

Constraints of Crop Credit Beneficiaries of Primary Agricultural Co-Operative Credit Societies in Dakshina Kannada District, Karnataka

Vidyadhari Shetty¹ & Abhishek N.²

¹ Research Scholar, Institute of Management studies and commerce, Srinivas University, Mangalore, Karnataka, India-575001,

Orcid Id: 0000-0002-4712-6503; E-mail: vidyadeep11@gmail.com

² Research Professor, Institute of Management Studies and Commerce, Srinivas University, Mangalore, Karnataka, India-575001,

Orcid Id: 0000-0001-9345-8501; E-mail: abhishekalmighty93@gmail.com

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² Research Professor, Institute of Management Studies and Commerce, Srinivas University,
Mangalore, Karnataka, India-575001,

Orcid Id: 0000-0001-9345-8501; E-mail: abhishekalmighty93@gamil.com

ABSTRACT

Purpose: *Farmers have great importance in our country. They give us the stuff to consume, thus we are dependent on them. Since everyone requires healthy food to survive, farmers must be trusted. The agricultural industry is crucial to the country's economic development, food security, creation of jobs, and reduction of poverty; particularly in rural areas. The primary agricultural co-operative credit societies are providing short-term and medium-term loans to the farmers. The primary reason behind the study is to understand the agricultural co-operative credit society practices and its operations, constraints faced by the farmers of PACC Society, and whether the farmers are satisfied with the services provided by the co-operative society and utilizing this credit for productive purposes or not.*

Methodology: *The methodology used in this study is Descriptive Research, which is mainly concerned with secondary data sources. Secondary data collected from scholarly literature, books, journals, proceedings, magazines, newspapers, personal resources, libraries, websites, government records and documents. The present study was carried out in the Dakshina Kannada district of Karnataka state. The researcher collected information from secondary source.*

Findings: *In Dakshina Kannada, the current status of co-operative society credit practices and operations were identified. Nature and disbursement of loans and advances, Beneficiary's level of satisfaction, the purpose of the credit, utilization of credit and working environment of the working staff, the level of crop credit beneficiary's constraints, social practices, and activities were analysed.*

Originality: *This study considered the problems faced by the members of the Primary Agricultural Credit Co-operative Society for agricultural credit.*

Value: *This study reviewed the current status of primary agricultural credit co-operative services especially short-term crop loans to the members of the society.*

Paper Type: *Descriptive study*

Keywords: Primary Agricultural Co-Operative Society, Credit, Disbursement, Beneficiary, Constraints, SWOT Analysis.

1. INTRODUCTION :

The rural economy of any nation is heavily reliant on agricultural production. The economic growth of a nation is significantly influenced by the agriculture sector. Therefore, agricultural development must accompany the rise of the country's economy [1]. Agriculture is the foundation of the Indian economy. About 65% of our workforce depends on agriculture for their livelihood; it also accounts for 19.2% of our nation's GDP and employs 38.5 percent of the workforce. The amount of capital required for agricultural output has significantly increased. Farmers cannot engage in farming activities without financing. To develop agriculture, the Primary Agricultural Credit Cooperative Societies lend money for both farm and non-farm activities in rural communities [2]. For a long period, moneylenders have

been operating in rural areas. They were exploiting the poor farmers by charging high rates of interest. So the small and medium farmers were struggling to get the required credit at an affordable rate of interest. Agriculture occupies a place of pride after Industrialization in the last 6 decades. Agriculture is an unorganized profession. Indian economy is largely dependent on rural resources specifically agricultural output. After the Govt of India’s new policy of liberalization, privatization and globalization we have found a way for modern cultivation through the latest technology [3]. The recent technological changes in Indian agriculture have brought about intensive use of capital and other farm resources with the result that the demand for credit has increased. In this background, the study has been taken up to analyze the Primary Agricultural Credit Co-operative society's contribution to rural agricultural and economic activities [4]. Society's credit increases the productivity in agriculture and decreases the problems faced by the farmers in the rural areas and the study also recommends suitable strategies for improving the socio-economic conditions of the rural farmers [5]. The main objective of the village co-operative credit societies is to grant loans to members at low rates of interest to replace the moneylenders in the long run. Real interest rates and consumer price inflation both have a detrimental effect on India's per capita GDP [6]. For the country's economic development to be strengthened, high real interest rates and inflation must be under control. The banking industry's financial activities significantly contribute to India's growing economic development. Consumer price inflation and real interest rate have a negative impact on per capita GDP in India. India needs to control high inflation and real interest rate to increase the demand of goods and services to strengthen economic development. Financial activities of the banking sector play a vital contribution to increase economic development in India. [7].

