CHAPTER II
THE DESIGN OF THE STUDY

Development of agriculture is a 'key' factor for the overall economic growth of Indian economy. It has been receiving much attention in the Plans under the production programmes which aimed at increasing farm production by combining schemes for capital improvements in farm such as development of minor irrigation, land development and soil conservation with schemes for adoption of improved techniques of cultivation through the use of better varieties of seeds, fertilizers, pesticides and improved implements. It is, therefore, recognised that the farm sector prosperity in both the directions largely depends on the availability of adequate credit in right time.

The Problem:

The Plans placed a growing emphasis on the channelling of adequate credit for farm through cooperatives which could adopt a purpose cum productive-oriented loan policy giving due participation to rural people and keen supervision on proper utilisation of loans by farmers-borrowers. As a result of this and the patronage extended by Reserve Bank of India from time to time, the volume of credit made available to farm sector
has increased from Rs. 70 crores in 1960-61 to Rs. 3,313 crores in 1980-81 registering a rise of 343 per cent. The credit requirements of agricultural sector at the end of 1985 would be estimated at Rs. 16,480 crores.¹

It is felt, obviously, that the farm sector would substantially benefit from this massive support in increasing farm production. At this juncture, an examination of the performance of cooperatives in relation to farm sector development and the innovative remedial measures to the obstacles, if any, help in decision making in cooperatives. Hence, this could make the researcher to select the problem "Cooperative Farm Credit".

**Review of Previous Studies:**

Research will be subject to empirical validity and reliability so that it may provide data for formulation of 'Right Policy in Right Time'. The management without right policy is like 'building a house on sand'. So, an effective management always needs a thorough and continuous enquiry into the nature of, the reasons for, and the consequences of a set of variables both inside and outside the organisation.

It is realised that farm credit aims at higher production but the farm sector suffers from lack of credit and other input factors. The study of farm credit, thus, forms an important one in exploring and meeting the financial and supplementary requirements of farmers. This is true not only of farm credit of Anantapur District but also of the whole of India.

"Farm credit and cooperatives in India" is the contribution of Dr. V.T. Naidu², Dr. L.R. Rao has made an attempt on "Rural Cooperatives".³ Another notable work in the direction of cooperatives entitled "Utilisation of Long Term Finance" is that of Dr. Kadam.⁴ The first two studies were based on secondary data and the last one is on primary data covering the pre-green revolution period wherein the demand for capital was less. Dr. Prasad⁵ did an "Cooperatives and Rural Development" which covers only the administrative aspects but not the credit problems. "Crop Loan System - A Case Study in Andhra Pradesh

3 See Rao, L.R., Rural Cooperatives, (Delhi: Salthen Chand & Sons, 1974), pp. 213.
and Punjab which is an intensive study was made by Chowdhari and Sharma. This study is a comparative one between different regions but not within the region covering the beginning of the green revolution.

Besides, several reports and papers are published by different individuals and institutions. However, they contain valuable data but they do not provide much for an understanding of the real character of farm credit in drought prone area of Anantapur district.

Scope of the Study:

The present study analyses the functioning of the cooperatives both District Cooperative Central Bank (DCCB) and Primary Cooperative Agricultural Development Banks (PCADB) in farm credit of Anantapur district of Rayalseema region in Andhra Pradesh. It may be useful if conducted an empirical study relating to the cooperative philosophy in improving the socio-economic betterment of farmers. Further, the study of both District Cooperative Central Bank and Primary Cooperative Agricultural Development Banks would give reasons for supporting or not, for integrated credit approach at a single point. It is hoped that the results would be of some help in decision

making of the cooperatives. Taking into stock the above, the present study "Cooperative Farm Credit in Anantapur District" has been taken up with the following explicit objectives.

Objectives:

1. To examine the extent of credit met by cooperatives for different productive ends in the field of farm
2. To examine the impact of credit in the farm
3. To study the adequacy and timeliness of cooperative credit
4. To highlight the problems faced by farmers in securing and repaying cooperative credit
5. To suggest the remedial measures based on the findings of the study

Concepts:

In the present study, the following terms are used and defined.

A. Cooperative Farm Credit Agency:

A Cooperative Farm Credit Agency is one wherein the individual farmers join voluntarily petition the agency with their savings, administer on democratic way, make use of
servicing of the agency for their credit needs and share profits, if any, on equity.

