

CO-OPERATIVE AGRICULTURAL CREDIT IN KERALA: A RECAP

Contents

- 7.1. Findings of the study
- 7.2. Conclusion of the study
- 7.3. Suggestions of the study
- 7.4. Recommendations of the study
- 7.5. Scope for further research

The last chapter has highlighted on the social commitment actions done by Co-operative Banks in Kerala. The present chapter is going through the nutshell form of the study entitled with “Institutional Financing to Agriculture in Kerala: a Study with special reference to Co-operative Bank”. The study has covered Short-Term, Medium-Term and Long-Term agricultural credit issued by Co-operative Banks in Kerala.

The Co-operative Banks in Kerala are one among the three institutional or regulated sources in issuing agricultural credits to borrowers for managing their cultivation of both food and non-food crops along with allied activities. The study is getting into deep through analyzing the data based on the five objectives like growth of agricultural credit in Short and Long-Term Co-operative Credit Structure of Kerala, the perception of Co-operative banks and borrowers on agricultural credit and the main social commitment activities of Co-operative Banks in Kerala.

Both secondary and primary data were used in the present study. The secondary data were analysed with tools of Compound Annual Growth Rate, Annual Growth Rate and Simple Percentage Analysis. The primary data were collected from the sample Co-operative Banks and borrowers who availed agricultural credit in Palakkad, Kozhikode and Kottayam through structured open ended schedules. Both descriptive and inferential statistics were used for analyzing the primary data. In order to get smooth analysis of Primary Data fifteen main hypotheses were set out and analysed with statistical tests.

These hypotheses were tested and results includes; Demand of agricultural credit among Co-operative Banks in three districts are same (Friedman Test), all the banks among three districts are facing the same problem on agricultural credit (Friedman Test), the percentage of diversion in the utilisation of agricultural credit among banks in three districts are different (Friedman Test), the factors leading to non-repayment of agricultural credit among banks in three districts are same (Friedman Test), there is district wise variation in the total number of borrowers under Cooperative agricultural credit (Kruskal Wallis ANOVA), the percentage of defaulters in agricultural credit are same in three districts (Kruskal Wallis ANOVA), the effect of agricultural overdue is same among banks in three districts (Friedman Test), the different types of loan and its effect on total Non-Performing Assets of banks in three districts are the same (Friedman Test), there is high significant difference in the opinion of borrowers on delay in getting agricultural credit from Co-operative Banks in three districts (Chi Square Test), no significant difference in the constraints faced by borrowers in

agricultural production in three districts (Friedman Test), no significant difference in the opinion of borrowers on affordability of agricultural credit installment among three districts (Chi Square Test), there is high significant difference in the percentage of borrowers benefited under Interest Subvention Scheme on agricultural credit in three districts (Chi Square Test). The percentage of borrowers benefited out of One Time Settlement System or Loan Waiver Schemes are same among three districts (Chi-Square Test) and degree of social commitment activities among Co-operative Banks in three districts are different (Mann Whitney U Test)

7.1. Findings of the study

The details given above are based on the findings of the previous studies and here are the detailed explanations of the rectifications and additions to the study which is more focused on Co-operative agricultural credit in Kerala. The findings of the present study are classified into four heads based on secondary data specifically on the first two objectives and primary data based on the last three objectives.

7.1.A. Findings based on secondary data

- The progress of Co-operative movements in Kerala shows a good progress and positive trend. In the case of progress of Co-operative Banks under two credit structures, it can be concluded that, both shows good progress in their movement in Kerala. The apex bank of KSCB under STCCS shows good progress and positive trend than the apex bank under LTCCS. The

PCARDBs under LTCCS shows good progress than the lower level institution working under STCCS in Kerala.

