

Agricultural Finance by Primary Agricultural Credit Cooperative societies in Dakshina Kannada District: A performance assessment

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Abstract: *Agricultural Finance is the most essential element for the farmers. Agricultural Finance is valuable for the farmers to grow better. Whenever farmers lose their hope in the continuity of agricultural activities, several institutions come forward as a source of support for the agriculturists. Among several sources, Primary Agricultural Credit Cooperative plays an important role in helping the agriculturists. Agricultural finance is significantly important for the farmers to grow their agricultural plants and to develop their agricultural lands. PACS adopts different steps in distributing agricultural finance to the farmers. They provide Short term and long term agricultural loans to uplift the poor farmers. The agricultural finance performance of PACS in Dakshina Kannada is highlighted in this present study. The main aim of this study is to understand the role of PACS in the provision of agricultural finance. It also emphasizes the need for loans and the problems faced by the farmers. The study has been conducted in Dakshina Kannada District by covering 10 PACS and 200 agricultural loanee. The Primary data has been collected through structured questionnaire and interview methods. Secondary data has been obtained from internet sources and publications.*

Keywords: *Agricultural finance, Farmers, PACS*

Introduction

Agriculture is the backbone of India. For every human being backbone is important in the body. If not, it will be difficult for us to do our day to day activities. Similarly, most of the time we forget to give importance to the backbone of India. Usually people think that agriculture is the responsibility of the farmers. But practically it is the responsibility of every person. No scientist is better than a farmer's knowledge and creativity. Food is essential like oxygen and water. These are produced by god but food is produced by farmers. According to the 2011

Population Census, India consists of 1,21,08,54,977 people. Among them 62,32,70,258 are male and 58,75,84,719 are female. In India 48,18,88,868 people are in the working class. In that 33,19,39,875 are male and 14,99,48,993 are female. 48,18,88,868 who are in the working class 11,88,08,780 are farmers and 144333690 are agriculturist laborers. In total there are 26,31,42,470 people who consider agriculture as their life. Moreover 54.6% people contribute to the agricultural sector. According to the 2011 Census, Karnataka has a population of 6,10,95,297 population and among them 3,09,66,657 are male and 3,01,28,640 are female. 2,78,72,597 people are in the working class. In that 1,82,70,116 are male and 96,02,481 are female. Among 2,78,72,597 who are in the working class 6580649 are farmers and 7155963 are agriculturist laborers. Recently the government has taken many initiatives to support the agriculturists. Especially through several schemes and programmes. Among all agricultural finance schemes, KCC Short term loan and long term loan plays an important role. The provision of these loan initiatives are taken by Primary agricultural credit cooperative Societies. Others can wait but not agriculture. Therefore timely agricultural finance is important for the agricultural sector.

Primary agricultural Credit cooperative societies
PACS are in the grassroots level of the 3 tier structure of cooperatives. There are approximately 8.5 lakhs different cooperatives in India. In Karnataka state there are 45,926 cooperatives. These cooperatives are divided into 50 groups. At present in Dakshina kannada there are 823 working cooperatives. Among them 116 Primary agricultural credit cooperatives are there in D.K. district.

