

Role of Primary Agricultural Cooperative Credit Societies in Rural Development

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ABSTRACT :

India is a country of villages and 68.64% of total population lives in villages. Hence, rural development is the initial requirement for the development of the country. 80% people of rural area and 52% people of country depend on agriculture for their livelihood. Credit plays an important role in the development process. According to Gunnar Mirdal, "Credit is a feature which fastens the development process. Credit is the only option available to the rural farmer, as he is economically weak. If institutional credit is not available, he will depend on private credit. And it is very difficult for him to come out of the vicious cycle of interest of such private credits.

Keyword : Agriculture, Credit, Farmer, PACS, Development.

1. INTRODUCTION

Gandhiji has rightly mentioned that India resides in her villages. Around 68.64% population resides in villages. Thus, our villages present real and true picture of India. Therefore, rural development has an important place in our economic planning. Without development of rural population it is impossible to foster economic development of our country. Therefore, during various stages of planning more importance is given to efforts for improvement in the life standards for the rural poor. Thus, rural development is a multidimensional branch because of its nature and contents. Therefore, rural development is seen as strategy to improve economic, social and cultural aspects of the rural population. Hence agriculture development is the primary necessity for the development of India. Poverty ration is very high in India. Further, the income of rural people is lower than average national income. There is a large number of marginal and small farmers in this country. Their income is not enough to invest in agriculture. The productivity of land becomes low, as it is divided in small pieces day to day. There should be maximum utilization of land being a scarce resource. Hence, automation is necessary to utilize the land fully. To maintain the fertility of land, proper care and treatments are required. For all such activities, finance is required. Credit is the only option available to the rural farmer, as he is economically weak. If institutional credit is not available, he will depend on private credit. And it is very difficult for him to come out of the vicious cycle of interest of such private credits.

2. Role of Credit in Rural Development

Credit plays an important role in the development process. According to Gunnar Mirdal, “Credit is a feature which fastens the development process. To provide easy and enough credit to the large populations, it’s a beginning of a large movement. Rural credit policy is the product of the various stages of this movement and this is how it has been become operational. This policy had widened the credit structure and decreased number of illegal creditors and legal institutional creditors have increased. Co-operative sector, banks and rural banks play an important role to provide credit to the rural area. An important aspect of the Rural Credit Policy is that the credit is given through an institution so that the availability of credit becomes timely and the regional balance of credit is also maintained. A network of approved financial institutions is created to provide credit to the various sectors and certain groups of the rural areas as per the guidelines of National Development Scheme. In order to develop agriculture sector and its income, it is necessary to reform agriculture through modernization and mechanization. With the help of modern techniques and machines, agriculture production as well as national income can be increased. But in order to adopt modern techniques, there is a need of more capital. As the farmer has left the old fashioned typical agriculture system and has started to use new technology, he needs more capital. Farmer’s demand for long term loans have been increasing to fulfill these needs – to level soil, for irrigation, electric pump, diesel pump, bore well, to repair the old wells, to buy tractors and new farming technology. Also short term loan demands have been increased for medication. The farmer was encouraged to take risk as the rate of natural disaster is higher than other industry. If he is able to get returns against these disasters then he may take risk. For all such activities, finance is required. Credit is the only option available to the rural farmer, as he is economically weak. If institutional credit is not available, he will depend on private credit. And it is very difficult for him to come out of the vicious cycle of interest of such private credits.

3. OBJECTIVE

Research study is carried on to study the following objectives keeping in view the credit facilities provided by the Agriculture Credit Co-operatives.

1. To study the purposes of farmers’ credit from Primary Agriculture Credit Co-operatives.
2. To study whether the interest rates of Primary Agriculture Credit Co-operatives are reasonable from farmers’ point of view.
3. To study whether farmers utilize the amount of credit for the same purpose for which it is taken.
4. To study whether the Primary Agriculture Credit Co-operatives satisfy the need of the farmers of the said area.
5. Is there any need to improve the procedure of taking credit from Primary Agriculture Credit Co-operative?
6. Do farmers repay the loans in time? If not, which are the reasons for that?
7. From which other sources have farmers to take loans other than Primary Agriculture Credit Co-operative?
8. Do farmers actual require the credit or just take it as it is cheaply available?

4. RESEARCH AREA

Agriculture plays a very important role in the process of rural development. Due to automation, more capital investment is required in modern agriculture. In such circumstances, the role of Primary Agriculture Credit Co-operative becomes very important. I have selected Gandhinagar district for my research study. Gandhinagar is the capital of the state and always remains ahead in implementation of technical up-gradation. There are four blocks in Gandhinagar district. I have selected farmers from all the blocks.

❖ Sample Selection:

I have selected Mansa, Dehgam, Gandhinagar and Kalol blocks as my research area. Therefore, the farmers who have taken credit from the co-operatives are the source of primary data. Besides, primary data have been collected from the president and secretary of the cooperatives too. It was not possible to meet each and every member of the co-operatives, as the number of cooperatives as well as the number of members in each co-operative is very high in this area. Therefore, representative samples have been selected from the research area with the help of scientific method. Using Simple Random Sampling method, 5 cooperatives from each block have been proportionately selected. For this process, lottery method was used.