- The status of agricultural credit in India shows that, in the multi-agency approach of agricultural credit, Co-operative Banks are in the top till the year 2011. After that, Commercial Banks (39.4%) hold its position by issuing more AGL than pure agricultural credit. Crop loans (22.6%) shows good and positive trend than Term loans (8.3%) in India. In the case of issue of KCC loans, RRBs (9%) shows good progress and Co-operative Banks (6.6%) succeeded it than Commercial Banks (1.6%).
- The study found that the achievements of Co-operative Banks in Kerala and also in India are only in succession to Commercial Banks than the previous study reports of top position of Cooperative Banks in the agricultural credit.
- Physical achievements of Co-operative Banks in the agricultural credit of Kerala, shows good progress. Co-operative Banks have 46.3 per cent of KCC issue in Kerala than the other two. Production credit (30.3%) shows good trend than investment credit (24.8%) in Kerala. The higher amount of DR/DW schemes (including agricultural credit) in Kerala is accepted by Co-operative Banksthan Commercial banks and RRBs. But Co-operative Banks had good reimbursement than RRBs, so RRBs incurred more loss out of these two schemes. In the case of total agricultural credit of Kerala, Commercial Banks (29.70%) and RRBs (23.52%) are issuing more than Co-operative Banks

(21.79%). But in the case of total advances of Kerala, Co-operative Banks (24.54%) shows good trend than the other two.

- While comparing the trend of total agricultural credit in Kerala in STCCS for a period of 10 years from 2002-03 to 2011-12 shows that, the apex bank (KSCB) achieved positive trend than the District Co-operative Banks and Primary Co-operative Credit Societies. The total amount of credit advanced by PACS in the agricultural sector of Kerala shows positive trend (13.45%) but, it is lesser than that of District Co-operative Banks and Kerala State Co-operative Banks. It is because, the agricultural credit issued by PACS includes the portion of amount received from DCB (from KSCB) and also its own fund. The amount of Loan issued by KSCB includes the total amount of loan issued from its own fund. The loan issued by DCBs for agricultural credit includes loan amount from its own fund and loan amount transferred to PACS.
- While comparing the trend of agricultural credit issued by Long-Term Co-operative Credit Structure in Kerala, both KSCARDB (12.78%) and PCARDBs (9.78%) shows good and positive trend. But the overdue of on agricultural credit by PCARDBS shows 10.75 per cent growth rate along with its issue growth rate. The analytical result shows that the apex bank is in the top for issuing long-term agricultural credit in Kerala. This is mainly because of; a part of its agricultural credit is handled by PCARDBs along with its own fund. The Ordinary loan (9.15%) issued PCARDBs in Kerala shows good positive

growth rate than the Scheme Loans (7.08%) issued by PCARDBs on agriculture.

- While comparing the trend of agricultural credit in Short-Term and Long-Term Co-operative Credit Structure in Kerala, it shows that, Co-operative Banks under Short-Term Credit Structure are better than the Long-Term Co-operative Credit Structure. After comparing the apex bank and lower level institutions in STCCS and LTCCS in Kerala on the basis of agricultural credit shows that, KSCB (50.3%) and PACS (13.41%) are better institutions. So the KSCARDBs and PCARDBs should focus more on agricultural credit of Kerala.

7.1.B. Perception of Co-operative Banks on agricultural credit in Kerala

- The study found that, there is time lag in issuing agricultural credit in Co-operative Banks after getting proposal for agricultural credit and this time lag is normally less than two weeks (60.2%). In previous studies it is 19 days. Now a day's Co-operative Banks are concentrating more in seasonal agricultural credit than providing facilities like irrigation and marketing facilities to borrowers (99.1%). Co-operative Banks comes under Long-Term Credit structure are concentrating and inducing more on LT agricultural loans than MT, but in Short-Term credit structure 95.4 % of banks promoting more ST agricultural advances in their field. Co-operative Banks are primarily developed for agricultural credit in rural areas, but their achievement in agricultural credit is only less than 40 per

cent on total advances (95.4%). So the concentration of PCARDBs in agricultural credit is enough than diverting to rural credit only as per previous studies. Out of total sample 108, 72.2% banks are following Pre-sanction field visit before issuing agricultural credit to its borrowers.

