CHAPTER – VI

FINDINGS, RECOMMENDATIONS, SUGGESTIONS AND CONCLUSIONS

6.1 FINDINGS

1. Agriculture is way of life for our people. In material terms, it provides sustenance for the vast majority of our population. However, the suicides of several small and marginal farmers during the last few years is a striking examples of the mismatch between the GDP growth and the wealth distribution in our country. The small and marginal farmers have been sidelined to the fringes. A large number remain steeped in debt. There is a need to strengthen the socio-economic conditions of the small and marginal farmers; by extending short term, medium term and long term loans at concessional rate of interest.

2. In the study area, agriculturist constitute nearly 17% of the population. Of the total work force of 3.96 lakh, 1.48 lakh (37%) are cultivators and 0.85 lakh (21%) are agricultural labourers. About 66% of the land holdings fall in the marginal farmer category, accounting for only 26% of the total area. 21.5% of the land holdings fall in the category of small farmers, accounting for 26.4% of the total area. About 9.8% semi medium farmers having land holdings between 2-4 hectares accounting for nearly 24.1% of the total area. About 3.6% of the medium farmers having land holdings between 4-10 hectares accounting for nearly 18.3% of the total area. About 0.4% of the big farmers having land holdings more than 10 hectares accounting for nearly 5.5% to the total area.
3. 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 14097 members. The percentage of borrowing members is 10.30%.

4. There are 4 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 14127 are borrowing members which constitute 66% of the total members.

5. In the study area out of 304 beneficiaries selected for the study, 50 are female beneficiaries, who constitute 16.4%. The rest of the 83.6% are male beneficiaries. In the study it is found that women borrowers are prompt re-payers of loan. There is a credit worthiness found in the women borrowers.

6. Out of 304 beneficiaries, 299 belongs to Hindu Religion, which is a dominated religion in the study area. Whereas, the other two religion beneficiaries belongs to minority religion, who constitute 1% and 0.7% of the total beneficiaries. This shows that the Christian and Muslims are mainly engaged in non-agricultural activities.

7. Out of the 304 beneficiaries, 302 are farmers. One beneficiary is engaged in the hotel business and another engaged in the brick industry. It is obvious that the farmers have become members of the co-operative societies to avail credit and other facilities.

8. Education plays important role in making the people aware of the new farm technology. In the study area of the total beneficiaries, 89 beneficiaries are illiterates who constitute 29.3%. About 59 of them are literates with primary
level education, who constitute 19.4%. Whereas 63 of them have studied higher primary level, who constitute 20.7%. About 64 of the beneficiaries have studied higher secondary, who are more knowledgeable to interact with the cooperative societies, their percentage constitute 21.1%. About 29 beneficiaries are graduates, who constitute 9.5%. It is a good sign that persons with higher education are engaged in agricultural activity rather than going for Government jobs.

9. The houses owned by the beneficiaries are classified as RCC, tiled houses and huts. In the study it is found that 162 farmers are owning RCC houses, their percentage constitute 53.3%. Whereas 140 farmers are living in tiled houses, their percentage is 46.1%. Only 2 farmers are living in huts, who constitute less than 1%. This reflects socio-economic condition of the farmers, who have become the members of the co-operative organizations.

10. The study reveals that the average size of the family of the farmers in the study area vary from 4-6 members. Out of 304 farmers selected for the study, 224 families size is 4-6 members; which is an ideal size in the rural area. This reflects the awareness among the members of co-operative organization about small family concept. The members have realized burden of big family. Hence they have restricted family size by adopting various members of family planning. This ideal size of the families constitutes 73.7% of the total members selected for the study. Remaining 26.3% of the members family size varies between 7 to 8 members.

11. The study reveals that, of the 304 farmers, 80 farmers are marginal farmers having land holdings less than 2.5 acres, who constitute 26.4%. About
120 farmers are classified as small farmers, who are having land holdings between 2.5 acres to 5 acres, who constitute 39.5%. About 72 farmers are classified as semi-medium farmers, who are having land holdings between 5 and 10 acres who constitute 23.7%. Whereas 41 farmers are classified as medium farmers, who are having land holdings, more than 10 acres, who constitutes 13.5%. This large variation in land holdings represents the inequality in land ownership.

