Chapter – I

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1.1 INTRODUCTION

Indian economy is still predominantly a rural economy. Even in the era of economic reforms and globalization, it is observed that still. About 70 per cent of its population lives in rural areas. Strengthening of rural economy is the cornerstone of India’s development.

Agriculture is the backbone of Indian economy. It constitutes the main source of income of about 63 per cent of India’s population and 60 per cent of Karnataka’s population. It is a dominant sector from the point of view of employment. According to 2001 census about 58.4 per cent of the total working population in the country and 63 per cent of the working population in Karnataka was engaged in agriculture. Agriculture and its allied activities contribute 17.8 per cent to the gross domestic product of the country. It is the supplier of food for the entire population, fodder for cattle, raw material to several agro-industries such as, cotton, sugar, Jute, Rubber etc. Agriculture also plays an important role in the country’s and state’s internal and external trade. It accounts directly as well as indirectly for about 50 per cent of country’s annual total exports. The prosperity of Indian railways is also dependent on the growth of agriculture. Hence the economic growth of our country depends largely on the prosperity of agriculture. Rapid growth of agriculture is essential not only to achieve self reliance at national level but also for household food security and to bring about equity, in distribution of income and wealth resulting in rapid reduction in rural poverty and hunger.

Mahatma Gandhi, the father of the nation, called agriculture the soul of India. Also, agriculture has been termed as “the mother of all industries and the maintainer of human life standing at the head of all science and arts, indeed at the head of civilization and progress.”
That agriculture is the ‘life line’ of Indian economy is evident in various segments, viz. national income, employment, industrial development process, foreign trade transport and communication, economic growth and planning. Therefore, agriculture sector has to grow at a rate much higher than before not only for its own sake but for the sake of the economy as a whole. Development of agriculture depends on availability of adequate agriculture inputs and other natural factors. Among the agriculture inputs, credit is a vital input.

Agriculture in India has been undergoing a technological transformation and modernization since mid sixties of 20th century. This has been made possible through the use of high yielding varieties of seeds which call for an increased use of modern inputs, such as quality seeds, fertilizer, pesticides, irrigation facilities and plant protection measures and skilled labour. The modernization and transformation of traditional agriculture is more technological oriented. It requires the use of modern equipments, digging of bore wells, installation of pump sets and drip irrigation, construction of tanks, buying of additional land, fencing and digging of pits for saplings, purchase of nursery, plant pesticides, fertilizer, and variable inputs. As a result, farmers need sufficient capital to purchase modern inputs. The need of capital increases with the increase in price of inputs and marketing costs. Farmers cannot manage these inputs from their own resources because majority of them are financially weak. As a result, they have to seek means from outside.

Availability of capital from external agencies plays an important role in raising crops on commercial basis every. It means that the need for depending on external financial resources becomes inevitable. Thus for an accelerated growth of agriculture, a substantial increase in credit for short term purposes as well as adequate long term and timely credit to the farmers is vital and indispensable for sustained agriculture development.
1.2 CREDIT AND AGRICULTURAL DEVELOPMENT

Agriculture is a vital instrument of progress "Fundamentally, it is in the sector that the battle for long-term economic development in South Asia will be won or lost". The economic development of countries like India is closely linked with the development of agriculture. It is generally believed that economic development of a country is synonymous with its industrial development. But in countries like India "Agriculture is the dog which wags the tail of industrial prosperity – when agriculture is prosperous, so is the rest of the country and agriculture is poor, the rest of the country is poor". Rapid and sustained agriculture development facilitates the process of economic growth, according to Morman "What promotes agriculture benefits to mankind, the progress of agriculture and the progress of civilization go hand in hand". If agriculture stagnates, it will act as brake on industrial expansion and halt real economic growth. Galbraith has noted that at certain stage in agriculture development, agriculture credit clearly does become a strong force for further improvement.

The advent of modern technology has led to increased demand for inputs. As a result, adequate agriculture credit is required for agriculture development. Dantwala rightly states that "provision of good credit facility to the farmers at the right time in the right place in the right proportion is a requisite for the transformation of agriculture.

Agricultural development and growth are possible only if adequate capital and proper technology are used. "Agriculture in our country is mostly poor man’s occupation and hence the need for depending on external financial resources becomes inevitable". Credit also acts as a catalyst, to move the farmers from traditional agriculture to modern agriculture. "Agriculture sector is poised for a transformation in new economic order, emerging out of globalization and implementation of the agreement on agriculture under world
organization. To withstand the global competition enhanced productivity and sustainability of the sector have become imperative.

Credit is considered as an economic ladder or elevator in uplifting the socio-economic conditions of the agriculturists. However, it serves as a useful means only when it is used judiciously for productive purposes otherwise it adversely affects the repaying capacity of the farmers.

1.3 CREDIT AND RURAL DEVELOPMENT

Meaning of Rural Credit

It is the money that is extended to the farmers, sharecroppers, and tenants, small, marginal and sub-marginal cultivators, as well as rural and tribal families engaged in a wide variety of farming related occupations.

India is a land of villages. Majority of her population live in rural areas. Villages are the reservoir of the Indian rich culture and heritage. Even in the fast changing conditions of the society, they have retained with them the Indian tradition and culture. According to Gandhiji, “Real India is a rural India, if villages perish India will perish too, it would be no more India”.

The term ‘Rural’ means an area which is characterized by non-urban style of life, occupational structure, social organization and settlement pattern. ‘Development’ is defined in terms of technological or industrial development. But development of rural people means raising the standard of their living. It is the development of rural areas through the extension of irrigation facilities, improvements in techniques of cultivation, expansion of electricity, constructions of schools, provision of education facilities, health care and roads etc. thus Rural Development is the development of rural areas in such a way that each component of rural life changes in a desired direction.
Most of the low income groups in the rural areas depend heavily on agriculture for their livelihood. It follows that many of the programmes intended to raise rural incomes must centre on agricultural development. Lack of access to financial services for the vast majority of Indian population is the biggest hurdle in realizing the full growth potential of economy in this non-urban part of the country. As prof. Muhamad Yunus said “Credit is a kind of key, a passport to explore the potential of a person. Credit was the real missing link between people and their creative potential. I wanted to make credit available to more and poorer people to give them the chance of better future\textsuperscript{13}.

