



ROLE OF AGRI FINANCE FOR COMMERCIAL CROPS IN KARNATKA

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ABSTRACT

This is a descriptive research paper provides brief view regarding agricultural finance for commercial crops in Karnataka. Agricultural finance means studying, examining and analysing the financial aspects pertaining to agriculture and allied activities in Karnataka Farmers in developing countries have some of the riskiest and toughest jobs in the world. One drought, one flood, or one bag of bad seed can decimate an entire season's harvest. When your livelihood depends on just one or two harvests a year, one setback can force your children to go hungry for months and drop out of school until you can afford to send them back. Smallholder farming is complex and unpredictable, but it is the lifeline for two-thirds of families living in poverty. 27% of the world is employed in agriculture 25% of people worldwide experience moderate or severe food insecurity 10% of people worldwide are undernourished. Agriculture finance is vital as development of technologies the foremost of the day s farmer suffer from the matter of inadequate monetary state this case ends up in barrowing from a straightforward and comply supply, farm finance has become a very important input because of the appearance of capital intensive agriculture technologies. Indian agriculture generally is characterized by low and unsure return, the positive feedback of low return, low savings, and low incomes provision of external finance of farmers become inevitable. This papers covers the conceptual aspects of agri finance for commercial crops in Karnataka.

KEY WORDS: Agriculture finance, Commercial Corps, Karnataka

INTRODUCTION

Agriculture finance empowers poor farmers to increase their wealth and facilitates the development of food value chains for feeding 9 billion people by 2050. Our work in agriculture finance helps clients provide market-based financial services, and fund long-term and green investments to support sustainable agriculture and agri-food

value chains. Demand for food will increase by 70% by 2050; at least \$80 billion annual investments will be needed to meet this demand.

The accelerating pace of climate change, population growth and changing dietary preferences, global pandemic, and conflicts have threatened food security and the development of agri-food sector. They put tremendous pressure to shift the policy focus to the development of a more sustainable and resilient agri-food industry around the world. Estimates suggest that the global food demand will increase by 70% by 2050 and at least \$80 billion annual investments throughout the value chains will be required in response. Most of which needs to come from private sector due to the limited public resources, large scale in mechanization, climate smart technologies, processing, and agri-food logistics. Smaller investments are also needed for farmers and agriculture micro, small and medium enterprises to increase their productivity while reducing environment impact and taking into account climate risks.

Murray (1953) defined agricultural. Finance as “an economic study of borrowing funds by farmers, the organization and operation of farm lending agencies and of society’s interest in credit for agriculture.” Tandon and Dhondyal (1962) defined agricultural. Finance “as a branch of agricultural economics, which deals with and financial resources related to individual farm units.”

Karnataka economy is one of the most essentials attribute of agriculture Karnataka. in the topography of Karnataka city’s relief. Soil and climate immensely support to the agriculture activities of Karnataka relief, soil, condition and climate jointly contribute in growing crops of in the Karnataka city. Agriculture is main considered to be one of the primary occupation for the inhabitants of Karnataka. In Karnataka majority of the people are involved growing crops especially in the rural area, agriculture area of the land 64.6 percent but Karnataka has occupied around 21.31 million hectares.

KARNATAKA SEASONAL CORPS

1. Khari crop
2. Rabi crop
3. Summer crop

Khari crop in the Karnataka in comprise millets. Paddy, maize, groundnut, red chill, cotton, sugarcane, rice, soybean rice and turmeric. In the month of Khari crop April to September Rabi crop in the major crop in Karnataka age wheat. Barley, mustered, seas am and peas. It is most popularly known as the harvest in the parts of Karnataka in the month of rabi crop October to December. Principals of crop: in the state it is very suitable crops for cultivation of different types the most important crops grown are:

- Cereals: rice, jowar, maize, wheat, ragi and millets
- Pulses: turmeric, Bengal gram, Horsegram Green gram, cowpea
- Oilseeds; ground nut, seasmum, sunflower, soybean,
- Commercial crop: sugarcane, cotton, and tobacco.

Cotton Based Commercial Crop

Cotton based commercial crop system linked with food crops: mono cropped cotton, cotton wheat, intercropping with chili, Ground nut, Black gram and Green gram.

Jute Based Commercial Crop

Rained condition: jute lentil, jute black gram wheat, jute rice toria, crop with green gram and vegetable. Irrigated condition: jut- rice- potato jute-rice –lentil, jute-rice wheat, jute-rice- mustered

Sugarcane Based Commercial Crop

Tropical region: Bajra, Sugarcane, Ratoon, wheat, finger millets, paddy, black gram Sub-tropical region: autumn maize, potato.

REVIEW OF LITERATURE

Priyanka et al (2017) ‘an economic analysis of sugarcane cultivation and its productivity in major sugar producing state of uttarparadesh and Maharashtra’ the research paper focusing on the trends in area, production, productivity, costs, return, and profitability of sugarcane and determine the factor which are contributing towards productivity of sugarcane in major sugar producing states in uttarpradesh and Maharastrara. The study identified that cost of cultivation of sugarcane also witnessed trend and due to much higher for Maharashtra than uttarpradesh they suggested that away towards increasing the currently stagnant productivity of sugarcane.

