

Effect of Agricultural Credit with Special Reference to Champakara Service Co-Operative Bank, Karukachal

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Abstract: *This study is based on the working of service co-operative society and to suggest remedial measures to reduce the misutilization of co-operative credit and delay in the repayment of co-operative credit. This study was conducted on agricultural credit provided by the Champakara Service Co-operative Bank; Karukachal covering the fiscal years 2017 to 2018. 100 respondents have been selected following convenient sampling method. Questionnaire were used as data collecting instrument. Data was analyzed using tabulation, percentage. Recommendations from the study were to give loan in two or more instalments. Further instalment should be allowed only after getting a 'Performance Certificate' which shows the amount has been properly utilized.*

Keywords: Agriculture credit, Co-operative society, Finance, income Standard of living

1. Introduction

Agriculture means the production of crops by the cultivation of the soil and also the rearing of livestock. Thus milk, meat, and wool are agricultural product as rice, wheat and cotton. Agriculture is a basic and important occupation, as it provides not only foodstuff, but also essential raw materials of industry. It is the oldest business in the world and nearly 2/3rd of the population of the world is dependent on agriculture either directly or indirectly for their livelihood. In India, agriculture is the backbone of the economy. It has a crucial role to play in the country's economic development by providing food and raw materials, employment to a very large proportion of the population, capital for its own development and surpluses for national economic development. It can be said that in India` agriculture is both the basic and principal industry of the country. Being the largest industry in the country, agriculture is the source of livelihood for over 70% of the population in the country. About 80% of populations live on it in villages. In one way or other the people living outside the villages also belong to agriculture through trade in agricultural products, through work in agro-based industries etc. Even after successful implementation of many five year plans agriculture is the most important contributor to the national income. The importance of agriculture is aptly and emphatically described by Wilson Gee, thus: `without the fundamental contribution of agricultural industry, all the rest of fabrics of our civilization would be toppled into ruins almost overnight'. In the context of the agricultural development, it is essential to provide credit facilities, according to the needs of the farmers. Apart from this, it is also accepted that without adequate credit facilities one cannot expect more from the agriculture sector. Indian agriculturists have debt as an ancestral property and it is passed on from generation to generation

2. Significance of Study

It is universally accepted that agriculture is the kingpin of Indian economic development. Kerala is a state where the majority of people depend on agriculture for their livelihood.

Credit from co-operatives form the main source of capital for most of them.

The co-operative societies were started with the objectives of providing finance to agriculturists at low rates of interest and also by relieving them from the clutches of money lenders. This study is based on the working of service co-operative society and to suggest remedial measures to reduce the misutilization of co-operative credit and delay in the repayment of co-operative credit. This study was conducted on agricultural credit provided by the Champakara Service Co-operative Bank, Karukachal covering the fiscal years 2017 to 2018.

- The All India Rural Credit Survey Committee recommended that the only possible alternative to the credit problem of the Indian Villages was the establishment of Multi-purpose Co-operatives providing integrated credit facilities by linking production with marketing of inputs and outputs and activities like processing and warehousing.
- The co-operative credit institution has an important role in providing not merely a facile credit but a safe and productive credit. In fact every act and effort of obtaining co-operative credit educates and guides the borrower, it teaches the borrower the lesson of mutual and self help. Moreover, the co-operative institution can develop strong feelings of responsibility amongst the members for prompt payment of interest and repayment of loans and can provide strong incentives to thrift and savings.
- Among the various institutional agencies co-operatives have been recognized as the best institution for supplying sound and dynamic credit to the farmers.

3. Scope of the Study

The scope of study is limited to the general public in Karukachal panchayat due to time and cost constraints. The study deals with qualitative data – views, opinions and perceptions etc of the people –which may vary from time to time. It analyse sources and level of awareness, level of awareness of consumer credit. Hence the present study is undertaken with a view to highlight the objectives of the

Champakara service co-operative Bank, Karukachal and also understanding how far these objectives are fulfilled.

Objectives of the Study

- a) To assess the extent of credit provided by the co-operative bank in the field of agriculture.
- b) To highlight the problems faced by the farmers at the time of taking loans from the co-operative bank.
- c) To examine whether the co-operative credit is used for the purpose for which it was sanctioned and to study the impact of finance in the standard of living of the agriculturists.
- d) To suggest remedial measures on the basis of the findings of the study.