1.4 GROWTH SCENARIO OF RURAL CREDIT

A survey of rural credit in 1950-51 showed that co-operatives could meet barely 3.3 per cent of the total requirement of farmers, while moneylenders accounted for 93 per cent of credit needs of farmers. The AIRCSC (All Indian rural credit survey committee-1954) stated that co-operation has failed, but co-operation must succeed. On the recommendation of this committee, the RBI took a series of measures to strengthen co-operative institutions. AIRCSC (1969) recommended the adoption of multi agency approach to finance the rural sector. The Govt of India accepted the rural credit could not met by co-operative societies alone and that the commercial banks should play an important role in the rural sector which resulted in the following:-

2. Setting up of credit Guarantee Corporation in 1971.
3. Setting up of RRB’s in 1975.
5. Setting up of NABARD in 1982.
6. SHG-Bank linkage programme in 1992 by NABARD.
7. Concept of local area bank was introduced in 1996-97.
8. Launching of KCC (Kisan Credit Card) scheme in 1998 by NABARD.
9. The concept of financial inclusion has been introduced in 11\textsuperscript{th} five year plan.
### 1.5 FLOW OF INSTITUTIONAL CREDIT TO AGRICULTURE AND ALLIED ACTIVITIES (National level)

Table 1.1: Flow of Institutional Credit to Agriculture and Allied Activities:

(Rs. in crores)

<table>
<thead>
<tr>
<th>Institutional credit from</th>
<th>2004-05</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Banks</td>
<td>31,231</td>
<td>39,404</td>
<td>42,480</td>
<td>48,258</td>
<td>36,762</td>
</tr>
<tr>
<td>RRBs</td>
<td>12,404</td>
<td>15,223</td>
<td>20,435</td>
<td>25,312</td>
<td>26,724</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>81,481</td>
<td>125,477</td>
<td>166,485</td>
<td>181,088</td>
<td>223,663</td>
</tr>
<tr>
<td>Other agencies</td>
<td>193</td>
<td>382</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>125,309</td>
<td>180,486</td>
<td>229,400</td>
<td>254,658</td>
<td>287,149</td>
</tr>
</tbody>
</table>

Source: NABARD. Various issues Note: NA=Not Available.

As against the target of Rs. 2, 80,000 crore of credit flow of agriculture for 2008-09, the banking system has disbursed Rs. 2, 87,149 crore as on 31st March 2009, achieving nearly three per cent more than the target. Commercial banks, Co-operative and RRBs disbursed Rs. 2, 23,663 crore, Rs. 36,762 crore and Rs. 26,724 crore respectively, thus achieving around 115, 67 and 89% of the targets respectively.

Therefore, rural credit has to play a critical role in the socio-economic development of our country. Particularly it is more beneficial to the rural poor whose saving capacity is very limited. They are in a vicious circle of poverty, low income, low savings, low capital, low productivity and consequently low income. Credit, if properly channeled, can break this vicious circle, by providing those means to acquire productive assets by creating additional employment opportunities.

Thus, in raising rural income, credit has a substantial role to play, so rural development and rural banking cannot be left in isolation. Rural development of our country can be achieved only through uplift of the village
folk consisting of farmers, agricultural labor, petty businessmen and artisans etc. Financing being the life blood of every commercial venture, availability of adequate funds at reasonable terms is a must to ensure speedy economic development of rural India.

1.6 NEED FOR LONG-TERM FINANCE

In India, capital expenditure in agriculture is of paramount importance “Loans repayable in periods exceeding five years are treated as long term”\textsuperscript{14}. Long-term finance has certain distinctions over other kinds of finances. Asset creation on permanent basis in farm could be possible only by use of long-term finance. The value of land increases when permanent improvements are made in the farm lands\textsuperscript{15}.

The important needs of long term finance are discussed as follows:

- Indian agriculture has been undergoing a technological transformation since mid sixties. The modernization and transformation of traditional agriculture is more technological oriented. The technology and investment have, together, given the much needed food security and also improved the resilience of agricultural economy to a considerable extent. The orientation of agriculture is also changing from subsistence to market and from agriculture to agribusinesses. It calls for modern methods and technology, buying modern equipments etc. which could not be met from formers own savings. For this purposes long term loans are needed\textsuperscript{16}.

- When the sizes of holdings are small it is imperative to make the holding economically viable. The consolidation of fragmented holdings is a difficult task. Only alternative is to intensify the agricultural operation in the existing holdings and this is possible only by means of making permanent improvement over the land with the help of adequate investment credit. For this purpose long-term loans are needed.
• To provide permanent irrigation facilities long-term loans are needed. To use the ground water resources by digging wells, installation of pump sets, long-term finance is needed for such purposes.

• Purchase of land, purchase of land rights by tenants, discharge of prior secured debts. For this purposes long term loans are needed.

• Land reclamation is another important purpose which needs heavy investment finance. To cultivate fallow land bring new land under cultivation through deep ploughing in the lands, for this purpose long-term loans are needed. Small and marginal farmers cannot become viable farmers only by depending on agriculture; they must engage themselves in other non-farm occupations. Subsidiary occupations can enhance their income and can provide a perennial source of income to all kinds of farmers.

The land development banks (LDBs) which are exhausting their avenues on traditional lending for irrigation and mechanization, can find a suitable diversification in promoting dairying and such other allied occupations.

Indian agriculture has been experiencing diversification and commercialization over the past several decades. Plantation crops which have been earning foreign exchange need to be encouraged; their gestation periods long and they need heavy investment. The cost of cultivation and methods of cultivation are having greater bearing on the total cost. For a few years the farmers have to invest money without immediate returns. Long-term loan can give a relief to such farming.

1.7 SOURCE OF CREDIT

Broadly, credit delivery channels in India can be classified as Non-institutional and Institutional. The non-institutional sources include money-lenders, zamindars, traders, friends and relatives. Institutional sources include set of multi agency institutions namely. NABARD, Co-operative
Banks, Commercial Banks, Regional Rural Banks and Micro-Finance Institutions.

The credit requirements of the farmers were traditionally met by non-institutional sources. But, it is defective because, it is profit motivated and charges higher rate of interest, follow unethical practice and therefore it is always exploitative in nature and not related to the productivity of the land. It does not flow into the most desirable channel, further it does not properly integrate with the farmers.

Therefore, Government of India passed Co-operative Society Act in 1904, as an ultimate source to relieve the farmers from the clutches of money lenders. The institutionalization of agricultural credit in India began with the passing of this act. Institutional credit is not exploitative in nature and the basic motive is always to help the farmers to raise their productivity and maximize income.

