic functions requires assessment of short, medium and long-term benefits. Important determinants of the economic function include the complexity and maturity of market development and the level of institutional development and improving the quality of life of rural residents, particularly the young people, women, and the elderly and other marginal groups.

CONCLUSION

The existence of a substantial agricultural surplus is a pre-condition for the general economic development of a country. Agriculture contributes the largest share in India's national income. Working population engaged in agriculture is quite high. Agriculture provides huge employment and economic living to the working population of India. They provide a good market for industrial goods. Now-a-days, modern agricultural practices are followed. So, the demand for inputs like seeds, fertilizers, pesticides, agricultural implements, machineries, pumps and consumer goods increases. Thus, agriculture needs support from all concerned.

There are different agricultural development banks like Regional Development Bank of India, National Bank of Agricultural and Rural Development, Regional Rural Bank, which are leading in the market to offer crop loan to the needy people. In the Co-operative sector, State Co-operative Bank, District Co-operative Bank, and Primary Agricultural Co-operative Credit Societies have been offering crop loan. Among the three, the Primary Agricultural Co-operative Credit Societies have been extending crop loan only to crop cultivators.

An examination of the achievements of Primary Agricultural Co-operative Credit Societies, engaged in the activity of increasing the country's agricultural output and of improving the socio-economic conditions of a large segment of rural population, reveals the utility of crop loans and other

support systems provided to farmers. This study examined whether credit disbursed by the Primary Agricultural Co-operative Credit Societies and other inputs provided by them have increased crop production in the district and improved the standard of living of the beneficiaries. In the 21st century, co-operative movement is expected to play an important role in protecting the environment, managing resources, improving life quality and eradicating poverty.

Primary Agricultural Co-operative Credit Societies are double-pronged instruments designed to fight against the contagion of rural indebtedness and to improve the lot of the poor peasants. They provide credit both for production and for other purposes on easy terms and also educate them to practice modern methods of high yielding cultivation and inculcate in them the habit of thrift, frugality and self-help. Primary Agricultural Co-operative Credit Societies attempt to make cultivators their own masters and encourage them with necessary money and materials to increase agricultural production for their own advancement and for the nation's economic development.

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