To select the credit takers from each cooperative, stratified random selection method has been used. Firstly, all the members of the selected cooperative were classified in to three categories according to their land holding position: small farmers having land less than one acre; medium farmers having land between 1 to 2 acres; and large farmers having land more than 2 acres. Then, 5 farmers from each category have been selected. Thus, selecting total 15 farmers from each cooperative, total 300 farmers have been selected from 20 cooperatives of four blocks.

❖ Method of Data Collection:

The data in this research work have been collected from various sources. Mainly data is available from primary and secondary sources. In this research, 300 farmers (respondents) from 20 cooperatives of 4 blocks of Gandhinagar taluka have been selected as primary source, who have taken agriculture credit. Before starting the research work, the secondary data in the form of reference books, research papers, research journals related to subject, published data on the web-sites of various departments of Government of India and Gujarat, Reserve Bank of India, NABARD, etc. were also studied to select the subject, understand it properly and to develop vision in this subject. For gathering primary data, various techniques have been used as follows:

- Interview Schedule
- Observation Method

5. FINDINGS

- 63% of the total respondents are of the age group of 41 to 60 years. When father does not remain active in agriculture, he generally retires transferring the land to his sons' name. It can be said from the data received during my research that farmers assign the responsibility of agriculture to their sons after the age of 60. Here, it is noticeable that 13.66% farmers seem attached to agriculture even after the age of 60 years. It shows that their sons may not be involved in agriculture occupation. 23.33% respondents have been found below 40 years.
- Only 8% credit takers are female. Generally, male members of the family possess the title of land. So, they are registered as farmers in the government documents. Hence, female farmers are found less. This situation has been observed in my research area too.
- There are 61% General, 33.66% OBC and 5.33% SC respondents covered under this research study. There is not a single respondent of scheduled tribe. The population of ST is very less in Gandhinagar district. As the population of Patel and Thakore caste is very high in this district, this is found in this research study too.
- 94.66% respondents are literate. Total 13 respondent are educated till graduation and more, which is 4.33%. Total 16 persons are illiterate; in which 8 are general, 6 are OBC and 2 are SC.
- Total 217 (72.33%) respondents live in Pakka House. 66 respondents are found living in Semi-Pakka house and they are 22%. 17 farmers (5.66%) live in Kachcha House. No one is found living in huts.
- All the farmers (100%) are having facilities of electricity and bathrooms, where as 74.33% respondents have facility of toilets.
- The farmers under study possess average 2.21 hector of land, which is 1.23 and 2.20 in India and Gujarat respectively.
- 89% respondents have irrigation facility. This proportion is 45% in India and Gujarat. Thus, the irrigation facility is found very good in Gandhinagar district as compared to other regions of the country.

- 98% respondents are found engaged in another occupation along with agriculture. 256 out of 300 farmers carry out secondary occupation along with primary occupation of agriculture; where as 38 farmers showed the agriculture activity as their secondary occupation and another occupation as primary one. 6 farmers are fully involved in agriculture activity only not doing any secondary occupation. Hence, 294 (256+38) out of total 300, i.e., 98% farmers are involved in more than one occupation, where 6 (2%) depends on agriculture only.
- 89.33% respondents have agriculture income of Rs. 1,50,000 or less.
- 92% people takes more than one crop from their land. 29.66% farmers take 3 crops in a year. This is possible only due to enough facility of irrigation.
- 84.33% respondents require credit of Rs. 2,00,000 or less.
- 93% respondents found the rate of interest reasonable.
- 86.66% respondents utilize the credit fund for the aforesaid purpose.
- 93.66% respondents were known by the conditions of loan.
- 86% respondents said that loaning process is o.k. and no need of reforms.
- Only 3% respondents are unable to satisfy their loan need.
- By getting loan 96.33 % have increased their income, 57.33% increase their agricultural inputs, 98.66% respondents become use to with qualitative seeds, 98.66% increased the use of fertilizer and 83% respondents said that agriculture production became increased.
- There is improvement in animal husbandry practices due to loan. 64.3% respondents said that they become able to manage green fodder though loan.
- Due to loan facility the uses of vehicles means increased by 65.65%, domestic electrical means 71.66% and entertainment means 77.33%.
- There were increased in cash liquidity of 67.60 respondents, purchase gold-silver 66% respondents and animal wealth 50%. There was no change in the land of 97% people.
- There were increase in awareness level due to loan about Kedut Mandali activity 80.33%, financial issues 87.33% saving activity 69% and 52% in investment activity.
- The living conditions has become better of 43/66% respondents, latrine facility developed of 23.66% respondents, 20.33% improved their health facility due to loan. Yet 25% respondents have no latrine in their house. Thus, it can be said that people preferred clothing need than latrine.
- After use of loan, 38.3% farmers got improvement in nutritious food while 6 farmers noted decrease in nutritious level food. It was the effect of their poor economic condition and they could not manage fruits & mix vegetables in their meal. After getting loan, no expected income, crop failure and no proper pricing for crop, they could not back loan timely, thus it ultimately have negative impact on their food. 179(59.7%) farmers were not affected and were able to manage nutritious level of their food. These farmers possess good economic conditions and well food practices.
- 58.33% respondents have no impact on their social status while 2 % noticed decrease and 39.66% incensement. 65.66% assumed that sue to loan they can satisfy their social obligations.
- 65% respondents said that loan support in removing the difficulties and mental tension while 9% give opposite response.
- 79.33% respondents regularly paid installment if loan but others who failed said the main reasons crop failure, low price and unproductive use of loan against it.
- 62.9% of non-paying loan farmers paid laon by getting loan from others.
- 12.33% not paid loan assuming that government will exempt their loan.
- The farmers who got loan, 3% were unsatisfied with Khedut Mandali, 3.66% were partly satisfied and 39.33% were completely satisfied while 54% were majorly satisfied.
- 16% respondents get guidance from KVK, 69.66% from Gram Sevak, 5% from institution and 60% from prosper and advance farmers.