The rate of interest is not only relatively low but can be different for different groups of farmers and for different purposes. Institutions also make a clear distinction between short-term and long-term credit requirements and give loans accordingly. Finally, institutional credit is fully integrated with other needs of agriculturist.

Agricultural credit and agricultural improvement work can be done best by institution like co-operative institutions, because, co-operatives based on the ideal objective of everybody’s welfare, everybody’s happiness and everybody’s all round prosperity are an indispensable part of mixed economy creating a classless, conflict less and exploitation less society. Co-operatives aim at helping the people in exploitation of resources and rendering services efficiently, democratically and without profit motive to fulfill their object needs, “better farming, better businesses and better living”\(^\text{19}\). These institutions have typically been divided into two distinct structures, commonly known as
Short-Term Co-operative Credit Structure (STCCS) and Long-Term Cooperative Credit Structure (LTCCS). The STCCS comprising of primary agriculture credit societies (PACS) at the village level, District Central Cooperative Banks (DCCBs) at the intermediate level and State Co-operative Bank (SCBs) at the apex level, provide crop and other working capital loans primarily for short-term purposes to farmers. The LTCCS-comprising of State Co-operative Agriculture and Rural Development Banks (SCARDBs) at the state level and primary Co-operative Agriculture and Rural Development Banks (PCARDBs) at the district level has been providing medium and long term loans for making investments in agriculture, rural industries and housing purposes also. But present study is confined to long term credit co-operative institutions like primary co-operative agriculture and rural development banks.

In India, the short term cooperative credit structure comprises 31 State Co-operative Banks, 371 DCCBs and 97,224 Primary Agriculture Co-operative Societies functioning at the Gross root level as on 31st March 2009.

As on 31st March 2009, long term co-operative credit structure consisted of 20 State Co-operative Agriculture and Rural Development Banks (SCARDBs) and 697 Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) functioning. In Karnataka, there are 177 PCARDBs these banks have advanced loan of Rs.3212.00 cores, as on 31.07.2009. In Davanagere district, there are 6 PCARDBs. These banks have provided to the extent of Rs. 360.06 lakhs for various rural activities and agriculture during 2008-09.

1.8 REVIEW OF LITERATURE

The review of literature connected with the working and performance of co-operative credit institutions in India and Karnataka would provide a basis for the present study. Credit for the Indian agriculture has been the major thrust of co-operative institutions in the country. They have played a pivotal role in
extending varied type of agricultural loan since the early part of their existence in the country’s credit system. Various studies have been made in this direction by committees and groups right from Nicholson (1892) to Vaidyanathan Committee (2006), either covered elaborately or touched incidentally depending on their terms of reference. The important ones are referred below.

**Frederick, Nicholson's report**. In 1892 the Madras Government deputed Mr. Fredrick A.Necholson on special duty to study the theory and practice of Land Banks and Agricultural co-operative in Europe and to suggest ways and means by which a similar movement could be popularized in India. He, in his report highlighted the weaknesses of non-institutional sources and advocated the setting up of co-operative societies on Raiffeisian lines in different parts of the country to develop thrift, prudence and self reliance in the peasantry.

**The committee on Co-operation (Maclagan Committee 1915)** was appointed under the Chairmanship of Edward Maclagan which marked a historic document in co-operative history to find the means for the smooth functioning of credit co-operatives in the country. The committee recommended that the areas of operation of society should be small and limited for social cohesion, mutual knowledge and closes contact among the members and felt the necessity of a separate agency for long term credit.

**The report of the Townsend committee on Co-operation (1927)** which recommended that a provincial land mortgage bank should be set up for floating of debentures instead of individual primary banks floating such debenture.

**The Royal Committee on Agriculture in India (1928)** was appointed under chairmanship of the Marquees of lintithgow. The committee gave its
report in which it also emphasized the need for the organization of central land mortgage banks in each province. According to the commission such a bank was to concentrate mainly on the issue of debenture to the public leaving the primary bank to deal only in disbursement of loans.

The Central Banking Enquiry Committee, (1935)\textsuperscript{24} and Gadgil Committee\textsuperscript{25}: have reviewed and made various recommendations to improve the working conditions of Central Land Mortgage Banks (CLMBs).

All India Rural Credit Survey Committee report, (1954)\textsuperscript{26} (AIRCSC): appointed under the chairmanship of Gorwala. The committee found out the failure of co-operatives in purveying the agriculturist credit it stated “Co-operatives have failed but they must succeed”. This committee recommended that strong central and Primary LDBs should be established and the banks should re-orient their lending policies.

The Committee on Co-operative Credit (1960)\textsuperscript{27} was appointed under the chairmanship of V.L. Mehta to review the adequacy of co-operative credit. The important recommendations relating to undertaking measure for strengthening Land Development Banks.

The All India Rural Credit Review Committee Report (1969)\textsuperscript{28} is another landmark in the history of land development banking in India. The committee suggested that feasibility and financial viability should be regarded as primary considerations for giving investment credit to agriculture. Particularly loan operation period is also required to be fixed on the basis of repayment capacity. Most of the present policies and procedures of the LDBs owe their origin to this report.

The Report of the Committee on Co-Operative Land Development Banks (1975)\textsuperscript{29} a committee headed by Madhava Das was constituted to review
the performance of the Banks. The committee described the performance of the banks as ‘truly praise worthy’ and ‘striking’ and ‘commendable’. After pointing out several operational and organizational deficiencies, it suggested measures for a comprehensive structure to LDBs for strengthening and improving the working system.

The committee to Review Arrangements for Institutional credit for Agriculture and Rural Development (CRAFICARD 1981) Reserve Bank of India constituted a high level committee under the chairmanship of B.Shivaraman to review the arrangements of institutional credit for agricultural and rural development. The committee made numbering recommendations for channeling long-term credit to land development schemes.

The Report of the High Level working group (1985) was appointed by NABARD. This committee made certain recommendations such as co-ordination and integration of short-term and long term credit structures, simplification of procedure for loaning and for mobilization of resources, restoration of democratic management, lending to the need based schemes and LDBs to assume full banking responsibilities.