2. Farmers:

India's farm population mainly consists of small and marginal farmers. They constituted about three-fourths of the farming community. So, if one finds a better mean to the problem of small farmers for their betterment, it would amount to an innovating a way for prosperity in farm sector as a whole. Admitting this view, a step to measure the productivity of small farm resulted in with the aid of cooperative credit to that of other farm is taken in the present study. For this reason the category of farmers are divided and defined as follows:

(a) Small Farmer: Those holding below 7.50 acres of dry land or 3.75 acres of wet land.

(b) Other Farmer: Those holding above 7.50 acres of dry land or 3.75 acres of wet land.

Methodology:

This study is confined to "Cooperative Farm Credit in Anantapur District". It is an empirical study based on the

survey method. A three-stage sampling method was planned for
the study. The first stage concerns itself with the selection
of taluks. The second stage takes into account the selection
of farm credit cooperatives. Selection of borrower-households
is done in the third stage.

Selection of Taluks:

The agriculture development needs the mechanisation
of farm enterprises. Effective farm mechanism needs the assured
water supply. All the taluks in the district are divided into
two divisions viz., developed and underdeveloped areas based
on the irrigated area to the area seen comparing district's
average (13.80 per cent). Resultantly, Nanaspur (12.80 per
cent) and Hindupur (18.87 per cent) taluks come under the
category of underdeveloped and developed areas respectively.
These two taluks were selected.

Selection of Societies:

Cooperative Credit Societies in the selected taluks
were divided into two categories based on the audit certifi-
cates, viz., (1) 'C' and 'D' and (2) 'E' and 'F'. Between the
two categories, one society from each was selected at random.
With regard to selection of long term financing agencies, two
Primary Cooperative Agricultural Development Banks were selected.
The study covers four Primary Agricultural Credit Societies and
two Primary Cooperative Agricultural Development Banks in the
universe.
Selection of Households:

In selecting borrower-households, a list of farmers who have borrowed loans from the sample societies was obtained for two societies. They are arranged in the ascending order on the basis of the size of holding. Then, every fifth licensee has been selected on the stratified random sampling technique. Likewise, in the case of long term finance, every fifth licensee has also been selected, on stratified random sampling. This sample has assured a representation to the farmers with the different sizes of holding. The selection of cooperatives and borrower-households is presented in table 2.1.
### Table 2.1
**SELECTION OF COOPERATIVES AND HOUSEHOLDS**

<table>
<thead>
<tr>
<th>Taluka</th>
<th>Primary Agricultural Cooperative Societies</th>
<th>Primary Cooperative Agricultural Development Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of selected borrowers</td>
<td>Total borrowers</td>
<td>Selected households</td>
</tr>
<tr>
<td></td>
<td>PACS</td>
<td>SF</td>
<td>OF</td>
</tr>
<tr>
<td>Neentspur</td>
<td>2</td>
<td>26</td>
<td>51</td>
</tr>
<tr>
<td>Hindapur</td>
<td>2</td>
<td>28</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>54</td>
<td>101</td>
</tr>
</tbody>
</table>

**SOURCE:** Field Survey

**NOTE:** SF : Small Farmers

OF : Other Farmers
ANANTAPUR DISTRICT

CHITTOOR DISTRICT

1. Medakupuram
2. Nago Reddy Pelli
3. Chevliur
4. Parigi
The representation of borrower-households selected was at 20.00 per cent of total households. The representation of small and big farmers was at 3:4 in the sample universe. The universe of the present study, thus, covers 363 borrower-households covering the small and the big farmer groups.

Tools for Collection Data:

For collection of data pertaining to the study of Cooperative Farm Credit, three tools were prepared and used.

One was used for collection of secondary data relating to agro-economic profile of the district.

Another one was meant for cooperatives information with regard to their functioning.

The last one, intended for the interview of borrower-households who had taken loans from cooperatives constituted the 'core' of the study.

Field Work:

The field work was conducted in the last quarter of 1982. Primary data was collected from the borrower-households through an interview method. Data regarding the cooperatives was got from the annual reports and other books. District profile information was obtained from the statistical records and statistical abstracts of Anantapur district.
Limitations:

The credit need of the farmers may vary from year to year depending upon the availability of other input factors with him and getting income as well. Further, the responses collected from the respondents were subject to recapitulation of facts and figures, for which, generally, the farmers do not maintain any books of accounts. So, the data cannot be exempted fully from memory bias and other built-in-biases. However, proper care has been taken as far as possible in obtaining responses and in processing the data.