Methodology of the Study

The present study is descriptive and analytical in nature. The data has been collected from both primary and secondary sources. The primary data have been collected by utilizing an interview schedule specially prepared for this purpose using ratios and percentages. The important source of secondary data are books, journals, websites etc. 30 customers have been selected following convenient sampling method

Limitations of the Study

The present study has several limitations. First of all, it is based on sample hence all inherent limitations of sample

study are involved in this study. Sample size is limited in number. Customer’s perceptions and views can change as time passes by. Primary data were collected in karukachal panchayat. Hence the findings can’t be generalised to people belonging to other areas.

4. Data Analysis and Discussion

Table 3.1: Education-Wise Distribution of the Sample Beneficiaries

Education	No. of respondents	Percentage
Below S.S.L.C	46	46
S.S.L.C	30	30
Pre-Degree	6	6
Graduate	14	14
Technical	4	4
Total	100	100

Source: Field Survey

From the table 3.1 it is clear that out of 100 respondents 47% come under the group below S.S.L.C, 30% are in S.S.L.C category, pre-degree are only 6%, graduate are 14% and the remaining 4% are technically qualified. The following bar diagram shows the education wise distribution of sample respondents.

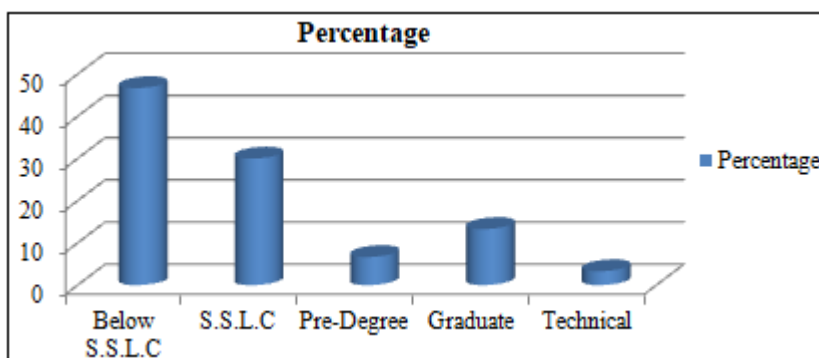


Table 3.2: Gender-Wise Distribution of the Sample Beneficiaries

Name of the Sex	No. of respondents	Percentage
Male	76	76
Female	24	24
Total	100	100

Source: Field Survey

From the table 3.2, it is evident that major sections of respondents are male beneficiaries. About 76% of the total belongs to this group, while 24% are female respondents. The following bar diagram depicts the gender wise distribution of sample respondents.

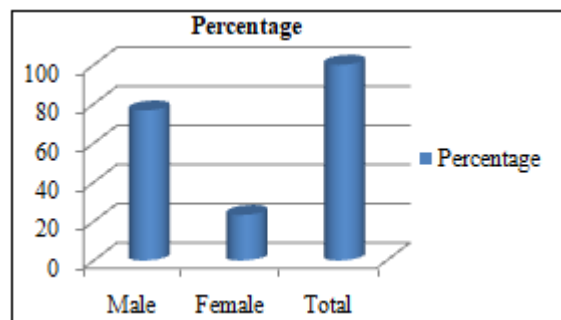


Table 3.3: Occupation-Wise Distribution

Occupation	No. of respondents	Percentage
Full time agriculturists	50	50
Government Services	18	18
Private Service and others	32	32
Total	100	100

Source: Field survey

The table 3.3 shows that the majority of the beneficiaries forming the sample population are agriculturists. Out of 100 respondents, 50% belongs to full time agriculturists, the next biggest category are employees in private companies which accounted 32% of the total beneficiaries and 18% belongs to government employees. The occupation wise distribution of the sample beneficiaries are shown in the following diagram.