Agricultural Credit Review Committee Report (1989) this committee constituted by RBI under the chairmanship of A.M. Khusro examined the long-term cooperative credit structure. The committee observed that Land Development Banks experienced a declining trend in the total lending, increasing overdues, external and government interference in its working, absence of professional management etc, are some of the major problems affecting the long term co-operative credit structure and made strong recommendations to take many innovative steps in rebuilding rural credit institutions for rural development.
The Reserve Bank of India appointed a Task Force on the 9th April 1999 under the chairmanship of Jagdish Kapoor, Deputy Governor of RBI, to suggest measures to strengthening the co-operative credit system in the country. It submitted its report on the 24th July 2000. It envisages four dimensional programme encompassing financial, operational, organizational and systematic aspects.

Further, it has recommended merger of short term and long-term co-operative credit structures and abolition of dual control of co-operatives by State governments and RBI. In order to improve the financial performance, it has recommended that the co-operatives be allowed to deploy its funds outside the co-operative fold. The CCIs diversify its loan portfolio by entering into housing loans, consumer loans, consortium financing, financing of services, distribution of insurance products, etc.

**Expert Committee on Rural Credit (ECRC 2001)**

This committee constituted by NABARD under the chairmanship of Prof. V.S. Vyas. Its report was submitted only at the end of July 2001. The ECRC has commended the role of co-operatives by saying “the scale of operations and reach of rural financial co-operatives are truly outstanding”. At the same time, deficiencies have been pointed out in their functioning by saying that “their financial position is precarious”. ECRC has hit the nail on the head with this observation: “a collapse of the co-operative credit system will leave an unreachable gap in credit availability in rural areas”. The committee, therefore, recommends that co-operatives need to be revitalized at the earliest as delays would be detrimental to the interests of the rural population. Further it recommends that Central and State Government will have to provide the required resources because co-operatives do not possess them.
The Vaidyanathan Task Force-II Report (2006)\textsuperscript{35} Vaidyanathan Task Force-II was appointed mainly to recommend on implementable action plan for reviving co-operative Agriculture and Rural Development Banks (ARDBs). The Task Force-II in its report submitted to the government in August 2006. The Revival package for Long-Term Credit Structure recommended by Vaidyanathan Task Force-II includes one time financial assistance of Rs.4839 cores to cover accumulated losses, technical assistance etc. Institutional restructuring, legal and policy reforms to convert them into resource based institutions capable of meeting the diverse needs for financial services in rural sector.

The recommendations of all these committees / Groups related to revitalizing the co-operative credit system in the country. The studies by all these committees have the macro level focus and could not give in depth assessment of the performance of micro units of co-operative credit institutions.

In addition to this, the researcher has made an attempt to review research related articles found in journals, magazines and thesis of few individual studies in appraising the overall performance of the agricultural credit co-operative Institutions/Banks. Some scholars have attempted to write articles on some specific aspects of working and performance of PACARDBs.

Dadhich (1971)\textsuperscript{36} in his study points out that willful defaulters are generally those having large holdings of higher castes with a higher level of education and members and ex-members of the managing committees of the societies. Further he analyzed the causes for overdue and suggested the remedial measures for solving this problems.

Singh (1975) \textsuperscript{37} studies the role of credit institutions meeting the needs of rural poor and also the participation of different institutions in providing
rural credit in Muzzafarpur district of North Bihar. The major share in total agricultural credit advanced by organized credit institutions during the period 1972-75 was accounted by LDB 50 percent, followed by co-operatives 22 per cent, Commercial Banks 20 per cent and Government 8 per cent. Among the different sources of credit, the money lenders finance predominated, accounting for about 90 per cent of the borrowings per household.

Garg, et al., (1978) studied the economic efficiency of long-term financing by the LDBs in Uttar Pradesh. It was found that there was steady and continuous progress of the banks in respect of membership, share capital, working capital, and loans advanced recovery position and net profit. There has been a marked shift in cropping pattern on borrower's farms particularly in all the size groups as compared to corresponding non-borrowers farms. The shift was in favor of adoption of high yielding varieties and cash crops on large areas.

Pandey and Muralidharan (1979) have examined the recovery performance of different categories of farmers in Banda District of Uttar Pradesh. The study reveals that even though the number of defaulters is higher amongst marginal and small farmers as compared to the medium and large farmers. Nearly 59.3 percent defaulters are willful defaulters who are from higher castes.

Jain and Mishra (1981) assessed the disbursement impact and cost benefit analysis of loan provided by the Co-operative Land Development Bank in Madhyapradesh in terms of coverage, advances, purpose wise disbursement, repayment and economic effect on the farmers-borrowers. It was observed that the bank had financed mainly for irrigation purpose followed by farm machinery. The farmers were not able to repay the loan in the prescribed time limit due to many natural and socio-economic factors.
Sidhu and Chand (1981) analyzed the pattern of credit distribution and overdue have found that there was inverse relationship between the overdue and credit advanced to different farm categories. They have further found that most of the small farmers were non-willful defaulters whereas most of the medium and large farmers were willful defaulters. They have suggested that in order to reduce the overdue of small farmers their income should be increased through additional invest by way of adoption of improved method of cultivation, while the overdue of large farm categories could be reduced by taking strict action against them.

Chiranjeevulu. et al., (1985) study revealed that out of the total credit supplied by different agencies only 40.91 per cent was utilized for productive purposes and half of the amount (22.85 per cent) was utilized for purchasing farm implements including draught cattle. Diversion of credit was about 59.09 per cent mainly used to clear old debts (24.74 per cent) and buying lands (22.37 per cent). It also indicated that more than 50 per cent of the credit was utilized for productive purposes by the small and medium farmers, whereas 29.46 percent by big farmers.

Lal and Lavania (1986) have found that 78.18 per cent of the total co-operative credit was utilized for productive and rest 21.82 per cent for unproductive purposes. The credit utilization on unproductive purposes decreased with the increase in farm size which indicated that large cultivators utilized the highest percentage of credit for productive purposes.

Venkateshwaralu et al., (1987) had analyzed the over dues pattern in a progressive block of west Godavari district of Andhra Pradesh. Their study revealed that credit over dues per holdings increased with increase in farm size while per hectare over dues credit decreased with increase in farm sizes.

Prihar and Singh’s study is indicative that borrowers continue to depend on the non-institutional credit agencies such as commission agents.
A large proportion of the medium and large size farmer-borrowers obtain long-term loans from two or more than two agencies. There is a positive correlation between the size and the number of farmer borrowers.

Dadibhavi (1988)\(^\text{46}\) in his study says that between 1972 and 1985, there has been an increase in the concentration of institutional credit to agriculture in developed regions/states. The distribution of short term credit by commercial banks is more uneven in the case of small holdings vis-à-vis large holdings.