12. The primary agriculture credit societies have extended short term and medium term loans to the farmers. The duration of repayment of short term loans is one year. The duration of repayment of medium term loan varies between 15 months and 5 years. The medium term loans are advanced to the farmers for taking up allied activities like dairy, sheep and goat rearing, poultry farming etc. The primary co-operative agricultural and rural development banks are extending investment credits to the farmers for long term operations. The duration of repayment of long term loan varies between 5 years to 15 years. The long term loans are advanced to the farmers for under taking minor irrigation activities, farm mechanization, construction of silk rearing houses, grapes cultivation, banana cultivation, etc. The study revealed that the economy of farmers who are cultivating commercial crops like vegetables viz. potato, tomato, beans, under irrigation conditions by availing short term loans from PACS have been improved considerably. Whereas the economy of the farmers who have availed long term loans for construction of sericulture houses, grape cultivation, dairy activities, poultry farm, tractor, sheep rearing, etc. have also been improved considerably. The study revealed that due to
increase in income of the farmers they have resorted to purchase agriculture lands. In the study it is found that majority of the beneficiaries are availing different types of cooperative credit viz. STL/MTL/LTL continuously or alternatively for over a decade to enhance their income by expanding agriculture and allied activities. The increase in income led to more savings. More savings has been used further development agriculture activity by purchasing lands. The study revealed that about 233 farmers have purchased lands after availing loans from the cooperative credit institutions. In the study it is found about 16 farmers have purchased 1 acre of land, who constitute 5.3%. About 176 farmers purchased lands between 2-5 acres, who constitute 57.9%. About 40 farmers purchased lands between 5-10 acres who constitute 13%. About 21 farmers purchased lands more than 10 acres, who constitute 6.9%. Of the 233 farmers majority of the farmers who had purchased lands after availing loans from cooperative credit institutions belongs to small and marginal farmers. This result proves the hypothesis that the cooperative organization strengthens the economic conditions of small and marginal farmers.

13. In the study it is found that out of 304 beneficiaries, 220 beneficiaries have availed short term loans from primary agriculture credit societies for undertaking agriculture operations who constitute 73.4% of the total beneficiaries. Only 7 beneficiaries have availed medium term loans who constitute 2.3%. These loans are advanced by the primary agricultural credit societies out of their own deposits mobilized from members as there was no refinance facilities from NABARD to the DCC Bank for undertaking medium
term Schematic lending operations as the Bank was under sec 11(1) of the B.R Act 1949 between 1995-96 to 2007-08. Whereas 64 beneficiaries have availed long term loan, who constitute 21.1%. About 13 farmers have cleared their loans to the co-operative credit institutions and they had stated that they does not require further loans from these institutions. These farmers have become self-reliant. The main philosophy and objective of cooperation is to eradicate perpetual indebtedness of the farming community. This result proves the hypothesis that co-operative credits lend financial relief to the farmers.

14. The amount of loan borrowed by the farmers varies from Rs. 10,000/- to Rs. 50,000/- and above. The Byelaws of primary agricultural credit societies restricts individual maximum borrowing power of a farmer to Rs. 50,000/- In the study it is found that nearly 42% of the borrowers have availed less than Rs. 25,000/-. About 52% of the farmers have borrowed loans of Rs. 25,000/- to Rs. 50,000/-. Only 5.6% of them have availed loan more than Rs. 50,000/-. These are long term loans, availed for purchase of tractors, tillers, establishment of poultry farms, construction of silk rearing house etc. Now, the Govt. of Karnataka had extended interest subsidy benefits to those farmers who are availing short term credit upto Rs. 3 lakhs. Under this scheme the farmers are getting short term loan at 1% interest. It is observed that farmers with big land holdings having substantial crop loan requirements are not able to avail required credit from PACS on account of individual ceiling of per borrower limits stipulated in the bye-laws of PACS relating to IMBP. There is a need to amend the byelaws of PACS suitably to enhance individual maximum borrowing power of a farmer from Rs. 50,000/- to Rs. 3 lakhs.
15. The study reveals that out of 304 borrowers, 302 borrowers have utilised the loan for the purpose for which it was sanctioned. Only two borrowers have misutilised the loan. The percentage of utilisation of the loans is 99.34%.

