PREFACE

The Primary Agricultural Credit Societies (PACSs) have been playing a pivotal role in the rural areas, for the liquidation of rural debt and accelerating the pace of agricultural production. These societies are the very foundation stones on which the whole co-operative edifice is built up. These are the raison d'être of central co-operative Banks and State Co-operative Apex Banks. They serve as 'mini Banks' to provide credit, as 'centres' to supply the agricultural inputs, as 'counters' to sell consumer goods, and as 'warehouses' to preserve and store the food grains of the farmers. Thus, they perform integrated services for improving the socio-economic welfare of the villages.

The various committees and Working Groups, constituted by the Central Government and the Reserve Bank of India, such as the All India Rural Credit Survey Committee 1954, The All India Rural Credit Review Committee 1969, The Committee to Review the Arrangement for Institutional Credit for Agricultural Credit and Rural Development (CRAFICARD) 1981 etc., have stressed for their continuation on viable basis. However, the Agricultural Credit Movement as a whole has not stabilised and finds itself faced with many challenges, which may impair and distort the character of the movement. A large number of non-viable and dormant societies are running under heavy losses. Uneven growth, ineffective management,
misappropriation cases, mounting overdues etc., are some of the important problems of agricultural credit co-operative movement.

Among all the problems, the problem of constantly increasing overdues has become a great cause and threat to the movement. The recovery of loan advanced is not at all keeping pace with advances and with the result, overdues are mounting up. The magnitude of credit delinquency has recently assumed such a serious proportion as to shake and choke the credit supply. The increasing overdues have not only affected the ability of the co-operatives to extend further credit, but also have created a doubt about the creditworthiness of the co-operatives. The problem of overdues in agricultural credit co-operatives has reached to such an unsafe level that if the menace is not controlled, it would bring about the collapse of the co-operative movement. Hence, a paramount need was felt for analysing the socio-economic causes, coupled with educational and political reasons responsible for mounting overdues in primary agricultural credit co-operatives.

In order to study the incidence of overdues in the Agricultural Co-operative Credit Structure, only the PACS in Karnataka have been selected, for an indepth study, because of their inherent direct bearing on District Central Co-operative Banks and in turn, on the State Co-operative Apex Bank and ultimately on the National Bank for Agricultural and Rural Development (NABARD) - a lender of the last resort as far as agricultural credit is concerned.
The whole study has been divided into Eight chapters. The first chapter, being the introductory chapter, deals with the concept and historical background of the co-operative movement.

The second chapter contains the incidence of overdues, objectives of the study, research methodology, sampling method and tools employed for the analysis and interpretation, etc.

The third chapter deals with how credit is crucial in achieving break-through in agriculture by highlighting the association between the co-operative credit and agricultural development.

The fourth chapter gives an insight into the agro-climatic conditions of the districts and taluks selected for the study.

The fifth chapter deals with levels and trends of overdues in PACSs.

The sixth chapter contains the socio-economic analysis coupled with administrative, educational, and political factors responsible for mounting overdues.

The seventh chapter deals with the attempted measures introduced by the Government and other agencies to curb overdues.

The eighth chapter gives findings, conclusions and suggestions.