Kittur (1990)\(^\text{47}\) was of the opinion that marginal and small farmers tended to use diverted funds to meet the basic necessities of life, whereas large and well-to-do farmers used the funds towards useful and conspicuous consumption. Whenever the loans were made in cash, the chances of misuse were higher as compared to loans made in kind.

Kulwant and Varma (1991)\(^\text{48}\) identified that no significant relationship existed between different family size of farmers and credit utilization for unproductive purposes. Further misutilisation of credit was found to be significantly more among the farmers who borrowed low amount of credit. Social and religious ceremonies were found to be the most unproductive purposes among all categories of farmers borrowing different amount of credit.

Mruthyunjaya and Singh (1992)\(^\text{49}\) carried out an investigation for credit use, over dues and repayment pattern in Aligarh district of U.P., in 1987-88. They found that nearly 70 per cent of crop loan was diverted for crop production and rest was diverted for other purposes. As regards to the differences in utilization between small and marginal farmers, it was seen that the extent of diversion was observed to be slightly higher in marginal farmers as compared to that of small farmers.

Gayathri (1993)\(^\text{50}\) have made an attempt to analyze credit delivery in rural Karnataka considering the case of Chikkamagalur District. The author has
studied the differences in the banking activity between a developing region and a less developed region within Chikkamagalur district and has come to the conclusion that the areas which already have higher level of development are enjoying greater credit facilities while areas which have a great need for credit for bringing about development, have lesser availability of credit.

**Dandekar (1993)** are of the opinion that the weaknesses of rural credit have stemmed from the deficiencies of the structure of agricultural production itself. On this weak base has been raised an imposing superstructure of credit institutions which one committee after another has kept reshuffling and adding to what has to be considered is how to reorganize the structure of agricultural production rather than the structure of rural credit.

**Reddy, et al., (1994)**: has analyzed the performance of PCARDBs in the districts of Karnataka and ranked them by applying principal component analysis on selected performance indicators. Further, using discriminate analysis the factors contributing to the disparity between the districts where the PCARDBs were performing well from those where they were not, was quantified. The discriminate functions revealed the growth in working capital (49.7 per cent) deposits (32.85 per cent) and over dues (26.50 per cent) distinguished high performing Banks from low performing Banks.

**Patel (1995)** in his study on problems and performance of PCARDBs in Karnataka during 1976-77 to 1990-91 has made following observations; (a) The membership, share capital and working capital have increased but the percentage of borrowing members has declined. (b) The over dues are high and have increased steadily. (c) The bank suffers from high cost of management and heavy accumulated losses. (d) The banks have become sick due to resources constraints, poor business, poor recovery and heavy over dues. This is attributed to indifferent attitude of the management towards banks conditions.
Dalvir Singh, et al., (1996)\textsuperscript{54} has conducted a study on the role of land development banks in the infrastructure creation in Haryana agriculture. The study has highlighted that the number of banks, membership, share capital and working capital of the banks have increased between 1966-67 and 1993-94. Regarding the contribution made by PLDBs, the study showed that the loan granted for debt redemption and purchase of land is declined to bottom level over the years. On the other hand the advances to purchase of tractors, installation of tube wells and other land improvement programmes registered a substantial growth with the passage of time. It shows that the PLDBs have given top most priority to productive purposes.

Kumad Sharma's (1997)\textsuperscript{55} researcher on "Co-operative V/s Commercial Bank Finance to Agriculture" A case study of North Canara District" is a comparative study of the co-operatives and commercial banks particularly in regards to cost of loans, adequacy and timeliness, procedures and profitability. The researcher pointed out that, borrowing of long-term loan from commercial Banks is profitable as compared to borrowing from PCARDBs and features of a good credit system are sanctioning the loan adequately, quickly at a cheap rate and involving good human factor. She suggested that loan waiving schemes should not be announced which adversely affects the lending operation of financial agencies.

Joy Joseph Puthussery (1999)\textsuperscript{56} in his study found that all socio-economic factors affected the nature of default. Further, willful default was high in the case of defaulters having big size of land holding, higher education, and alternative occupation, and lower age group, high amount of loan, high family expenditure and high family income.

Prabhu (1999)\textsuperscript{57} has expressed the view that economic liberalization and consequent measures of financial reforms are less meaningful in the management of the co-operatives. Excessive Government control and
interference in co-operatives need elimination by comprehensive amendment in the concerned co-operative laws. Co-operative credit and banking enterprises need to be professionalized for improving competitive strength and operational efficiency.

Verendra Kumar Gupta (2000)\textsuperscript{58} in his research study examines the problem of long-term credit to the agricultural sector and the lending policies followed by the land development banks in economically backward region like Badaum District. He pointed out that state Development Bank in India does not follow any special norms for the economically backward regions of the states. He made two important suggestions issue of farmers credit pass book by the state and integration of short-term and long-term co-operative Banks.

Sharada & Police Patil (2000)\textsuperscript{59} emphasized the need for co-operatives to be aloof from the influence of vested interest groups, free from politics, abundant state financial help and must encourage professionals into the co-operative sector tracing the co-operative development in Karnataka; the authors viewed optimistically the above enumerated things in the co-operatives in Dharwad district in order to achieve success.

Vishwanath. (2001)\textsuperscript{60} identified that defective agrarian structure, misutilisation of loans, natural calamities and welfare defaults were external factors that made unfavorable climate for the recovery.

Subrahmanyam (2001)\textsuperscript{61} have observed that co-operative system is crucial channel of credit for rural and urban areas. While making analysis of the union budget he emphasized the importance of co-operative sector. The author felt the urgency to maximize the union budget proposal and ensure special specific and appropriate measure for co-operatives to become dynamic, vibrant, viable, strong and more democratic.
Amrit Patel (2004) in his study revealed that the co-operatives are ineffective, inactive (Dormant) and are dying (moribund). This article focuses on the status of co-operative institution with regard to recovery; non-performing Assets, accumulated losses, gross margin to working funds etc., and found several lapses like structural flows operational inefficiencies and infrastructure weakness. Hence challenges in multi dimensional way are to be faced.

Samvel Lopoyetum (2004) in his study observed that the co-operative banking sector could not take the full advantage of new economic policy reforms because they were not planned properly. There were several problems which already existed in the sector and thus the reforms unquestionably opened up new challenges like threats, prospects, opportunities and potentialities. The author has suggested the diversified lending and recovery operations, pre-sanction/ post sanction and integrated recovery strategies, recycling of fund mix and many more efficient and effective Central Banking Strategies. The author strongly believes in many other solutions which would bring bright prospects to co-operative Banking in an efficient manner.