16. In the study it is found that about 59% of the farmers have stated that the loan sanctioned by the cooperative credit institutions for various purposes is adequate. Whereas 41% farmers have stated that loan is inadequate to meet their needs, hence there is need to increase the loan amount. These are the farmers who have availed long term loans from the PCARD Banks; for various investment projects viz. sericulture rearing house, grape cultivation, poultry farms etc. As a result of inadequacy of loan, the farmers are borrowing loans from money lenders and from other sources. About 47% of the farmers are borrowing loan from money lenders to meet their additional requirement. During the interaction with the farmers, they had revealed with much hesitation that they are paying interest in the range 2-3% per month, which is exorbitant. Around 44% of the farmers are borrowing from friends and relatives. There is a need to review and enhance the unit costs fixed by the KASCARD Bank for various investment projects.

17. Functioning of agricultural produce markets and fluctuations in the prices are two major problems voiced by the farmers. These two are the major determinants of the economic destiny of the farmer and hence need major policy changes. The farmers in the study area have four channels of market. They are RMC yard, co-operative society (Hopcoms), local sandy and private traders. Most of the farmers (40.5%) sell their produces in the RMC yard. About 39% of the farmers sell their produces to the private traders. Nearly
16% of farmers sell their produces in the local sandies where there is no proper weight and measures. Only 4% of the farmers are selling their produces through co-operative societies. This reveals that still more than 50% of the farmers are still depending on private traders for selling their produces, thereby, the farmers are subjected to exploitation. There is a need to provide better marketing facilities to the farmers by organising and establishing primary cooperative marketing fruits and vegetables societies on the lines of milk cooperative societies. Fruit and vegetables, floricultural markets shall be established in the study area by using financial assistance under horticulture mission.

18. An effective market information and intelligence network preferably web enabled ITES (Information Technology Enabled Services) will have to be evolved to serve the complex marketing information needs of the farmers. The existing web site Krishi Marata Vahini is providing market information to the farmers. The daily arrivals, minimum, maximum and model prices of all the agricultural commodities in the APMCs across the state are available in the website of Krishi Marata Vahini. In the study, about 53% of the farmers have stated that they are not getting any information about market prices from the co-operative societies. Only 47% of the farmers have stated that they are getting some information from the cooperative societies. There is a need to provide computers fitted with internet facilities to the cooperative institutions, to make use of the website of ‘Krishi Marata Vahini’ to meet the marketing information needs of the farmers.
19. In the study, it is found that about 64% of the farmers have stated that they have no problems in getting loans from the co-operative institutions. Remaining 36% of the farmers have expressed that they are facing some problem like giving security for availing the loans. Only 1.6% of the farmers alleged about bribe/commission for getting the loans.

20. In the study, it is found that about 62% of the farmers have stated that they are not getting adequate information with regard to availability of the loans and the procedures to be followed for getting the loan. Only 32% of the farmers are satisfied with the information available from the co-operative societies. There is a need to establish farmers clubs at village levels by PACS/PCARD Banks to educate the farmers about new farm technology, availability of credit facilities, develop repayment culture, etc.

21. The study revealed that about 165 farmers have stated that they are getting fertilizers from PACS, who constitute 54.3%. About 9 farmers have stated that they are getting seeds from PACS. Who constitute 3%. About 14% farmers have stated that they are getting agricultural implements. About 110 farmers have stated that they are not getting any agricultural inputs from PACS who constitute 38.2%. The main objectives of PACS are to supply inputs like seeds, fertilizer, pesticides, insecticides, agricultural implements etc. It is evident from this result some of the PACS are not undertaking these business. There is a need to draw inputs business plan for each PACS so as to cater to the needs of all the farmers in a phased manner and to review its implementation by the supervisors of the DCC Bank.
22. The study revealed that about 243 farmers have stated that they are getting loan on time, who constitute 80%. Only 61 farmers have stated that they are not getting loan well in time, who constitute 20%. During the course of interactions with the farmers and secretaries of the PACS it is ascertained that the Kisan Credit Cards are not being operated by the farmers as envisaged in the scheme. The operation under KCC would help the farmers to get timely credit. Some of the beneficiaries of PCARD banks have complained that there would be delay in the release of installments by these banks. There is a need to fix time limit for the release of installments in the Long Term Credit operations.

23. The Grameena Bhandara Yojana, which was a pioneering scheme of Govt. of India ensuring construction of godowns in rural areas under public, private sectors. In the study it is found that this scheme was not utilized properly by the target groups. In the marketing economy the agricultural producers need to have adequate godown and warehouse facilities to store their produce till the prices of the produces stabilized. In the study 182 farmers have stated that there are no storage facilities in co-operative societies, who constitute 60% of the beneficiaries. About 122 farmers have stated that the co-operatives have storage facilities.