Shobha (2018) have conducted the study on problems faced by farmers in accessing agriculture credit in malur taluk of Karnataka. This study focused on to examine the social economic characteristics of farmers and identify farmer problems faced to availing credit for agriculture, the author suggested that farmers should be aware about farm credit package, interest rate charged by bank to agriculture should be normal. Finally concluded that the access of farmers to credit has been constrained by their inability to offer the collateral high interest rate cumbersome process of getting loan and lack of awareness about interest subvention scheme.

Manjuprasad (2019) have conducted study on performance of primary agriculture credit cooperatives the primary agriculture cooperative credit society the main sources of agriculture credit to the farmers rural area. The study reveals that numbers of primary agriculture credit society membership, share capital, reserves deposits, barrowing, working capital loans outstanding loan demand and loan collection of primary agriculture cooperatives societies in Karnataka has increased significantly during the period from 2015-06 to 2016-17. The author found that overall performance of primary agriculture credit cooperative societies has good performance in the scene of progress and development.

Priya Kumary (2020)) Role of institutional credit for agriculture” the study includes the evaluation of institutional credit requirement as per Indian agriculture sector and also consist of the complete discussion

related to all the phase of institutional credit initiative policy for better understanding about the government regulation for encouraging agriculture. The study identified that detail discussion about the inclusive aspects of credit in Indian agriculture sector. Finally concluded that education is one of the biggest solution to most of the mentality based and technically related problem of nation

Narendra et al (2021) Present position of agriculture credit in India an analysis of institutional contribution in providing to agriculture sector' this paper is an attempted to understand present position of agriculture credit in India. And also analyze the contribution of different institution through the different interval of time. Data composed from secondary sources. The study identified that the study of current scenario and contribution of various financial institution in providing agriculture credit. And more than 50% of population depended upon the agriculture sector for their livelihood. And one of the maximum contribution of Indian GDP. Finally concluded that after the analysis that agriculture plays a vital role of in the development of any economy.

Himanipated (2022) "A study on farmer satisfaction with respect to agriculture finance by cooperative bank" the paper examines the satisfaction to farmer to agriculture finance by cooperative bank to know the economic and financial and agri production capacity of farmer and to study the various factor effect the agriculture finance provided by the cooperative bank. in this study primary data were collected. Through questionnaire. The study identified that majority of farmer purchase of farming machinery and equipment which is highest 39.7% and investment in irrigation which is highest 41.35. Finally concluded that the attempt is a major motivation to farmers to make the growth in agriculture and scheme of finance is continuous make effort of the government to encourage farmers

RESEARCH OBJECTIVES

1. To Understand the role of Agri Finance In Karnataka
2. To Examine Commercial Crops In Karnataka

RESEARCH METHODOLOGY

This present study focuses on the role of agricultural finance for commercial crops in Karnataka. The research methodology is used in the form of descriptive type and touch of theoretical, conceptual explanation is done in an elaborative manner. Researcher has collected the required data and information from government department official websites, annual reports of local government bodies and completely based on Secondary data to extract by using survey method. In addition to books, reports and published article has been reviewed thoroughly to meet the set objectives of the paper.

SOURCES OF AGRICULTURAL FINANCE**1. Institutional Sources**

- Cooperative Credit societies (Primary Agricultural credit societies, Central Co-operative Bank, state Co-operative Bank) Commercial Bank
- Regional Rural Banks (RRB)
- NABARD

2. Non-Institutional Sources Money lenders, Traders, Landlords Co-operative credit societies

- Primary Agricultural credit societies at village level
- Central co-operative Bank at District level
- State co-operative Bank at state level
- Commercial Banks

Initially the contribution of commercial bank was very less. After nationalization of banks in 1969, contribution of banks to agricultural credit increased significantly. It provides Direct & Indirect finance. Direct finance for purchasing of pump sets, tractors, other agricultural machinery, construction of wells, tube wells and for other agricultural activities to farmers. Indirect finance is granted to co-operative societies, FCI, state Govt. and other agencies engaged in procurement, storage and distribution of food grains. It also provide credit through service units for warehousing, processing, marketing, transporting etc.

POSITION OF AGRICULTURE IN KARNATAKA

Agriculture is the primary occupation of most of Karnataka's rural people. A total of 123,100 km² of land is cultivated in Karnataka, constituting 64.60% of the total geographical area of the state. According to the 2001 census, farmers and agricultural labourer formed 56% of the workforce of Karnataka. Agriculture in Karnataka is heavily dependent on the southwest monsoon since the extent of arid land in the state is second only to Rajasthan Only 26.5% of sown area (30,900 km²) is subjected to irrigation The state has three agricultural seasons – Khari (April to September), Rabi (October to December) and Summer (January to March

PROBLEMS OF AGRICULTURAL FINANCE

Problems of Agricultural Credit: An average Indian farmer, who has to work on an uneconomic holding', using traditional methods of cultivation and being exposed to the risks of a poor agricultural season is almost always in debt. He is a perennial debtor. Once the farmer falls into debt due to crop failure or low prices of crops or malpractices of moneylenders he can never come out of it. In fact, large part of the liabilities of farmers is 'ancestral debt'. Thus, along with his landed property, he passes on his debt to the next generation. There are four main causes of rural indebted-ness in India:

- Low earning power of the borrower,
- Use of loan for unproductive purposes,

- Very high rate of interest charged by the village moneylender and
- The manipulation of accounts by the lenders.