- As a good supporter to customers, Co-operative Banks are accepting the suggestion of borrowers relating to the agricultural credit (80.6%). Now a days, Co-operative Banks are trying to reduce their service only to seasonal agricultural credit (98.1%) and not giving more importance to technological support and marketing facility to borrowers. Out of the 108 banks, 77.8 per cent Co-operative Banks reported that, there is no increase in the demand of agricultural credit annually. The remaining 22.2 per cent of total banks reported there is an increase in the demand due to easy availability of agricultural credit, low penal interest and limited legal formality on non-repayment of agricultural credit
- Presently Co-operative Banks are not interested in issuing more agricultural credit because after issuing, they are unable to do the follow up in the usage and couldn't do more legal formality on default. It leads to boost the total NPA of bank.
- Only 14.8 per cent of Co-operative Banks are conducting the Post-sanction field visit for before issuing agricultural credit to its borrowers. While going through the results of diversion in the use of agricultural credit, there are 63.9 per cent of total banks reported that, there is diversion in the utilization of Co-

operative Agricultural Credit among borrowers. After analyzing the result of percentage of deviation in the utilization of agricultural credit, 61.1 per cent of total banks reported that there is diversion in the use of Co-operative agricultural credit among borrowers and about 38.9 per cent banks couldn't control the diversion less than 25 percent. The previous studies found that this diversion is at 65 per cent but as per the present study, it is only less than 25 percent. After getting the ranked results of reasons behind diversion in usage of Co-operative agricultural credit, the main reasons are agricultural credit available at low interest rate and Co-operative Banks will adopt only less legal formality on default.

- Out of 108 banks, 89.8 per cent of Co-operative Banks reported that, they have followed the OTS and Loan Waiver Schemes but beneficiaries those who have availed agricultural credit under these schemes is only less than 25 percent. OTS and Loan Waiver Scheme is a loss to bank and it is out of loss of penal interest and insecurity for reimbursement of waived loan amount from Government. This will leads to some increase in the agricultural NPA. Out of 108 banks 105 reported that, they could reduce their agricultural NPA only at less than 25 per cent through OTS.
- The Co-operative Banks are also doing the follow up on agricultural credit after its issue, but it is only limited. As a follow up system for agricultural credit, Co-operative Banks are following only the simplest methods like issuing letters (100%)

and phone calls (99.1%) against its customers. Co-operative Banks have received a good result (82.4%) in repayment of agricultural credit.

- The previous studies reported that, Co-operative Banks are not accepting any loan default measures. But as per present study, 91.7% Co-operative Banks on total are inducing their borrowers for prompt recovery of its agricultural credit. The main reasons for forcing their borrowers is for reducing the NPA position out of agricultural credit (84.3%) and less importance to achieve the fixed target in agricultural credit recovery. Out of 108 Co-operative Banks, 93 banks have reported that, issuing agricultural credit to high and low income category are more safer in repayment than middle income category (86.1%) especially middle income educated ones (74.1%). But, the previous studies, reported that, the defaulters are sometimes middle income and sometimes lower income.
- As per opinion of Co-operative Banks under sample, on non-repayment of agricultural credit among borrowers is mainly because of their greater expectation for the benefit out of OTS and Loan Waiver Scheme and the Co-operative Banks do not do any severe legal formalities on non-repayment. Co-operative Banks are generally following three measures like visit of bank officials, further actions and court procedures on defaulters, but going for third measure is only in the case of no effect from first two measures like visit by bank officials (98.1%) directly to customers and further actions like phone calls, issue of notices/

letters (63%). Only a few Co-operative Banks (40.7%) have undergone through this procedure. Through Good Pay Master scheme, Co-operative Banks could provide new loan easily to the existing customers who have good repayment background. There is a small reduction in security and interest rate for the second loan.