24. In the study, it is found that about 245 farmers have stated that they are aware of the rate of interest charged by the co-operative institutions, who constitute 80.6%. About 59 farmers have stated they are not aware of the rate of interest charged by the co-operative institutions who constitute 19.4%. Mostly these farmers are illiterates.
25. The study revealed that about 256 farmers have stated that the banks are far away from their places, who constitute 84.2%. About 48 farmers have stated that the banks are nearest to their location, who constitute 15.8%.

26. The study revealed that about 244 farmers have expressed their satisfaction about the banking service, who constitute 80.3%, which is a positive response from the point of view of functioning of co-operative organizations. Only 60 farmers have dissatisfied with the services provided by the co-operative organizations, who constitute (19.7%).

27. The study revealed that about 204 farmers have stated that they are getting guidance and support from the Directors of Co-operative Institutions, who constitute 67.1%. About 100 farmers have stated that they are not getting any guidance or support from the Directors of co-operative Institutions, who constitute 32.9%.

28. The study revealed that about 104 farmers are still using Bicycle, who constitute 34.2%. About 50 farmers are using motor bikes, who constitute 16.4%. About 58 farmers are owning television, who constitute 19.1%. During interactions with the farmers, they hesitantly said that owning of Television or motor bike renders them ineligible for getting BPL cards. This resulted in not getting true picture about their using these two amenities.

29. The study revealed that about 115 farmers are using LPG for cooking purpose, who constitute 37.8%. About 21 farmers (6.9%) are using Gobar gas, which is more cost effective. About 168 farmers are still using traditional sources like fire wood for cooking purpose. The result shows that still large percentage of farmers are not switched over to the alternative sources.
30. The study revealed that the Primary Agricultural Credit co-operative societies as well as PCARD Banks are deducting 10% of loan amount as additional shares. The farmers have complained that neither the commercial banks nor regional rural banks are deducting loan amounts as share in their respective organizations. They had requested to dispense with the system of collecting additional shares by the co-operative institutions. There is a need to exempt small and marginal farmers from paying additional shares for availing the loans.

31. The study revealed that about 273 farmers have stated that the procedures followed with regard to loan are satisfactory, who constitute 90%. About 24 farmers have stated that the procedures are flexible, who constitute 8%. Only 7 farmers have stated that the procedures are rigid. The majority of the farmers have accepted the loan procedures.

32. Harmonious relation between the staff of co-operative institution with the members is essential for the success of co-operative movement. They study revealed that about 260 farmers have stated that behaviour of the staff is smooth and harmonious who constitute 86%. About 43 farmers have stated that the behaviour of the staff is average, who constitute 14%.

33. The duration of repayment is different for short term, medium term and long term loans. The study revealed that about 214 farmers have stated that they are happy with the present repayment duration, who constitute 70.4%. About 88 farmers have expressed that the duration for repayment is short, who constitute 28.9%. Only two farmers have expressed that the duration of
repayment is long, who constitute 0.7%. Majority of the farmers are happy with the present repayment duration.

34. The main weakness of the primary cooperative credit structure is the inadequacy of owned resources, especially mobilisation of deposits. They are solely depending on NABARD for re-finance facilities. Since, the re-finance facilities are limited, the requirement of all the members cannot be met. It is the policy of state and central government to ensure greater flow of credit to the small and marginal farmers. In the study it found that the following advantages are being extended to the small and marginal farmers.

(i) NABARD refinance facilities for short term lending was made available on condition that 30% amount shall be disbursed to the small and marginal farmers.

(ii) In the long term operations under certain investment projects longer duration of repayments have been given to the small and marginal farmers (Circular No. BDD/Expenditure 141/2011-12 dated 16-5-2011 of KASCARD Bank).

(iii) Government of India had announced Agricultural Debt Waiver and Debt Relief Scheme, 2008, by which entire debts of small and marginal farmers have been waived. In case of other category farmers only interest have been waived.
The specific problem faced by the small and marginal farmers were discussed through interaction with the farmers, Presidents, Directors, Staff of cooperative institution. The following improvements have been sought by the small and marginal farmers.