- 95% respondents' get information of market price before selling. 45.33% get information from T.V., 41.33% from News Papers and 1.33% from internet.
- 92% farmers clean their produce and 66.33% grading their produce before selling.
- 47.33% respondents weight their goods before going for selling.
- 49.33% respondents packing well their goods before selling.
- 30.66% farmers get information of Kisan Call Centre Services.
- Out of total respondents 3% know about W.T.O. and 8.33 % about Agriculture Market Board, Gandhinagar.

6. SUGGESTIONS

- Loan credit limit should be increased beyond basis of land holding by farmers. The price is high in case of inputs and labour. So, farmers need money in advance to meet the various expenses like seeds, fertilizer and other. Because the small and medium farmers feel scarcity of money before selling their produce. They can manage it by loan.
- On the basis of primary information and discussion, it can be said there is need to improve in agriculture produce distribution system. In this case government intervention may help in following way-
Government should assure the reduction in the number of mediators between farmers and customers. So they could get fair price of their produce. Such efforts have been made in vegetable market of Gandhinagar district where farmers sell their produce directly comparatively on higher price and customers also pay less price. The same system should introduce in all commodities.
- There is need of proper guidance by the related financial institution at the time taking and paying loan. So, they can face or resolve any difficulty during loan process. It will strengthen them in financial planning and decision making.
- KVK and agriculture department should take effective step to reduce agricultural expenses and to promote organic farming. So that land resource quality may improve that is damaging day by day due to excess use of chemical fertilizer and pesticides.
- Farmers must use information communication Technology to bring improvement in agricultural practices. There is need to establish meaningful relationship between farmers and training institution and making used to with latest technology for the development of productivity as well as assuring better price for their produce.
- The respondents have subsidiary business with agriculture but have less income from it. If, they carry animal husbandry scientifically, they could get more income. There is scope to develop village industry for the purpose of income generation.
- The ratio of youth in agriculture is very less. It is the subject of worry. If they prepare mentally to involve in agriculture, this sector may grow in future in right direction.

7. CONCLUSION

In research area 94.66% respondents are literate but 74.33 have latrine facility. It shows that there is still need of awareness about health and sanitation. There is lacking of people awareness. In the Gandhinagar district, irrigation facility is better comparatively to other states. People have other auxiliary occupation with agriculture but have less income. Farmers could get three crops in a year due to enough irrigation.

Respondents use loan for defined objective. The process of loan is o.k. in the view of respondents. No need to improvement. Only 3% can't satisfy their loan need.

Due to loan, income of the farmers has increased, utilization of agricultural means increased, improved seed are being used by the farmers, fertilizer uses increased and agriculture production has increased. The animal husbandry activity has become profitable. 43.66% respondents could improve their standard of living. There was no social impact on respondents due to loan.

3% farmers were unsatisfied with Khedut Mandali. 3.66% were partly satisfied, 39.33% were found fully satisfied and 54% were also completely satisfied.

Due to price inflation of wages and other agricultural inputs like seeds, fertilizer and pesticides, total agricultural expenses has increased. Thus there is need to increase the limit of loan to meet increasing agricultural expenses. There is need to make desired improvement in agriculture produce distribution system with the intervention of government. It will reduce the difficulties of the farmers.

Presently, government has developed vegetable market for the farmers where they can sell their produce directly on fair price in Gandhinagar district. It assured good result. The same this must be carried for all agriculture produces. Thus farmers and customers both will be benefitted in reducing their expenses and getting fair pricing for the produces. KVK and Agriculture department must make meaningful efforts to reduce the production cost, awareness building for organic farming. It will be able to manage the quality of land resource that damaged due excess use of chemical fertilizer and pesticides. Farmers should know and use the advance technology. The relation between farmers and training must be more strengthen. The ratio of youth in agriculture is very less and it is the subject of worry. They must be prepared mentally to join agriculture for better future. Education is level is low among farmers. It restricted the progress of agriculture. They need to get proper education to improve their agriculture. If animal husbandry increases in the state with agriculture, it is positive sign. It must go on scientifically.

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