- In the case of borrowers in agricultural credit, banks in Kottayam shows high variability in number of borrowers in agricultural credit compared to other two districts and the number of borrowers in agricultural credit is more in Kozhikode and less in Kottayam. The number of borrowers who make prompt repayment of agricultural credit is more in Kottayam and also shows a high variability in the number of borrowers who make prompt repayment of agricultural credit and number of borrowers who comes under default is more in Palakkad and it also shows high variability in percentage of borrowers making default in repayment of agricultural credit compared to other two districts.
- On total of 108 banks, 74.1 per cent of them reported that, amount outstanding under their agricultural credit is only less than 25 percent. Only 25.9 per cent of Co-operative Banks are accepting the risk of agricultural credit and their agricultural credit outstanding is in between 25 to 75 percent. Out of total sample size (108 banks), only 17.6 per cent of banks have reported that, they are struggling for reducing their agricultural overdue less than 25 per cent and 82.4 per cent of Co-operative

Banks reported that agricultural overdue is only less than 25 percent.

- The total (108) Co-operative banks reported that, agricultural overdue is affecting the total funds, dividend distribution of Co-operative Banks and also leads to less government support. On the basis of different types of loan and its effect on total NPA of Co-operative Banks under study, Gold Loan affects more on the NPA of Co-operative Banks. Agricultural Loan and Agricultural Gold Loan is the next two loans which affects NPA of Co-operative Banks. While looking into the results of banks on NPA position out of agricultural credit, 91 per cent of Co-operative Banks (total 108) have good control over their agricultural NPA. So they can maintain its limit at below 25 percent.

7.1.C. Perception of Borrowers on Co-operative agricultural credit of Kerala

- As per the total borrowers, 80.7 per cent of aggregate borrower's availed agricultural credit from Co-operative Banks in three districts is male. It indicates that, the 59.9 per cent of the borrowers are aged (above 50) as well as experienced in their activities and youth are not much interested in taking the risk of agricultural activities. While looking into the borrowers performed in agricultural activities, the 75.3 per cent of borrowers have educational level only below tenth standard or equal to tenth standard and only half per cent of the borrowers are doing agriculture only as a lively hood.

- The total cultivable land holdings (both owned and leased) 85.9 per cent of total borrowers have land holdings only at less than or equal to 3 acres. Cash crops is most cultivable and profitable items i.e. only less negative net income deviation (-22.5%) than food crops, vegetables and fruits.
- All of the borrowers approached Co-operative Banks for their agricultural credit needs and given first choice to Co-operative Banks than Commercial Banks and Regional Rural Banks. The previous studies reported that, it is because of the opinion from their friends and relatives, but the present study found out that it is because of their own discretion. These hundred per cent are approached PACS/PCARDBs for their agricultural credit by their own discretion. This is because; Co-operative Banks are very approachable with adequate and timely disbursement and collection of agricultural credit. As per the 81 per cent of borrower's opinion, there is delay in getting agricultural credit from Co-operative Banks after submitting the loan proposal.
- This delay is for one to two weeks and out of mere procedural delay and its security valuation. All the borrowers under sample size have approached Co-operative Banks for agricultural credit purely on agricultural purposes than for AGL. The AGL is more demanding amongst three districts than KCC. The repayment of KCC is good (27%) and loan amount outstanding is more in Agricultural Gold Loan than KCC, Medium Term and Long Term agricultural credit. Out of this 100 percent, 94.8 per cent

of respondents were approached the Co-operative Banks for seasonal agricultural credit i.e. for ST Loans than MT and LT.