(i) To provide medium term loans at concessional rate of interest for undertaking dairy, poultry, sheep and goat rearing, poultry farming etc. to enhance their income at concessional rate of interest.

(ii) Timely supply of quality seeds, fertilizer and pesticides through PACS.

(iii) Abolition of system of collecting additional shares while sanctioning loans.

(iv) Fast settlement of Insurance claim and coverage of all crops grown by the small and marginal farmers under insurance scheme.

(v) Establishment of community based ground water re-charging centres.

(vi) Better maintenance of village roads.

The study revealed that 91% of the farmers have opined that their income have been increased after the availment of credit from the cooperative credit institutions. About 96% of the farmers had quantified the approximate increase in income. This finding prove the hypothesis that cooperative organisation strengthen the economic condition of small and marginal farmers.
6.2 RECOMMENDATIONS AND SUGGESTIONS

1. The primary agriculture credit societies have not maintained land registers properly. Therefore, the study could not be conducted about the extent of credit facilities extended to the small and marginal farmers and to ascertain whether 30% of Short Term Loan had been disbursed to these categories of Farmers. Hence, it is suggested that all the PACS should maintain land registers as prescribed by the Short Term and Medium Term Loans Manual published by the Reserve Bank of India.

2. The small and marginal farmers have expressed their difficulty in paying 10% additional shares for availing short term and medium term loans from PACS. The idea of collecting additional shares is to enhance internal resource of credit institutions. Since Commercial Bank and Regional Rural Banks are not collecting additional shares, the practice of collecting additional shares by cooperative credit institutions have to be removed. Therefore, it is suggested that the practice of collecting 10% additional shares from small and marginal farmers have to be dispensed with or else State Government is requested to formulate a scheme for reimbursing additional shares in favour of small and marginal farmers through subsidy scheme.

3. The salient features of the Kisan Credit Card Scheme have not been understood by the staff of DCC Bank, paid secretaries of PACS and borrower members. It is suggested to impart training to the staff of DCC Bank, paid secretaries and members of PACS in a phased manner so as enable the farmers to operate it as cash credit account as well as Savings Bank account.
4. Due to its bad financial management, the DCC Bank had come under the purview of Sec 11(l) of B.R. Act 1949 during 1995-96. Hence there was no refinance facilities provided to the DCC Bank by the NABARD for Short Term and MT schematic lending operations during 1995-96 to 2008-09 (12 years). Consequently there were no refinance facilities available to the small and marginal farmers under MT loan for undertaking Dairy, Sericulture rearing, sheep and goat rearing, piggery, rabbit rearing activities, etc. for increasing their income. There is huge potential available in the study area for MT Schematic lending activities. The stoppage of refinance facilities had adversely affected income generation activities of the small and marginal farmers. Now, the DCC Bank has come out of the purview of the Sec. 11(1) of the B.R. Act 1949, it can avail refinance facilities for extending medium term loans to the farmers. Since the majority of MT Schematic lending scheme relates to Animal Husbandry sector viz. dairy, poultry, piggery, sheep and goat rearing, rabbit rearing, etc. It is suggested that DCC Bank should create a technical cell to guide the farmers about MTL. The technical cell shall be headed by an officer in the cadre of Assistant Director of Animal Husbandry who shall be taken on deputation for a period of 5 years. The Assistant Director shall prepare projects under various schemes and implement MTL (schematic lending) operations, monitor, review the utilization of the scheme from time to time.

5. The majority Long Term beneficiaries complained that the unit cost fixed by the Karnataka State Cooperative Agriculture and Rural Development Bank for various investment projects found to be inadequate relating to construction of
sericulture rearing house, grape cultivation, poultry farm, etc. To complete the projects, the beneficiaries were compelled to borrow loans from money lenders by paying exorbitant rate of interest. Therefore, it is suggested that the KASCARD Bank should review the project costs of various schemes after assessing cost escalation if any on scientific basis and enhance the project cost accordingly.

6. The study reveals that the majority farmers had stated that they are not getting any information about market information and guidance from the cooperative institutions. Therefore it is suggested that the department of cooperation shall issue directions to the primary agriculture cooperative credit societies and PCARD Banks which are possessing computer with internet facilities to display information relating to the prices of the important commodities as prevailing in the domestic markets, by using website of Krishi Marata Vahini.