PRIMARY CROPS GROWN IN KARNATAKA

Karnataka is the largest producer of coarse cereals coffee raw silk and tomatoes among the states in India. Horticultural crops are grown in an area of 16,300 km² and the annual production is about 9.58 million tons. The income generated from horticulture constitutes over 40% of income generated from agriculture and it is about 17% of the state's GDP. In floriculture, Karnataka occupies the second position in India in terms of production and 700 tons of flowers (worth 500 million) were produced in 2004–05. A majority of the thirty-five billion rupee silk industry in India is headquartered in Karnataka State, primarily in Mysore and North Bangalore regions of Doddaballapura, the site of a planned 700 million "Silk Karnataka has made considerable progress under kisan credit card scheme. Totally 4,25,704 No of kisan credit card have been issued as on 30-9-2021 out of these total no of KCC scheduled commercial bank 1,41,7227(33.28%) Regional rural banks 6,31,450(14.82%) and cooperative bank 2,21,00,27(51.90%) no Kisan credit card issued. Performance under annual credit card plan during the last five years 2016-17 to 2020-2021Rs, in crore

- **Paddy**

Paddy is a very important food crop in Karnataka. Rice is the staple food of the people of Karnataka. Its cultivation accounts for 28.2% of the total arable land. Paddy is grown in all areas of Karnataka. Krishna Tungabhadra valley, Cauvery valley and coastal areas are famous for rice cultivation. The rice production in Raichur District ranks first in the country.

- **Jowar**

Jowar is the second-largest crop in Karnataka after rice. The total planting area of jowar is 26% of the cultivated land area. Jowar is the staple food of the people of North Karnataka. It is mainly used to prepare rotis. The trunk of the jowar tree is used as a support for livestock. In southern Karnataka, jowar is mainly grown for fodder. Vijayapura is the leading jowar producer in the state.

- **Sugarcane**

Sugarcane is the most important commercial and industrial crop in Karnataka. Karnataka ranks fourth in sugarcane production. It contains sucrose, which is used to produce sugar. As an annual crop, sugarcane requires irrigation facilities. Belagavi is the main sugarcane producing area in Karnataka, followed by Bagalkot, Ballari, Mysuru, Mandya, Davanagere, Shivamogga, Hassan, Koppal, Vijayapura, Bidar and Haveri as important sugarcane producing areas.

- **Cotton**

Cotton is a fiber crop. It provides raw materials for cotton textiles. In addition, it is also used to make carpets, beds and pillows. Edible oil is produced from cotton seeds. Cotton seed cake is used for animal feed. The major cotton producing districts of Karnataka are Dharwad, Haveri, Ballari, Mysuru, Kalaburagi, Raichur, Davanagere, Belagavi, Koppal and Vijayapura. Among these, Haveri ranks first in cotton production in the state. Dharwad District ranks second.

- **Ragi**

Ragi is a very nutritious food. Ragi balls, oatmeal porridge, sprouted flour, malt, dosa, etc. are made of ragi. In Karnataka, it is the third largest food after Rice and Jowar. The stem of the the ragi plant is used as fodder for livestock. Ragi can be stored for several months. Karnataka is among the top ragi producers in India.

- **Tobacco**

Tobacco belongs to the genus Nicotiana. It contains an intoxicating substance called nicotine. Tobacco is used to make bidis, cigarettes, cigars, and snuff. The Portuguese introduced tobacco to India in the 17th century. Subsequently, people began to cultivate it in Karnataka. Currently, it is the main cash crop in the state. Karnataka ranks fourth among the tobacco producing states of India. The Mysore region ranks first in tobacco production.

- **Coffee**

Coffee is a famous beverage crop and plantation. Karnataka ranks first in Indian coffee production. Karnataka produces two types of coffee, namely Arabica coffee and Robusta coffee. Among them, Arabica coffee is of good quality and is in great demand in the international market. Coffee is mainly grown in the Kodagu area.

CONCLUSION

Agriculture is one of the most important aspects of the Karnataka economy. Karnataka's topography, such as its soil and climate, lends itself well to agricultural pursuits. Crop production employs the bulk of Karnataka's population, particularly in rural areas. Agriculture in Karnataka is one of the fundamental attributes of the Karnataka's economy. Karnataka's topography, such as its soil and climate, greatly supports agricultural activities in Karnataka. The majority of Karnataka's population is engaged in crop production, especially in rural areas. The main agricultural season in Karnataka is the monsoon, as the irrigated area accounts for only 26.5% of the total cultivated land area. Karnataka also has great potential for horticultural production, ranking second in India. Hence role of agriculture fiancé for development of commercial corps in Karnataka is very significant and the contribution of agri finance is very much essential for betterment of Karnataka agri based economy.

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