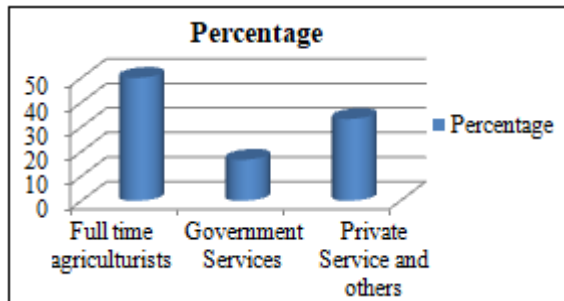


Table 3.4: Family –Size Distribution of Sample Respondents

Size of the family	No. of respondents	Percentage
Up to 4	40	40
Between 4 to 6	54	54
Above 6	6	6
Total	100	100

Source: Field Survey

It can be noticed from the table 3.4 that major sections of the respondents are of family size between 4 to 6 members. About 54% of the total belongs to this group, 40% are of family size up to 4 members and 6% belongs to family size of above 6 members. The following bar diagram shows the family size distribution of sample respondents.

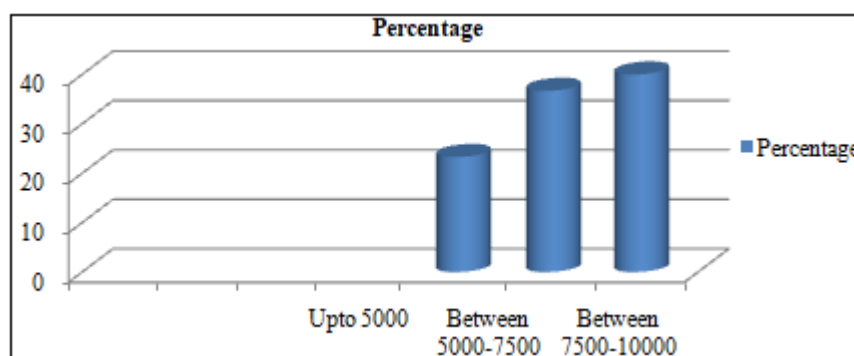
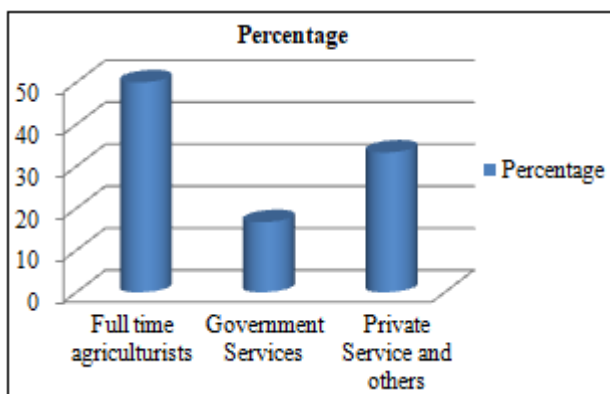


Table 3.5: Annual Agricultural Income

Annual Agricultural Income(Rs.)	No. of Respondents	Percentage
Below 5000	30	30
Between 5000-10000	30	30
Above 10000	40	40
Total	100	100

Source: Field Survey

The table 3.5 shows that the majority of the beneficiaries fall under the income group above Rs.10000, about 40% of the total beneficiaries belongs to this group. Those coming under the class interval of Rs.10000 and below Rs.5000 constitute 30% each. The annual agricultural income of the sample beneficiaries are given in the following diagram.

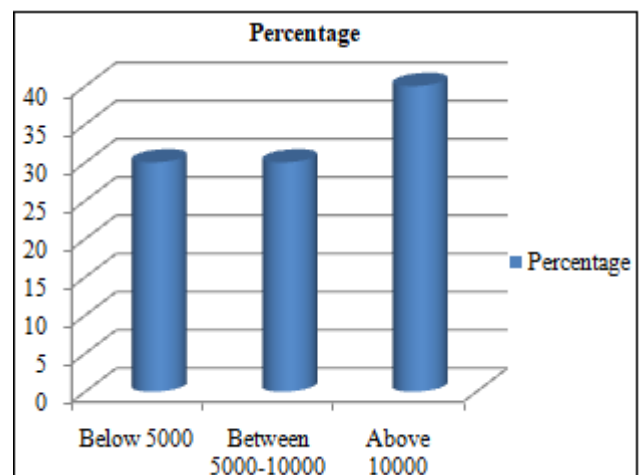


Table 3.6: Distribution of Beneficiaries according to the Amount Loan Availed

Amount of loan(Rs.)	No. of beneficiaries	Percentage
Up to 5000	24	24
Between 5000-7500	36	36
Between 7500-10000	40	40
Total	100	100

Source: Field Survey

The table 3.6 revealed that the majority of respondents i.e. 40% availed loan amount between Rs. 7500 and Rs. 10000. While 36% of respondent's availed loan between Rs.5000 and Rs. 7500 and the remaining 24% availed loan up to Rs.5000. The following diagram shows the distribution of the beneficiaries according to the amount of loan availed.