Table 1.1 Total Primary Agricultural credit Cooperative Societies in Karnataka

Sl.No	District name	As per 31-03-2022			
		Working	Inactive	Closed	Total
1.	Bangalore Urban	39	0	7	46
2.	Bangalore Rural	69	0	9	78
3.	Ramnagar	98	1	2	101
4.	Tumkur	239	1	2	242
5.	Chithradurga	158	0	7	165
6.	Kolar	74	0	9	83
7.	Chikkaballapur	125	1	33	159
8.	Shivmogga	173	0	2	175
9.	Davanagere	180	0	1	181
10.	Mysore	186	0	12	198
11.	Mandya	235	0	0	235
12.	Hasan	216	0	13	229
13.	Kodagu	73	0	0	73
14.	Dakshina Kannada	116	0	1	117
15.	Chikkamangalore	127	0	0	127
16.	Chamarajanagara	100	0	1	101
17.	Udupi	54	0	0	54
18.	Belagavi	1298	8	13	1319
19.	Bijapur	289	0	1	290
20.	Dharwad	161	2	2	165
21.	Utthara kannada	174	0	3	177
22.	Haveri	228	2	1	231
23.	Gadaga	173	3	3	179
24.	Bagalakote	281	0	3	284
25.	Kalaburgi	231	0	4	235
26.	Raichur	136	1	3	140
27.	Bidar	188	0	1	189
28.	Bellary	188	1	8	197
29.	koppala	121	2	2	125
30.	Yadagiri	105	0	3	108
Total		5835	22	146	6003

Source: Karnataka Vidana Parishath, Q&A 2022

Table 1.2 Number of PACS in Dakshina Kannada

Sl.No	Taluk	Number of PACS
1.	Bantwal	29
2.	Belthangady	24
3.	Kadaba	10
4.	Mangalore	13
5.	Moodubidre	08
6.	Puttur	12
7.	Sullia	20
Total		116

Source: Primary Data collected through SCDCC Bank, Kodialbail

Review of literature

According to Devi (1995) success and failure of agriculture depends upon the availability of finance. Most of the farmers require credit not only for productive purposes but also for day today minimum

consumption requirement. Most of the cooperative are not worried because of over-due problem but the problem is of outstanding loans. If the outstanding amount continues to increase the PACS will start declining.

Goyal & others (2018) in their views Indian farmers of cooperative credit gets added importance when informal lending has been pointed out as the cause of rural distress. The terms and conditions associated with the supply chain of credit determine the overall nature of development.

Kishore (2008) in his study emphasized on enhancing the flow of funds to the agricultural sector both from the public and private sector to increase the agricultural productivity and enhance the quality of life of farmers. Most of the farmers are depending upon external sources for working capital. Technological issues in cooperative sectors are more. The need for an accounting and auditing system in cooperative societies is very high.

Meenakshi & others (2018) explains; the most recent data from RBI (2017) shows that it is industries (Micro, small and medium enterprises or MSMEs and Large) and infrastructure that constitutes the greatest increases and percentage of loan default. In spite of the accessibility of this sector to banks because most of the banks are located in urban areas, still the recovery of loan remains poor. Instead of giving importance to these sectors it is better to direct towards the agricultural sector as its NPA levels have remained constant over the last 4 years.

Rajans (2015) opinionated that, the majority of agriculturists has no substantial assets to offer as security against loans and remain therefore outside the scope of any organized credit institution. Cooperative society is the ideal one for the supply of all forms of credit to the agriculturists. The role of cooperative credit has been small because controlled credit was not simply the solution to the whole problem of the poor agriculturists.

According to Rathore & Bhavani, the lack of formal institutions in rural and semi urban areas has been considered as a barrier to development. Poor farmers and Micro entrepreneurs were provided credit through "direct credit" programs wherein banks were required to lend compulsorily a certain portion of their portfolio to a targeted group those who do not have access to banking services.

Objectives

1. To understand the role of PACS in the provision of agricultural finance.
2. To know the need for loan and the problems faced by the farmers.

Research Methodology

The study has been conducted in Dakshina Kannada District of Karnataka State. By using the Convenient sampling method 10 PACS and 200 agricultural loanees are chosen as a sample. The Primary data

has been collected through structured questionnaire and interview methods. Face to face interactions were done by meeting different farmers and PACS officials. Percentage methods are considered to analyze the components. Secondary data has been obtained from internet sources and publications, government reports and surveys. The Cooperatives other than PACS are excluded from the study.