7. The floriculture cultivation is expanding in Hosakote and Devanahalli Taluks. There are no primary markets available for floriculture products. Therefore, it is suggested to a high tech floriculture market in cooperative sector or public sector may be established near Devanahalli Air Port.

8. Lack of adoption of scientific HRD policies is one of the reasons for the inferior output by its human capital in comparison with its potential. Ageing Staff, low level of professionalization, lack of promotional avenues and stagnation leading to low morale. There are no fresh recruitment for the vacancies caused in the cadre strength of KASCARD Bank, PCARD Banks, DCC Bank and PACS for more than two decades. There is a need to fill up vacant posts in these co-operative Institutions by adopting
transparent recruitment policy with a career graph to attract talents from the open market.

9. The sanctioned cadre strength of District Central Cooperative Bank Limited is 300, of which 172 personnel are working in different cadres. Consequently 128 different category posts are vacant in the DCC Bank. Hence, it is suggested to recruit these vacancies on priority basis so as to render better services to the farmers.

10. The Primary Agriculture Credit Societies are managed by the paid secretaries. Fifty Primary Agriculture Credit Societies are managed by the full time paid secretaries. In respect 15 PACS there are no full time paid secretaries. Adhoc arrangements have been made to run these PACS by placing neighbouring societies paid secretaries for holding additional charges. It is suggested to appoint full time paid secretaries to these societies in the better interest of members and the society.

11. The approved cadre strength of the KASCARD Bank is 485, of which 316 are working. There are 169 different categories of posts are vacant. Therefore, it is suggested to recruit these vacancies on top priority, so as to render better services to the farmers.

12. The cadre management of the PCARD Banks is being managed by common cadre committee of PCARD Banks. The cadre strength approved for managing the PCARD Banks is 1439, against which 1046 employees are working in different cadres. There are 393 different categories posts are vacant. Therefore, it is suggested to recruit these posts also on top priority basis.
13. NABARD, in its Inspection Report of DCC Bank has suggested for the creation of women Development cell to promote entrepreneurship in women. The main objective of the Women Development cell is to identify women borrowers in the Rural Areas by assigning suitable projects to motivate their self confidence to lead independent life. It is suggested that the DCC Bank has to establish a Women Development cell without further delay.

14. NABARD, in its Inspection Report of DCC Bank has observed inspite of repeated suggestions to establish Farmers Club at Village level; the DCC Bank has not taken any action to establish the clubs. The farmers clubs have become a strong linkage between Banks and farmers. The clubs have played an important role in transfer of technology, supply of quality inputs sensitizing farmers on proper utilization of credit and repayment culture. Therefore it is suggested that DCC Bank shall identify good working PACS and establish at least 1 to 3 Farmers club in the area operation of each PACS.

15. The timely availability of quality seeds, fertilizers, insecticides in the remote villages continues to be a major constraint faced by the small and marginal farmers. All the Primary Agriculture Credit Societies should identify such villages and undertake supply of these commodities by opening Branches at remote villages during sowing seasons.

16. As per the potential linked credit plan for 2010-11 published by the NABARD, it reveals that the concept of organic farming is taking roots in the study area with more and more farmers adopting it mainly for production of Horticultural crops. One of the limiting factors for large scale adoption of organic farming is lack of adequate supply of quality organic inputs. Since Bangalore city is
generating large organic waste, there is very good scope for setting up of units for production of organic compost, vermi compost. The DCC Bank and PCARD Banks have to formulate a scheme for extending financial support to the farmers for promoting more and more organic compost production units.

17. To protect and improve the soil health is a major concern for the farmers. New concept of sustainable agriculture activity can be achieved by promoting use of organic compost and vermi compost. NABARD is encouraging production of organic manures by extending subsidies to establishment of production units. The capital investment subsidy scheme for commercial production units of organic compost are available for implementation by the Apex Bank/KASCARD Bank. The scheme is being implemented by NABARD in association with National Centre of Organic Farming. The scheme provides credit linked and back ended capital investment subsidy for new units and the existing units for expansion/renovation as noted here under.

**Bio-Fertilizers unit:** 25% of the total cost of the project subject to the maximum of Rs. 20 lakh per unit, whichever is less.

**Vermiculture Hatcheries:** 25% of the total cost of the project subject to the maximum of Rs. 1.50 lakh per unit whichever is less.