- The borrowers ranked that operational cost of agriculture is the biggest problem faced by them backed by labour unavailability and quality seeds. After checking the sufficiency of agricultural credit amount, 66.4 per cent borrowers reported that, the agricultural credit amount is sufficient for their agricultural operations. Due to this insufficiency of loan amount, most of the borrowers among three districts are approaching another bank for new loan to fill this insufficiency than taking help from friends, relatives etc or adjusting with the loan amount.
- While checking the utilisation of agricultural credit, only 15 per cent of borrowers have diverted their agricultural credit for utilizing consumption purposes and 84.4 per cent of them are not utilizing their agricultural credit for meeting ceremonial expenses. But the 100 per cent of sample size (384) supported that, they are utilizing the agricultural credit for their agricultural and allied activities and all the three sample districts are following the same flow without any difference.
- Out of the total borrowers, 67.5 per cent borrowers reported that they are not utilizing agricultural credit to meet educational expenses. After checking the overall impact of out of utilisation of Co-operative agricultural credit, it leads to average positive impact to borrowers. This positive impact includes 95 per cent have positively replied that their agricultural production has increased, increased return from agricultural activities (78.7%),

improved family status (49.5%), not able to provide good educational facility to children (65.6%) and are able to settle outside debt (70.3%)

- Out of 384 borrowers, 62.8 per cent of them are making yearly loan repayment. The 61.2 per cent of borrowers who availed agricultural credit from Co-operative Banks reported that they can afford the instalment amount of agricultural credit through their agricultural operations. The un-affordability of making instalment amount is due to low rate of return from agriculture (94%) and lack of getting sale proceeds timely (75.5%) are the main reasons behind the un-affordability of instalment amount fixed by Co-operative Banks on agricultural credit. In the district of Kozhikode, majority of borrowers (80%) reported that there is no delay in getting sale proceeds.
- In the case of repayment of agricultural loan, 76.3 per cent of borrowers reported that, they have not committed any default in repayment of loan. The main reasons behind default in repayment of agricultural credit are due to low return from agriculture, shorter repayment period and high interest rate on agricultural loan and penal interest on its default. In the case of default, 67 per cent of borrowers reported that, Co-operative Banks are adopting only the simple procedure of issue of notices to those committed default in repayment of agricultural credit. Interest subvention is for those who make prompt repayment of agricultural credit and 74.1 per cent of borrowers

have received interest subvention for their prompt repayment of agricultural credit.

- The overall results under variable six are concluded that, only 15.9 per cent of them are benefited under OTS and Loan Waiver Schemes followed by Co-operative Banks. The major benefits of OTS and Loan Waiver Scheme to borrowers who have availed agricultural credit from Co-operative Banks is that quick release of debt with no penal interest and also reduced the number of loan instalments.
- In summing up of the results under variable seven, on the total samples, 70.3 per cent of borrowers reported that, Co-operative Banks are not conducting the procedures like Pre and Post-sanction field visits in the case of agricultural credit. It means that, the follow-up procedure of Co-operative Banks through issue of letters and notices towards borrowers under agricultural credit is very poor. In the case of intimation of loan instalments of agricultural credit through phone, 79.7 per cent borrowers' gives negative replay towards this follow-up system.

7.1.D. Social Commitments of Co-operative Banks in Kerala

- For summing up the results on the basis of bank's point of view, Co-operative Banks are only new born in the field of internet and mobile banking. They are following the old techniques like letters/phone calls to intimate the borrowers on different services. On the total banks, 88 per cent of them are still under the path of service motive. In all the banks sample size is acting as a neighbour concern to its borrowers.