Data analysis and Interpretation

Role of PACS in the provision of agricultural finance

In Dakshina kannada PACS plays an important role in the provision of agricultural finance. PACS provides 0% Short term loan and 3% Long term loan. Short term loan is also called Crop loan. In Dakshina Kannada 84527 farmers have availed short term loan and 10113 farmers availed long term loan as on 31st March 2022. Among total 94640 loanees, 200 are considered for this study. Out of 200 respondents 185 (92.5%) farmers availed ST loan and remaining 15 (7.5%) farmers availed long term loan. According to these respondents, PACS provides detailed information about the loan procedure and benefits of availing agricultural loans. It also encourages farmers to repay the loan on time. PACS arranges various workshops on agriculture to educate the farmers in proper management of agricultural loans. PACS helps the farmers by providing the information about various documents required to get the loan from PACS. The staff of PACS help the farmers to fill the application and they also communicate with the farmers about various requirements for loan. The various schemes and its benefits are explained by the staff and manager to the farmers. The consequences of non-repayment of loan will be clearly explained by the management of PACS to the farmers. Moreover this helps the farmers to properly manage the agricultural finance. Apart from this they also encourage and guide the farmer to use agricultural finance for agriculture rather than non-agricultural purposes. Therefore the role of PACS in the agricultural sector is highly appreciated by the SCDC bank of Dakshina Kannada.

Need for loan and the problems faced by the farmers

The main purpose of agricultural Short term loans is Crop maintenance. Medium and long term loans are for agricultural developments. However the loan amount requirement differs from farmer to farmer. Normally to get agricultural information, financial support, to support family, agricultural development, to grow additional crops and many more farmers take loans from PACS. In this study, out of 200 respondents 120 (60%) respondents took

out loans as a source of financial support for agriculture as well as non-agricultural activities. Moreover this affected the repayment pattern of the farmer. Through other sources farmers repay loans to the PACS. Farmers engage themselves as part time workers during non-agricultural seasons. This led them to repay the loan. 80 (40%) respondents availed loan for growing additional crops in the field. Along with the maintenance of existing crops some farmers utilize the amount for growing more crops. This indicates that crop maintenance amount is misutilised for other purposes. Although this is an attempt for agricultural development, it is found to be the misuse of crop loans for different purposes. The problems faced by the farmers are unlimited. In this study, 190 (95%) respondents are into areca farming and untimely rain is the major cause for crop loss. In Dakshina Kannada heavy rainfall impacted negatively on many crop cultivators. Along with this soil erosion has increased in the district. The animals and birds destroy the crops and agricultural land, storage facility, mechanization and its repair are the main problems faced by the farmers. These problems hinder agricultural activities. The farmers delay in the repayment of loan and sometimes they tend to pay the extra interest rate levied by the PACS for non-repayment.

Findings, suggestion, Conclusion

Findings

1. Agricultural finance plays an important role in farmer's development.
2. Loan amount is utilised for non-agricultural purposes.
3. Farmers engage themselves in other sectors to earn income.
4. Non-agricultural activities have become the main source for loan repayments.
5. Heavy rainfall impacted negatively on many crop cultivators.
6. Due to excess and untimely rainfall soil erosion has increased in the district.
7. Crops destroyed by the animals and birds, storage facility, mechanization and its repair are the main problems faced by the farmers.
8. The farmers delay the repayment of the loan.
9. PACS provides all necessary information to the farmers about the activities and agricultural finance.

Suggestions

1. Loan availed for agriculture must be used for agriculture. Instead of engaging in other sectors farmers can fully concentrate agriculture and its development.

2. Inorder to avoid the burden of additional interest rate payments, farmers can repay loan on time.
3. To overcome the crop loss due to heavy rainfall, every loanee farmer must enter into a crop insurance scheme.

Conclusion

Farmer's development through agricultural finance is possible when the finance is used for agricultural purposes. The PACS provide all information to the farmers about the proper utilization of agricultural loans. But few farmers take loans at its zero interest rate. However true agricultural development can be seen when the allocated amount is utilized for a good cause. Cooperatives need cooperation from the farmers to develop and fulfill the needs of the agricultural sector. Every farmer must understand the PACS initiatives in agricultural development.

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