2. REVIEW OF LITERATURE :

2.1 Emerging Issues:

Emerging issues concerning the topic has been addressed in a tabular form. This section reviewed various scholarly articles and research papers from 2012 to 2022 to gain a new insight and to address the emerging issues concerning the subject matter to explore.

Systematic review on the available literature is conducted from Google Scholar search engine between the published journals between 2010-2021 with the help of key words such as Primary Agricultural Co-Operative, Society, Credit, Disbursement, Beneficiary, Constraints and SWOT Analysis. Influencing factors of Constraints of Crop Credit Beneficiaries of Primary Agricultural Co-Operative Credit Societies:

Table 1: This table reviews the various works of literature on Primary Agricultural Credit Co-operative Societies.

S. No.	Field of Research	Focus	Outcome	Reference
1.	Primary Agricultural Co-Operative Credit Society	Impact of Borrowings and Working capital	They highlighted that there was a tremendous increase in the number of members in Primary Agriculture Cooperative Credit Societies showing that farmers are becoming more knowledgeable about cooperative societies and their advantages. Therefore, farmers were interested in joining those associations. Additionally rising were total borrowing, total deposits, and working capital. Light of the farmers' response, it is showing the effectiveness of primary agricultural societies. Farmers are depositing their money in society and they have a faith in the process and working pattern of primary agriculture cooperative societies.	Godara & Singla (2014). [8]
2.	Agriculture	Adoption of modern technology	The study focused on the adoption of modern technology has led to a market rise in incomes over and above the attainable levels of income	Anil Memane (2012).

		in Agriculture	with the use of adequate credit at the currently practiced advanced technology and the use of family members for cultivation work increased substantially.	[9]
3.	Loans and Advances	Factors effecting the Over dues of credit	The study found that the society provided two types of loans such as crop loans and investment loans. Among the loans, small and large farmers had higher overdue in crop loans and for an investment loan, large farmers had the highest share. Medium farmers had more tendency to the repayment of the loan more than other farmers. Land size emerged as the dominant factor that influenced the recovery of credit and the variations in the amount of recovery were influenced by the factors mainly net farm income and amount of credit.	Gandhimathi & Ambigadevi (2012). [10]
4.	Role Of Credit Co-Operatives in Agricultural Development	Output of providing Agricultural inputs to the farmers	From the study, they established that Co-operatives provided not only credit facilities to farmers but also provided agriculture inputs, fertilizers, and pesticides. Therefore, farmers benefited to the maximum through an increased level of output which in turn increased the employment and income of the farmers.	Devi & Govt (2012). [11]
5.	The Effect of Co-Operative Membership on Agricultural Society	Overall development of farmers	They pointed out that with the help of credit facilities from Co-operatives, farmers purchased modern inputs and applied modern technology which acted as a moral boost to farmers in increasing agricultural productivity. Co-operatives thereby contributed to the general development of farmers as well as the development of agriculture.	Zhang, et al. (2020). [12]
6.	Primary Agricultural Co-Operative Credit Society	Policies and Procedure of society has to be modified	The study explained that there was a need for effective coordination between the short-term and long-term cooperative credit structure. The State Government should take necessary steps to reorganize the weak and poor primary agricultural credit societies, central co-operative banks, and primary land development banks. Land development banks should make suitable modifications in their loan policies and simplify sanctioning procedures to ensure that the borrower has easily gotten credit from his local primary credit societies.	Goswami & Jindal (2021). [13]
7.	Comparison of Financial Performance of Co-Operatives and	Relationship between utilization of Credit and loans and deposits.	The present study is comparing the Financial performance of commercial and co-operative banks by calculating their income and expenditure, loans and deposits, etc., the analysis is made through calculating ratios like Leverage ratio, Cash inflow indicators ratio, and Debt coverage ratio. The study is	Sudheer, (2020). [14]