- All the banks are under sample size interested in Palakkad, Kozhikode and Kottayam districts are interested in doing charitable activities. Only 34.2 per cent banks are conducting Neethi Medical Stores for the benefits of the society and 97.2 per cent have positive opinion towards student's welfare. At the time of festival seasons, 74.1 per cent of banks are doing the fair markets for consumer durables at reasonable prices. All the banks are conducting special schemes for the welfare of the society. Social commitment among Co-operative Banks is more in Kottayam and lower in Palakkad.
- Whole results as per borrowers' point of views, borrowers reported that, Co-operative Banks are backward in conducting modern banking facilities. Employees under Co-operative Banks are more approachable to borrowers and all the borrowers are satisfied with the terms and conditions of the banks. On the total borrowers, 84.1 per cent of them approached Co-operative Banks for their further financial requirements. Others are deviating from the Co-operative Banks due to penal interest (82%) and procedural delay (57.4%). All the borrowers reported that, Co-operative Banks will attain its old position in agricultural credit of Kerala. All the borrowers reported that, Co-operative Banks are not deviating from the service motive and Co-operative is good followers of its principles. Co-operative Banks are acting as s neighbour concern for its borrowers.

7.2. Conclusion of the study

The present study mainly focused on the aspect of Co-operative Agricultural Credit in Kerala. The researcher has identified the research problem through assessing the eighty reviews which is identical or something related to the present study. After going through the previous research work, the researcher found out that, all the reviews are based on minute part or only a generalization aspect of the present study. Out of these reviews fifteen variables were identified. Under this research work, the researcher has gone through almost all the detailed part of Co-operative Banks and its agricultural credit. The overall results in Kerala are based on the generalizations of the results of banks and borrowers of three sample districts like Kottayam, Palakkad and Kozhikode. In order to get more clarifications for the last three primary data objectives, the researcher prepared two structured schedules. After testing the validity of these two schedules through Cronbach alpha tools and data were collected from the prescribed sample size were determined. The sample size includes both Cooperative Banks and its borrowers. For solving the last three primary objectives, fifteen main hypotheses and eleven supporting hypotheses were set out. Before gone through the tests, the variables were checked for normality with the help of Komogrov Smirnov Test. After this, appropriate tools were used to solve the hypotheses. These were tested with appropriate statistical tools. In order to satisfy the first two objectives based on secondary data, the researcher has focused more on the Short and Long-Term Co-operative Credit Structure of Kerala and also used other terms related for finding the growth of total agricultural credit in India and Kerala. All these resulted

in solving the statement of the research problem of why the Co-operative Banks are in the door step of agricultural credit in Kerala and also found out the main drawbacks which pull the banks from the issuing of agricultural credit. This also helped the researcher in getting more suggestions for the future of Co-operative Banks in the agricultural credit of Kerala and also the major areas can be focused for the further research works.

Suggestions of the study

As per the findings of the study the following suggestions were made.

1. Co-operative Banks should focus more on to reduce the time lag in issuing agricultural credit from two weeks to less than one week
2. The Banks under Short Term Cooperative Credit Structure of Kerala should give equal importance to both Short-Term and Medium Term Loans
3. The banks should give extra support along with credit to borrowers in Kerala
4. Co-operative Banks should provide some modern technological help to borrowers to induce their need of agricultural credit
5. Even though Co-operative Banks are doing legal formality on default, they have some fear on this. But it is essential to reduce the default in repayment of agricultural credit and to reduce the mitigation in the mind of borrowers in the case of non-repayment
6. Co-operative Banks should focus more to improve its follow up on or before issuing agricultural credit among the people.

7. The Co-operative Banks should try to reduce the diversion in the utilisation of agricultural credit in Kerala with the help of pre and post sanction field visit
8. Co-operative Banks should focus more on the real beneficiaries for the Government sponsored schemes like One Time Settlement System (Debt Relief) and Loan Waiver Scheme (Debt Waiver)
9. Co-operative banks should give importance for customer guidance for faster repayment and improve its recovery percentage
10. Before issuing agricultural credit, the banks should categorise the borrowers on the basis of their ability of repayment
11. Banks should focus on more in the effective agricultural credit than on increasing the number of credit
12. Banks should give more beneficial steps for those customers who make prompt repayment
13. The banks should focus more on pure agricultural credit than Agricultural Gold Loan to avoid the default
14. The bank should focus more on to induce the borrowers to do agricultural activities not only in their own land but also in the leased ones
15. Cash crops are more profitable item, so Land Development Banks should focus more on it
16. Co-operative Banks are more approachable to famers, so this mind set should be reduced, because these induce the borrowers to be lazy on repayment
17. Banks should give more importance to Kisan Credit Cards loan than Agricultural Gold Loan