Table 3.7: Loan Utilization for Agricultural Purpose

Utilization of loan amount for agricultural purpose	No. of respondents	Percentage
Fully utilized	72	72
Partly utilized	16	16
Not utilized	12	12
Total	100	100

Source: Field survey

As per the table 3.7, 72% fully utilized its co-operative loans for the required purpose, 16% had partially utilized it for the required purpose whereas 12 % did not utilized it for agricultural purpose. It is evident from the above table that 8% misused the loan. Further analysis of borrowers who misutilized the loan told that they close to chose to use the loan amount availed to meet their medical treatment, children’s education, house requirement and for the construction purposes, to clear off old dues etc. It can be clear from the following diagram.

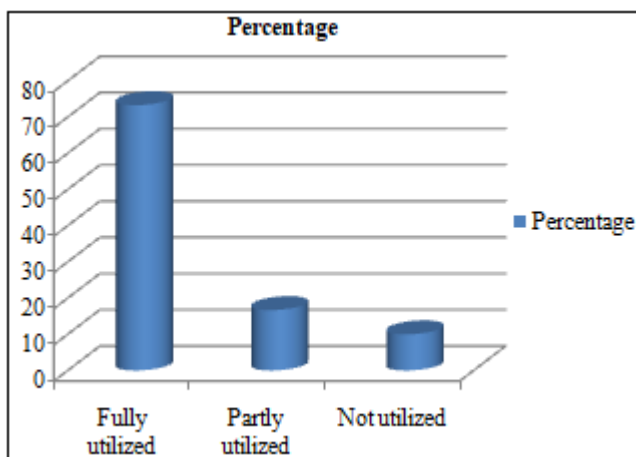


Table 3.8: Measurement of Impact on Income And Credit

No. of respondents whose income increased	No. of respondents whose income does not increased
80	20

Source: Field survey

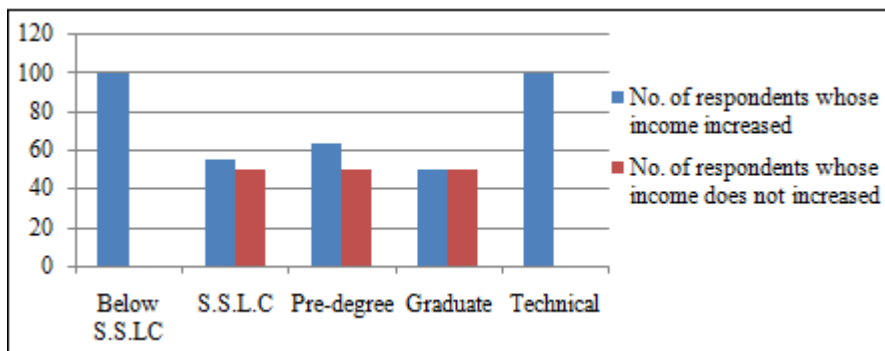


Table 3.10: Impact of income on Occupation-Wise

Occupation	No. of respondents	No. of respondents whose income increased	No. of respondents whose income does not increased
Agriculture	50	36(72)	14(28)
Government service	18	18(100)	0
Private service	32	26(81.25)	6(18.75)
Total	100	80	20

The impact of agricultural credit on agricultural income in the Champakara Service Co-operative bank has been shown in the table 3.8. It is clear that 80% borrowers increased their agricultural income by availing themselves of credit granted by co-operative society. Where 20% of the borrowers did not feel any improvement in their income by availing credit. The following diagram shows this clearly.