	Commercial Banks		beneficial to determine the current status and financial performance of both commercial and co-operative banks for the last five years	
8.	Other Institutional Credit	Various types of credit by other financial institutions	The credit needs of the people have been growing day by day, which are met by public and private sector banks, cooperative banks and credit societies as well. Passing through various ups and downs the UCBs in Sangli district have been making headway in banking business and playing the significant role in providing credit to the people in priority sector and weaker sections, small and medium income groups living in the urban, semi-urban and rural areas of the district.	Jadhav. (2017) [15]

3. RESEARCH GAP :

The need of the farmers for agriculture credit was increased with the advent of the Green Revolution. After Green Revolution, new technologies were adopted in the agricultural sector and commercialization of agriculture started taking place. Short-term loans are available only for up to 15 months, the majority of the farmers could not afford to repay their dues in time through their savings. However, none of the studies had looked into the constraints faced by the members of Primary Agricultural Credit Co-operative Society Societies. As a result, the current study emphasizes the problems faced by the beneficiaries and how it is adversely affected the Indian economy.

4. RESEARCH AGENDA :

- (1) What type of structure and nature of the Primary Agricultural Credit Co-operative Society?
- (2) What are the factors influencing farmers to avail of credit from the Primary Agricultural Credit Co-operative Society?
- (3) What are the problems faced by the members of the Primary Agricultural Credit Co-operative Society?

5. OBJECTIVES OF THE STUDY :

- (1) To study the structure and nature of Primary Agricultural Co-operative Credit Societies.
- (2) To access the factors influencing beneficiaries to avail credit facilities of the PACC Societies.
- (3) To identify the various problems faced by the members of PACC Societies
- (4) To evaluate the Primary Agricultural Co-operative Credit Societies through SWOC Analysis.

6. ORIGIN OF THE RESEARCH PROBLEM :

Nowadays agriculture plays a significant role in the Indian economy. Therefore there is a wide scope to examine the available agricultural credit to beneficiaries of the PACC Societies. The study is restricted to Bantwala Taluk of Dakshina Kannada District of Karnataka which is an economically backward area. The rural people are starving funds for their agricultural operations and development. Hence the provision of agricultural credit is essential to augment the farmers to adopt agricultural production, adopt new agricultural techniques, and cultivate commercial crops and the economic development of farmers. This study tries to analyze the different problems faced by the members of the PACC Societies in Bantwala Taluk of Dakshina Kannada District [16].

7. SIGNIFICANCE OF THE STUDY :

The rural economy of India is heavily reliant on agricultural production. The economic growth of a nation is significantly influenced by the agriculture sector. Therefore, agricultural development must accompany the rise of the Indian economy [17]. For agricultural development, credit is a main financial factor. In this regard, PACC societies play a vital role in the agricultural development of our country. The importance of the study is to review the loans and advances provided by the PACC Societies for the development of agriculture. To study the significant role played by PACC societies and to assess the short and medium-term credit provided by PACC societies to improve agriculture in Dakshina

Kannada District [18]. To identify the factors influencing beneficiaries to avail of credit facilities of the Dakshina Kannada District and to analyze the factors affecting the utilization of credit facilities by the beneficiaries. To assess the impact of credit provided by the societies to the beneficiaries and to offer suggestions for the simplification of loan approval procedures, and improvement in the usage of credit by the agriculturist. The poor are represented as entrepreneurial subjects for whom integration into formalized financial systems can facilitate their escape from poverty [19].