18. The credit should be given to cover the operational cost of agriculture. So the bank should approach the higher authorities to revise the scale of finance
19. The bank should focus to get the loan instalment more on the harvest, because it will help to be a good in the loan repayment percentage than other banks
20. Co-operative banks should focus more on modern banking facilities and induce the borrowers to accept it at its importance
21. Co-operative Banks are doing more in social commitment than the other banks, but gives more importance to the schemes which is beneficial to whole sections of the society along with lower income group at an importance to the present scenario
22. The Kerala State Co-operative Agricultural and Rural Development Banks should focus more in its agricultural credit to top up with Kerala State Co-operative Banks
23. The Primary Co-operative Agricultural and Rural Development Banks should also focus more in agricultural credit than Primary Agricultural Credit Societies

7.3. Recommendations of the study

One the basis of findings, some recommendations were made

1. Co-operative Banks working in Kerala are the good models in the Country. These banks can achieve good position in near future than Commercial Banks and Regional Rural Banks in Agricultural credit. Because the number of branches of Cooperatives are more than the other banks. In order to achieve the good growth in its agricultural

credit, the Government of Kerala should take steps to bring core banking in both Short and Long –Term Cooperative Credit Structure and combine them under one roof.

2. The Government should adopt good mechanism to measure the growth of agricultural credit under Lower level Co-operative institutions in State Level Bankers Committee.
3. The Government should adopt proper steps to include Land Development Banks under the interest subvention schemes adopted by Central Government on agricultural loan.
4. In order to make more issue of agricultural credit, the apex banks in the state should direct the lower level Cooperative credit institutions through proper control than focusing individual credit by state bank and banks in district level. Because, the lower level institutions have direct contact with the borrower / borrowers. So this leads to improve the number of credit at the same time good repayment also.
5. There should be a proper control of all the Co-operative Banks in the State. Then only the Co-operative system will work better.
6. The Government should develop a proper follow up mechanism for before working of Cooperative Banks in issuing agricultural credit. Then only it can control the issue, utilization and repayment properly.
7. The Government should issue guidelines to the Co-operative Banks and take charge on them if they issue agricultural credit on violated terms like issuing of agricultural credit for non–agricultural purposes.

8. The Central Government should take initiatives to determine the scale of finance in agricultural credit on the basis of each states geographical details and climate conditions.
9. The Government should make proper survey of total agricultural credit and its utilization before increasing the credit and benefits merely to the borrowers in each financial budget. Then only the diversion in agricultural credit should be in control.
10. The Government should focus more on Co-operative Banks to follow its establishment motto. At the same time should reduce the issue of Agricultural Gold Loan only to those who have better agricultural back ground and utilization.
11. In order to improve the working of lower level institutions in both Short and Long Term Cooperative Credit Structure, the Government should make the arrangements to include these institutions under RBI control and the same time should recommend and control the these banks to concentrate more on agricultural credit and its developments.

7.4. Scope for further research

The present study covered all most all possible points in the field of Co-operative Agricultural credit in Kerala. Even though it has this merit, the study has also some limitations. So the following points can be included in the further research

1. The follow up procedure of Co-operative Banks on agricultural credit in Kerala

2. The OTS and LT scheme in Co-operative Banks and its effect on agricultural credit and recovery in Kerala
3. Modern banking practices followed by Credit Co-operative Banks in Kerala
4. The impact of social commitment of Co-operative Banks in Kerala
5. The Government sponsored schemes in Co-operative banks in Kerala and its demerit on bank