ABSTRACT

India lives in villages and every fourth farmer of the world is an India. There are 206 million households in the country of which 148 millions are rural households, 89 million are farm holders. 75% of cultivators are small and marginal farmers having average land holdings less than 2 hectares. At present it is estimated that about 28% of the population live below poverty line and most of them are farmers and agriculture labourers who are living in rural area. The growth of country’s economy and poverty alleviation depends largely on development of rural economy with the agriculture as the major focus. Poor rural infrastructure facilities, small land holdings, dependence on monsoon, inadequate access to financial sources, etc. are major factors affecting the growth of agricultural and rural economy.

Enactment of Cooperative Credit Societies Act 1904 heralded the beginning of the Cooperative Movement in India and enabled the establishment of Thrift and Credit Cooperatives. Subsequent Cooperative Societies Act 1912 facilitated setting up of other types of cooperatives. Over the last hundred years, cooperatives covered every sector of the economy.

In a vast country like ours, where more than 28% of our population lives below the poverty line, where most of our farmers (75%) are small and marginal farmers and landless labourers, where about 40% of our people are illiterate, where caste, creed and religious beliefs stifle economic growth and empowerment of people in rural areas. Cooperatives are best sector to address these problems and to improve the socio-economic condition of poor farmers. In other words cooperatives are capable of transforming the social and economic life of small and marginal farmers. Hence, there is
a strong necessity to study the importance of agriculture cooperative credit societies on the socio-economic conditions of small and marginal farmers. Hence Bangalore Rural District is selected for the study.

The study is conducted by selecting 304 farmers, who are borrowers from Primary Agriculture Credit Societies and Primary Cooperative Agriculture and Rural Development Banks in the study area on random sampling method. Based on their land holdings the farmers were classified as small and marginal farmers, semi-medium farmers, medium farmers and big farmers. While selecting farmers for study, each taluk has been given due importance. The farmers belonging to Scheduled Caste, Scheduled Tribe, women, other backward classes and minorities religions have also been given due care for conducting the study. To collect the data the schedules were prepared containing questions related to the objectives of the study. The collected information has been compiled and interpreted to draw the conclusion to meet the objectives and test the hypotheses. In order to test the set of objectives and hypotheses simple statistical methods like descriptive statistics, cross tabs, paired samples, ‘t’ test are used.

The main findings of the study reveals that there are 66 primary agriculture cooperative credit societies functioning in the study area extending short term and medium term loans to the farmers. There are 1,36,843 members in these societies. The percentage of coverage of membership is 93%. During 2010-11, PACS had advanced a sum of Rs. 49.87 crores to 14,097 members. The percentage of borrowing members is only 10.3%. Due to bad financial position of DCC Bank, there was no refinance facilities from NABARD for short term and medium term lending activities for a period of about 12 years. There was no credit flow to the farmers under medium term schematic lending
which affected economical development of the farmers over a decade. The farmers are worst sufferers due to the mismanagement of the DCC Bank.

There are four PCARD Banks working in the study area. As on 31-3-2010, the total membership in all the four PCARD Banks is 21,538, of which 14,127 are the borrowing members. The coverage of membership is 14.55%. The percentage of borrowing members is 9.5%.

The study reveals that about 162 farmers are owning RCC houses, who constitute 53.3%, whereas 140 farmers are living in tiled houses, who constitute 46.1%. Only two farmers are living in huts who constitute less than 1%. This reflects socio-economic conditions of farmers who have availed credit from cooperative credit institutions.

The study reveals that out of the 304 beneficiaries 200 farmers belong to small and marginal category, who constitute 66%. The study revealed that due to increase in income of the farmers they have resorted to purchase agriculture lands. About 253 farmers have admitted that they had purchased agriculture lands after availing loans from PACS/PCARD Banks who constitute 83.2%.

The credit potential available under minor irrigation, animal husbandry, horticulture, floriculture sectors have not been exploited by the cooperative credit institutions.

The study reveals that neither the PACS nor PCARD Banks are preparing credit plans after studying the credit avenues available under potential linked credit plan. The objective of establishment of farmers club by PACS/PCARD Banks is to use them for the
betterment of farming community. This concept is not known to the majority of Chief Executives of PACS/PCARD Banks.

The study reveals that DCC Bank had issued 29,075 Kisan Credit Cards (KCC) to farmers in the study area. However Kisan Credit Cards are not used by the farmers by operating it as a cash credit account as well as use it as Savings Bank Account. The main purpose of giving Kisan Credit Cards to the farmers is to get timely credit at cheaper rate of interest. The usage of KCC as cash credit would reduce the rate of interest on crop loan. Maintaining credit balance in KCC account would get the farmers the SB rate of interest. Neither the farmers nor PACS Secretaries are aware of the salient features of Kisan Credit Cards.

The small and marginal farmers have expressed their difficulty in paying 10% additional shares for availing short term and medium term loans from PACS; as there was on such practice in Commercial Banks and Regional Rural Banks to deduct additional shares from the loan sanctioned. The farmers have requested to dispense with the system of collecting additional shares from the small and marginal farmers for availing short term and medium term loans.

The study reveals that about 41% of the farmers have stated that the loan sanctioned by the cooperative institutions are inadequate. These are the farmers who had availed long term loans from PCARD Banks for various investment projects like sericulture rearing house, grape cultivation, poultry farm, dairy and floriculture, etc. As a result, these farmers are borrowing additional requirement through money lenders by paying exorbitant rate of interest to complete the projects. Normally, the farmers evince interest to clear the debts borrowed from money lenders on priority.
Consequently, they become defaulters to the PCARD Banks. Hence inadequate loan leads to default in the repayment.

An effective market information system and intelligence network preferably web enabled service is necessary to serve the complex marketing information system. In the study it is found that about 53% of the farmers have stated that they are not getting any information relating market price of the agricultural products from the cooperative societies. The existing website ‘Krishi Marata Vahini’ is providing market information to the farmers. Since all the PACS in the state are being computerised under revival package. It is suggested to provide internet facilities to all the PACS to have access to existing website; to help the farmers to know the day-to-day market arrivals of various commodities and its prices.

The study reveals that out of 304 borrowers, 302 borrowers have utilised the loans for the purpose for which it was sanctioned. Only two borrowers have misutilised the loan. The percentage of utilisation of loans is 99.34%.

The study reveals that about 244 farmers have expressed their satisfaction about the banking services, who constitute 80.3%, which is a positive response from the point of view of functioning of cooperative organisations.

The study reveals that about 91% of the farmers have opined that their incomes have been increased after the availment of loans from the cooperative credit institutions. This finding proves the hypothesis that the cooperative credits strengthen economic conditions of small and marginal farmers.