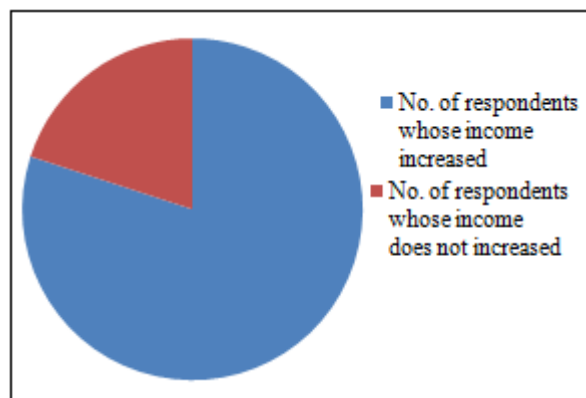


Table 3.9: Literacy-Wise Physical Impact

Literacy	No. of respondents	No. of respondents whose income increased	No. of respondents whose income does not increased
Below S.S.L.C	36	36 (100)	0
S.S.L.C	30	16(53.4)	14(46.6)
Pre-degree	6	4(66.6)	2(33.4)
Graduate	14	6(42.9)	8(57.1)
Technical	4	4(100)	0
Total	100	76	24

Source: Field survey (figures in bracket indicate percentage)

As per the data collected from field survey table 3.9 revealed that the impact is maximum for below SSLC and technically qualified respondents. In these groups all the respondents had benefited with increased income. The success rate of graduate is 42.9 % while the success rate of SSLC group is 53.4%. From this table it can be understood that illiterates are found more successful than literates. It can be clear from the following diagram.

Source: Field survey (figures in bracket indicate percentage)

The details noticed as per table 3.10, the impact of income is maximum for government services i.e. 100% followed by them. Out of the total 50 full time agriculturists, the income level of 18 beneficiaries i.e. 72% had increased since availing the loans from the co-operative society. The income impact of beneficiaries in private service and others reported

81.25% successful rate. The following diagram shows the impact of income on occupation wise.

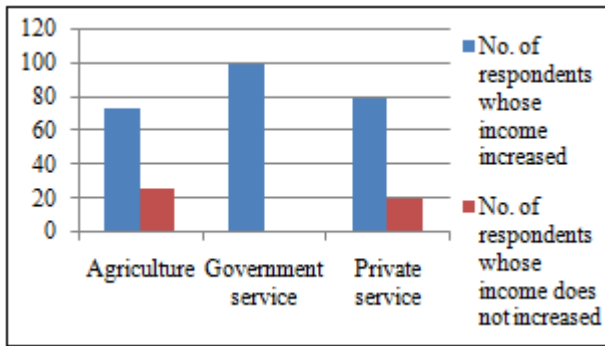


Table 3.11: Impact of Income on the Basis of Loan Amount Availed

Amount of Loan	No. of respondents	No. of respondents whose income increased	No. of respondents whose income does not increased
Up to 5000	24	20(83.4)	4(16.6)
Between 5000-7500	36	28(77.7)	8(22.3)
Between 7500-10000	40	30(75)	10(25)
Total	100	78	22

Source: Field survey (Figures in bracket indicate percentage)

From the table 3.11, it is clear that borrowers availed loan amount up to Rs.5000, 83.4% of the borrowers had an increase in income and 16.6% had no increase. Borrowers availed loan amount between Rs. 5000 and Rs. 7500, 77.7% reported an increase in their agricultural income after availing the loan and 22.3% had no increase. Of the total 40 borrowers who availed loan amount between Rs.7500 and Rs. 10000, 75% had increased in their income and 25% had no increase. The following diagram shows the impact of income on the basis of loan amount availed.