Gupta (2005) has highlighted in his study on “Evaluation of co-operative credit institutions in India: A view point that no initiatives of strengthening the co-operative credit institutions will sustain unless it comes from co-operative system itself.

Jayaprakash (2005) in his study, analyzed relating to operational management, lending and recovery procedure and human resource management in the PCARDBs in Karnataka. The researcher pointed out that, no attempts were made to reduce the operational cost, lack of computerization, there was no professionalism, and most of all PCARDBs were not following appropriate norms for lending and recovery of loans. The author suggested that,
policy makers should develop a clear vision about the future role of cooperative sector in the globalization regime; Government should spend more money for improving the human resources by organizing appropriate training programmes.

Susmita Chatterjee (2006) in this study examine the performance of the Rural Institutional credit agencies in India in the pre and Post reforms periods. Another question addressed here is: Do the institutional credit agencies perform in a discriminatory manner while lending to the rural sector in various states of India The study involving 15 major states of the country shows that financial sector reforms actually weakened the link between financial institutions and rural areas; this development is in complete contrast with that observed prior to the 1990s, the rural areas were affected adversely as a result of economic policies in all the 15 states. Further, the credit institutions showed discriminatory attitude while lending to the rural areas. The prevailing situation in the rural credit market of India calls for a decisive change in the banking policy to ensure increased geographical and financial reach of the rural credit institutions and unbiased distribution of rural credit across the state.

Sikander and Rakesh (2008) in their study, assess the over dues and fresh flow of credit by the agricultural co-operative credit societies and to estimate the repayment capacity of the borrowers in the study area. In order to reduce the over dues and fresh flow of credit, it is suggested that the thorough professional approach, operation using state of art technology, computerized accounting and participative decision making, crop insurance, proof of the vision and business acumen of the members and management can improve the efficiency of the agricultural co-operative societies.

Pazhani and Isabella (2008) have observed in their study that since 1992 NPAs have emerged as one of the major challenges facing the PCARDBs. Increasing NPAs affect the profitability of the banks and lead to
the accumulation of losses in the succeeding years. To overcome the problem of NPAs, the authors have suggested that the State Government introduce some incentive schemes for prompt recovery, extend the period of repayment and resort to legal action.

**Pratibha Devishingh Patil (2008)**: Hon’ble President of India. The 15\textsuperscript{th} Indian Co-operative Union of India (NCUI) from 21-22 January, 2008. The theme of the congress was “Reforms Initiative – vision for Autonomous and competitive co-operatives”. The mega event was inaugurated by Smt. Pratibha Devi Singh Patil, Hon’ble President of India who called upon the members to rejuvenate the co-operative movement in the country. Laying emphasis on the need to have a dynamic leadership, committed professionals and well trained staff, the president high lighted that credibility of this fledging institution needed to be restored. In fast globalizing world, the challenge for the co-operatives is to have a strategy to adapt to new requirements. Cooperative Bank would need to sharpen their core competency and devise market driven business strategies appropriate to their circumstances” she said.

**Patil, et al., (2008)** has revealed that the co-operative movement should support rural development. The elements of rural development involve (i) Full utilization of the available physical and human resources in the rural area with functional linkage (ii) Development of rural industries (iii) effective participation of rural population in the development process, in the light of above discussion and to achieve goals of rural development of co-operative movement in Malshiras taluk is fully successful. The authors identified various factors for success of co-operatives social, economic political and caste. Marathas in Maharashtra and Patinas in Gujarat have created a favorable ground for the emergence of the co-operatives.

The measures the authors have suggested for the sustainability of co-operatives are as follows:
i. Government plays a key role by underwriting its losses or supporting it with generating subsidies.

ii. Developing and diversifying agricultural production system.

iii. The arranged interactive group communication, workshops and special public relation programmes for the co-operatives.

Mahadeva and Veen (2008)\textsuperscript{71} have observed in their study utilization of loans by borrower's shows that minor irrigation loans were fully utilized, there was a high degree of misutilisation of borrowed loans against land development and improvements. Thus total loans properly utilized formed 75.8 per cent and of those diverted for consultation purpose amounted to 24.2 per cent. That borrowers took minor irrigation loan from PACARDBs shows the increase in economic positioning of the borrowers and non-borrowers; it means positive impact on agricultural loan provided by PCARDBs in Mysore and Chamarajnagar districts.

Shivaprakshan (2009)\textsuperscript{72} in his critical analysis says that debt waiver cannot become a permanent solution to the farmers' financial crunch. Rather it creates unwanted problems such as willful defaulters, financial commitment to the government and political interference. Therefore, finding out an alternative solution to the debt waiver and maintaining the discipline of loan repayment is need of the hour. Further, he made following suggestions, the government should pay more attention to reduce the number of defaulters and thereby the overdue position by educating and motivating the farmers to remit the dues to the lending institutions in time. Risks arising out of death or illness of the borrower could be covered partly through personal life insurance products suited to farmers needs. Innovations in this regard, therefore are urgently needed. Then minimum support price policy should be introduced.

Sukhpal et al., (2009)\textsuperscript{73} in this study in spite of various measures to rejuvenate farm credit, the flow of credit agriculture sector remained
inadequate quantitatively and qualitatively; they made following suggestions, issuing of a simple but comprehensive record book to farmers containing information relating to his land record and institutional transactions; computerization of land records by the state government; simplification loan application form; and maintenance of proper records of loan applications and making disbursement of loan mandatory.

Sharma (2009) in this study, an attempt has been made to examine the organization and performance of agricultural credit system in India. Besides this, a brief account of the genesis of Institutional credit to agriculture, weakness and problems of agricultural credit system and the major challenges have also been discussed.

Satpal et al., (2010) have conducted a study on co-operative credit in rural and urban sector in Rohtak District, Haryana state. They have identified a majority of the respondents of rural area pointed out the negative attitude of bank staff towards respondents. This is a matter of serious concern. So the co-operative bank should take remedial actions to prevent this situation and they have made suggestion that every employee of co-operative bank be taught how to behave in service organization as banks have to deal with the respondents. All branches must display a board ‘May I Help You’ at a counter easily accessible to respondents, preferably, near branch entrance. Positive behavior staff member who is by nature courteous, helpful and also well versed in branch routine should manage such counter.