**Fruit and Vegetable waste compost unit:** 25% of the total cost of the project subject to the maximum of Rs. 40 lakh per unit, whichever is less.

It is evident from the study the scheme has not been implemented by the Apex Bank/KASCARD Bank. Therefore it is suggested that Apex Bank/KASCARD Bank should implement this scheme so as to encourage Organic Farming in the state.
18. In the study it is found that Medium Farmers having substantial crop loan requirements are not able to avail required credit from primary agriculture credit societies on account of individual ceiling/restriction in the Byelaws relating to individual maximum borrowing power of a farmer which is restricted to Rs. 50,000/-. Therefore, it is suggested that the PACS/DCC Bank has take necessary action to amend the Byelaws of PACS to enhance individual Maximum Borrowing Power from Rs. 50,000/- to Rs. 3,00,000/- so as enable the farmers to avail their STL/MTL credit requirements from PACS.

19. NABARD had formulated a model scheme for Providing Institutional Credit to Tenant Farmers and Oral Lessees for raising crops by organizing them into Tenant Farmers Groups (TFGs) on the pattern of SHG. The scheme envisages providing crop loans to Tenant Farmers, Oral Lessees or farmers having very small un-economic Land holdings/land without proper records etc. who are otherwise deprived of the Institutional Credit over the years due to their inability to provide tangible securities and or produce records regarding their rights on the crop cultivated. A Kisan Credit Card has to be issued to the Group and operations have to be allowed. It is evident from the study the DCC Bank as well PACS have not made any attempt to implement this scheme. It is suggested that DCC Bank/PACS have to make efforts for implementing this scheme.

20. The Government gives guarantee for the repayment of principal and interest payable by the Karnataka State Cooperative Apex Bank and Karnataka State Cooperative Agricultural and Rural Development Bank for availing re-finance facilities from NABARD for availing the Medium Term and Long Term loans.
Government is charging 1% as Guarantee Commission as per Guarantee Commission Act which affects financial position of Agricultural Cooperative Credit Institutions. Therefore, it is suggested that Government may exempt levying guarantee commission for MT/LT operations in the better interest of cooperative credit structure.

21. Many green house projects have come up in Hosakote, Nelamangala and Doddaballapura taluks. The farmers are cultivating cut flowers (Rose-Gerbera/ Carnation/Anthurium/Orchids). The air cargo complex facilitates export of cut flowers by air. However, the product has to be taken to Airport from distant places, which requires huge investment on refrigerated stores, not all floriculturists are capable of investing that amount. Secondly, the information about process and the floriculture technology is not readily available to small producers. The study reveals that only seven beneficiaries have undertaken floriculture cultivation, which fetches more income to the small cultivators. Thirdly, there are no sufficient markets for floriculture products. Therefore, it is suggested that a high tech floriculture marketing society may be established near airport so as to help small cultivators to undertake floriculture activities.

6.3 CONCLUSIONS

Agricultural development leads to economic and social change of farmers. Increase in agriculture production and other allied activities increase the income of the farmers. The increase in income of farmers leads to more savings, which can be used either for further development of agriculture and can be spent for leading better life. The increase in purchasing power of a farmer determines, the socio economic conditions viz. the level of imparting education to the children of the
farmers, social mobility, capacity to perform festivals, celebration of marriage functions, expenditure towards maintenance of health of the family members are some of the indicators of socio-economic condition of farmers.

The study revealed that, out of 304 beneficiaries, 80 farmers are marginal farmers having land holdings less than 2.5 acres, who constitute 26.4%. These farmers are growing food crops for their consumption purpose. The agricultural operation of these farmers will be over by 4-5 months. Remaining period, they are working as labourers and would earn around Rs. 4,000/- to 5000/- per month. Due to their bad economic condition they are leading an average life. It is the duty of the Primary Agriculture Credit societies to improve the economic conditions of these category of farmers by advancing medium term loan for undertaking dairy, poultry, sheep and goat rearing activities. Mushroom cultivation can also be encouraged to improve the economic conditions of these farmers. All other beneficiaries apart from having their own house, have educated their children, performed marriages and other social functions and have been able to meet medical expenditure of the family members. Many of such educated children have taken up independent jobs and consequently, the family income increased. The study shows socio-economic conditions of the small and marginal farmers have been improved by the cooperative credit. Despite several loans in the cooperative organisation still it could be a breath giver to the small and marginal farmers.