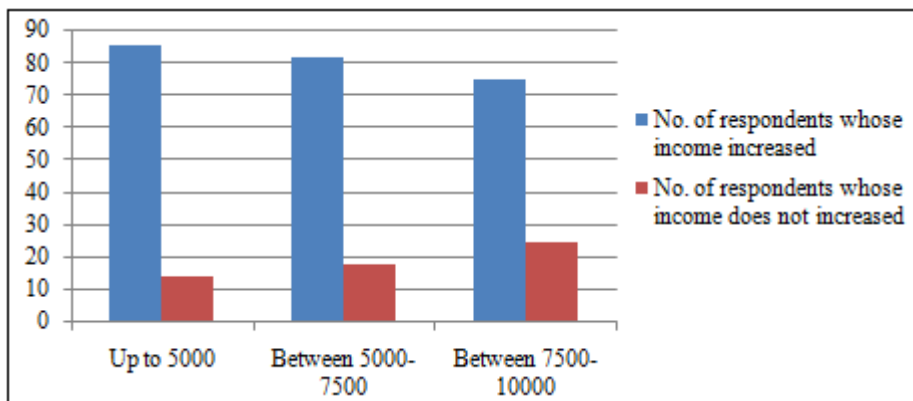
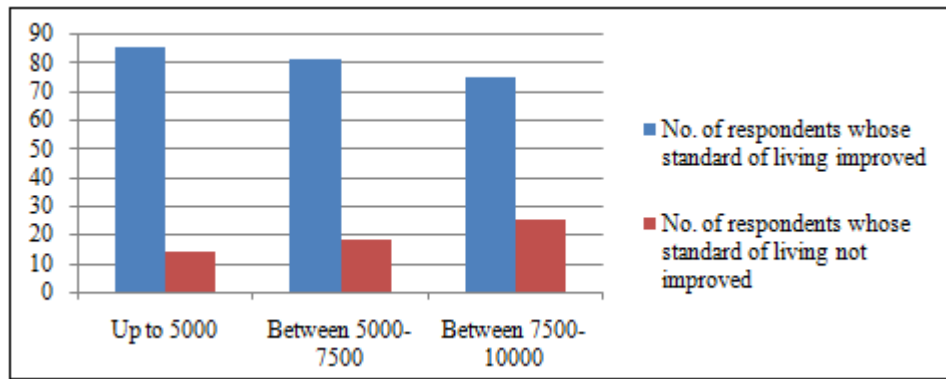


Table 3.12: Standard of Living

Amount of loan	No. of respondents	No. of respondents whose standard of living improved	No. of respondents whose standard of living not improved
Up to 5000	24	20(83.3)	4(16.7)
Between 5000-7500	36	30(83.3)	6(16.7)
Between 7500-10000	40	30(75)	10(25)
Total	100	80	20

Source: Field survey (Figures in bracket indicate percentage)

The borrower who availed loan up to Rs. 5,000 had 83.3% increases in their standard of living. The borrowers who availed loan amount between Rs.5, 000 and Rs.7, 500 had made 83.3% increase in their standard of living and 16.7% of them had no improvement. The borrower who availed loan amount between Rs.7, 500 and Rs.10, 000 had 75% improvement in their standard of living. From this we can conclude that borrowers upto Rs.5, 000 had made better standard of living through the credit provided by co-operative society. This can be clearer from the following diagram.



Research Findings

Agriculture has played a crucial role on the development of the country. Finance is one of the most important constraints in the growth of agriculture. Credit is an essential and important input for development and production. Agriculture needs capital investment for the development and realization of better productivity. Co-operative credit is the best and most important method of making available institutional credit. Keeping in view the objectives of the study and considering the theoretical framework and analytical part in the earlier chapters, the researcher made a modest attempt to analyse the impact on income and impact on the standard of living of the borrower households.

5. Conclusion and Suggestions

The present study on the 'Agricultural Credit by Co-operatives' is with special reference to the Champakara Service Co-operative Bank, Karukachal. The primary data required for the study has been collected from 100 respondents, who were selected on the basis of convenience method of sampling and who have availed loan during the year 2017-18. The analytical study has been made on the basis of information provided by the respondents (agriculturists). The study revealed that majority of co-operative credit is used for the purpose for which it was sanctioned and the impact of finance in the standard of living of the agriculturalists. The co-operative society should take interest in making the borrowers of agricultural loans to insure their crops. So that it will reduce the loss due to natural calamities. Frequent meetings of the loaners must be conducted under the chairmanship of the president to evaluate the problems faced by them and the Director Board should be able to draft proper guidelines to solve the problems. At the time of sanctioning loan the co-operative society should get the written consent from the borrowers that they will keep proper records with regard to utilization of the loan and should see that the person performs according to the treaty. The co-operative society should also come forward with some motivational steps to encourage farmers to increase the productivity which will in turn help the farmers to repay the loan in time.

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