1.9 STATEMENT OF THE PROBLEM

Development of agriculture is a key factor for the overall economic growth of Indian economy. It is recognized that the breakthrough in agricultural sector largely depends on the availability of adequate credit at right time. However, just as, it is a problem if credit is not obtained it is a bigger
problem if credit is not properly utilized. There has been a criticism that PCARDBs function merely as purveyors of credit from the NABARD/RBI down to the line of agriculturists in the villages, without bothering much about mobilizing resources for development, availability and utilization of credit, recovery of dues etc. Recovery of loans advanced has not at all improved and as a result of this, over dues and non-performing assets are mounting up. In view of these facts there is a lurking fear of collapse of co-operative movement leading to large number of moribund and dormant societies. Hence, a paramount need was felt for an analysis of multiple causes responsible for mounting over dues. The higher level of chronic overdue has been eroding the principle of co-operative lending and has been dwindling the lending capacity of the PCARDBs. “The malignant problem of overdue has been crippling the PCARDBs and incapacitating them to borrow additional funds”.

In spite of their operational and financial problems, it is widely accepted that the PCARDBs should be continued as an agency for routing the credit to the farmers. Several committees and commissions have emphasized the importance of these banks for the provision of financial support to the farmers. It is absolutely essential that PCARDBs have to put all efforts to accelerate the pace of resource mobilization. They should be made available for development investments. One of the tests of sound banking is the judicious and profitable utilization of the resources. But the problem with co-operative movement is the absence of co-operative spirit. The resource base of PCARDBs is weak, as a result of which their dependence on higher financing agencies is very high.

The present study attempts to analyze the nature, extent and dimensions of the problems of the PCARDBs. In this regard a large number of studies of Agriculture co-operative credit have been conducted at macro level and very few studies have been conducted at micro level highlighting the credit utilization by the farmers, pertaining to Davanagere district. Hence, there is a
need for conducting a micro study of the financial performance of PCARDBs in Davanagere district.

1.10 SCOPE OF THE STUDY

The present study aims at analyzing the growth of long term co-operative credit movement, the role of credit in the development of Indian economy with special reference to agriculture and rural development. The thrust is on the importance of long-term credit facilities to farm and non farming activities, PCARDBs play a vital role in long-term credit structure. Even though there are many agencies, which provide long term credit to the farming and non farming activity, the PCARDBs are continued to be the most preferred agencies of the farming and non farming community. But the PCARDBs are encountered with many problems like mounting over dues, non- performing assets, problem of repayment, inadequate capital, Lack of computerization and lack of trained staff. So far, the studies conducted on financial performance evaluation on PCARDBs are very limited and have not through light on multi facets of the problem. Hence, present study is an attempt to evaluate performance of PCARDBs and provides pragmatic suggestions for plugging the same.

1.11 NEED FOR THE STUDY

Davanagere district in Karnataka state has been purposively selected for the study due to accessibility of data and familiarity with its service area and also it is the newly formed district. The district has a strong co-operative environment, which is the part and parcel of agriculture and rural development having lot of potentialities to materialize the development in agriculture in the future too.

Economy of Davanagere district is predominantly dependent on agriculture. Majority of rural population depends on agriculture for employment and income. However, due to rapid growth in population, there is a tremendous pressure on land to provide gainful employment and income
generating activities. As land resources are limited and cannot be increased significantly. This calls for mechanization of agriculture and non-farming activities through it might sound paradoxical the truth is with the introduction of modern scientific technology; the thrust can be given on the commercialization of agriculture. This would enable the growth of industrialization there by creating employment opportunities. To realize this role of PCARDBs become significant, as the PCARDBs have been assigned a vital role in agriculture and rural development. It is through the branches of these banks that various programmes of the Government are being implemented in the agriculture and rural sector. The basic task of these banks is to develop agriculture and rural development.

Hence, managing the PCARDBs more efficiently so as to serve to best, the farming non-farming community needs a comprehensive study on these banks to identify strengths and weakness in their working. An effective research every now and then in the evaluation of performance of PCARDBs can alone provide an answer in this regard. Keeping this in view, an attempt is made to evaluate the following objectives.

1.12 OBJECTIVES OF THE STUDY
The present study has the following objectives.
1. To study the origin and growth of PCARDBs in India and Karnataka in general and Davanagere district in particular.
2. To analyze the organizational structure of PCARDBs.
3. To know, document the lending norms and analyze the pattern of credit flow.
4. To assess the financial performance of Primary Co-operative Agriculture and Rural Development Banks, in Davanagere District.
5. To examine the problems of repayment and overdue dues.
6. To know the problems of Non-Performing Assets (NPAs) of the PCARDBs in study area.
1.13 HYPOTHESES OF THE STUDY
The present study aims at testing following hypotheses,

1. The performance of Primary Co-operative Agriculture and Rural Development Banks in Davanagere district is not up to the mark.

2. There is no significant difference in over dues across the taluks.

3. Willful defaults, crop failure and diversion of credit lead to NPAs.

4. The farmers do not use the entire amount of loan for the purpose for which it is granted.

5. The percentage of defaulters decreases with the increases in the size of landholdings and irrigation facilities.

1.14 METHODOLOGY AND RESEARCH DESIGN
METHOD

The present study is based on simple random sampling method. Is an empirical one; it is based on both primary and secondary data.

SAMPLING DESIGN

Three stages sample design has been employed in the present study.

Selection of the PCARDBs is the first stage of sample design. Second stage is selection of bank officers and managing committee members, the third stage concerns to selection of beneficiaries.

In the first stage, in Davanagere district there are 6 PCARDBs, all of them have been considered for the study purpose to know the variation if any among the banks for selected parameters.

The second stage of sampling in related to the selecting the bank officers and managing committee members. Out of 32 bank officers in 6 PCARDBs, 20 officers were interviewed. It works out to about 62.5 per cent of the total 32.
They comprise of 4 officers each from Channagiri and Honnali PCARDBs, 3 officers each from Davanagere, Harapanahalli, Harihara and Jagalur PCARDBs.

Totally 30 managing committee members were interviewed in six taluks. It works out to about 45.45 per cent of the total 66. They comprise of 5 members each from Channagiri, Davanagere, Harapanahalli, Harihara, Honnali and Jagalur taluks.

In the third stage, both Farm-loan and Non-Farm loan borrowers were considered. Out of total borrowers, simple random sampling 300 farmers were interviewed and responses were collected. The numbers of 50 sample borrowers were interviewed each from taluk.

**SOURCES OF DATA**

**Primary Data**

Primary data have been collected from managers and field officials of Primary Co-operative Agriculture and Rural Development Banks in the district were collected through questionnaires. The borrowers of Primary Co-operative Agriculture and Rural Development Banks were interviewed through interview schedule. The formats of both are given in the appendix. The field survey was personally carried out by the researcher from 1st January to 30th of March; 2009.

**Secondary Data**

The present study is also based on the secondary data for evaluating the objectives of the study. The researcher has collected secondary data by contacting and visiting the source centers.

The relevant information and data has been collected from both published and unpublished materials. For this purpose, data has been collected from the following sources.
Statistical Bulletins of National co-operative Agriculture and Rural Development Banks Federation Ltd Mumbai. RBI Bulletins, Economic Survey published by the ministry of finance, government of India. Reports of Karnataka State Co-operative Agriculture and Rural Development Bank Ltd., Bureau of Economics and statistics Bangalore, Audit and Progress Reports of Davanagere District Co-operative Agriculture and Rural Development Banks (Branch), Annual Reports of PCARDBs of Davanagere District, District Statistical Handbook, District credit plan, Potential Linked Credit Plan, Davanagere District, Journals and Periodicals relevant to co-operative movement such as Land Bank Journal, Indian Co-operative Review, the Co-operator, Co-operative perspective, Economic and politic and political weekly, The Maharashtra Co-operative Quarterly, Tamil Nadu Journal of Co-operation, Financing Agriculture, Southern Economist, Agricultural Banker, The Indian Economic Journal, Kurukshetra, Souvenir of National Federation of State Co-operative Banks Ltd. Delhi, State Bank of India monthly review, are consulted. Secondary data has been supplemented by information gathered from discussions held with various officials of CARDBs. Internet has also been extensively made use of, for the purpose of the study.

In addition to the above sources, the researcher also visited the following libraries for consultation getting relevant information.

- Vaikunth Mehta National Institute of Co-operative Management Library, Pune.
- RBI College of Agricultural Banking Pune.
- National Co-operative Education Centre Library, New Delhi
- Karnataka University Library, Dharwad. University of Agricultural Sciences Library, Dharwad.
- Regional Institute of Co-operative Management Library, Bangalore.
- JSSs economic Research Centre Library, Dharwada
The articles related to co-operative banking published by the eminent authors in various news papers are also used as external sources of secondary data. In order to present policy changes various committees’ reports were also studied. All sources have been listed in the bibliography.

Analysis of Data

The data collected from primary and secondary sources have been processed and reduced in suitable table in order to present the matter in systematic scientific manner. The data has been made to diagrammatic, charts, table and graphical representation of the data whenever necessary. Further, statistical tools like percentage, Co-efficient of variation and Compound Growth Rate (CGR) are used to analyze data.

The annual compound growth rate calculated by is using SPSS software. It works out change for a given period on the basis of the base year and end year values, that is,

\[ gc = \left[ \frac{y_1}{y_0} \right]^{\frac{1}{T}} - 1 \times 100. \]

Where;
- \( y_1 \) and \( y_0 \) = The value of variable y at the end year and base year respectively.
- \( T \) = the difference of years between the end year and the base year.
- \( Gc \) = Compound growth rate.

Chi-square\((x^2)\) method has been applied to test the significance of the relationship between the variables used in this study. The Chi-square formula is

\[ X^2 = \sum \frac{(O_i - E_i)^2}{E_i} \]

Where ‘\( O_i \)’ represents the observed frequencies and ‘\( E_i \)’ indicates the expected frequencies. This follows chi-square distribution with \((r-1) \times (c-1)\) degrees of freedom at 5 per cent level of significance, where ‘\( r \)’ shows number of rows and ‘\( c \)’ deals with number of columns of the table. ANOVA and Post Hoc test are also used to test the hypotheses of the study.
Reference period

The secondary data under investigation relates to the year from 2004-05 to 2008-09. The primary data was collected only to the year 2008-09 during which survey was conducted.

1.15 LIMITATIONS OF THE STUDY

The researcher is aware of the following limitations of the present study.

1. It confines to an in depth analysis of the financial performance of PCARDBs in Davanagere district.

2. The study does not make a comparative evaluation with the other rural credit institutions such as PACSs, DCCBs, RRBs and Commercial Banks.

3. The study is subject to limitations of qualitative and physical performance of PCARDBs.

4. Since secondary data have been collected from more than one source, there may be slight discrepancies between one source and another on the same variable.

5. This research is basically based on both primary and secondary data. The study also suffers from general limitations in the case of primary data. The data was obtained by the survey method where borrower beneficiaries provided information from their memory.

6. The data available from the farmers may not be reliable, since the majority of the farmers are illiterate and ignorant who are not aware of keeping records with regards to cost of cultivation, loan amount, cost incurred for the loan, interest and penalties paid, time taken for obtaining loan and repayment made etc. The data relating to all these aspects has collected through interview method, which enables the researcher to get an insight into the utilization of loan as well as full particular of farm operation. Some times they gave inconsistent answer.
to the questions. But the researcher tries to obtain by probing as much reliable information as possible. Since the questionnaires covered various aspects, the respondents were unable to answer certain questions. As such logical conclusion was drawn on the basis of opinions and observations. In such cases the results, at best are ‘near to truth’.

7. The findings of the study may not correspond with the findings of similar studies undertaken in other parts of the country or state or study region which have socio-eco, agro climatic conditions and political features that are different and varied from those of the study region,

8. In view of the limited samples, the findings and conclusions may be treated as suggestive rather than definitive.

9. The present study covers a time period of only 5 years from 2004-05 to 2008-09.

1.16 PLAN OF THE THESIS

The present study has been divided into seven chapters. The first chapter deals with Introduction and Methodology. Second Chapter Reflects Co-operative Credit Movement: An Overview. Chapter Three Discusses a Profile of Davanagere District. Fourth Chapter Depicts the Performance of Primary Co-operative Agriculture and Rural Development Banks in the District. A Problem of Non-Performing Assets (NPAs) has been analyzed in the Chapter Five. Chapter Six Evaluates Survey Opinion of PCARDBs in the Davanagere District. Final Chapter Concludes the Thesis with Major Findings and Suggestions.
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