8. RESEARCH METHODOLOGY :

This report used secondary data, which includes case study analysis and published research papers. The study had taken into account more information about society loan practices that were obtained from published sources, such as annual reports of societies. Secondary data for this study is gathered from academic publications, websites, books, journals, conferences, magazines, newspapers, personal resources, libraries, websites, and other sources including government records and documents.

9. RESULTS OF THE STUDY :

9.1 Operational Definitions Of Primary Co-Operative Credit Societies:

In India, agricultural cooperative credit societies were founded in 1904 as a form of resistance against the unethical actions of moneylenders. [11] They were the first organizations established under the Co-operative Societies Act of 1904. Money lenders were dominating poor agriculture farmers in villages and were cheating them by charging high rates of interest.

These societies are operating at the bottom of the cooperative credit structure at the village level. Farmer beneficiaries are in direct contact with these societies. They are registered under the Karnataka Co-operative Societies Act. There are different types of primary credit societies such as Primary Agricultural Credit Co-operative Societies, Farmers' Service Co-operative Societies, and Agricultural Co-operative Banks in the study area all these societies form the units of this study. They are generally referred to as 'Primary Co-operative Credit Societies', sometimes as 'Primary Societies', sometimes as 'Primaries', and sometimes as 'Societies'. A Primary Agricultural Co-operative Financing Society is a group established at the village level to provide agricultural credit and other inputs to farmers [9]. It is a fundamental unit and one of India's smallest cooperative credit institutions. It functions at the local level. (Township/village level)

Figure 1.1

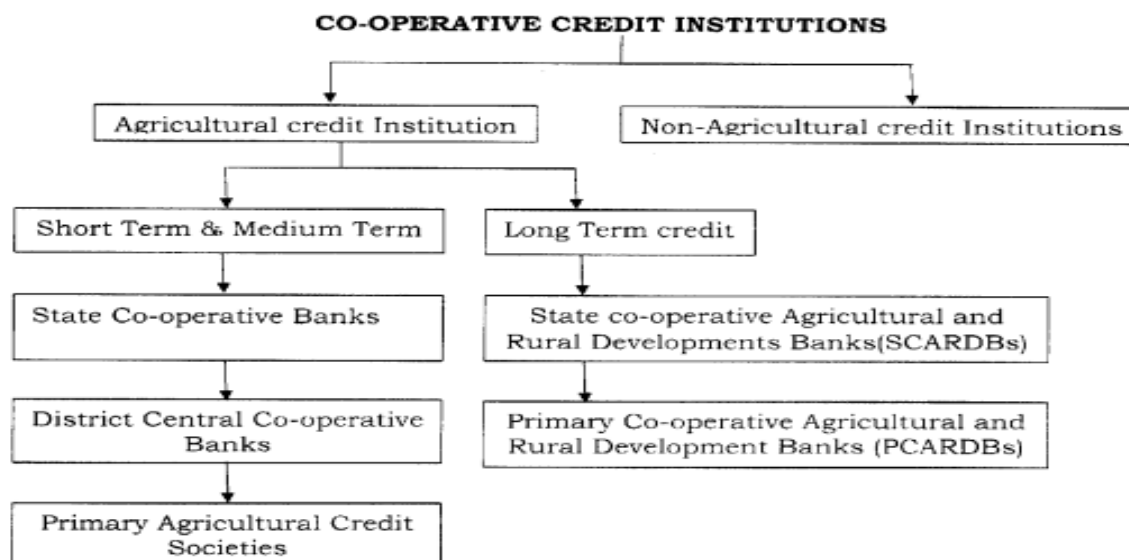


Fig. 1: Organization Structure of Co-operative Credit Institutions. (Source: Anil Memane) [9]

Primary Agricultural Cooperative Credit Societies offer their member farmers short- and medium-term loans to help them meet their financial obligations, buy high-yield seed varieties, chemical fertilizers,

and insecticides, as well as for the purchase of agricultural tools, produce storage, and transportation to buy a tractor and tiller, crop cutting machines, grass cutters [20].

9.2 Crop Loan:

Crop loans are financial aid provided to cover cultivation costs for different crops. These loans are available to people who cultivate the land, such as agriculturalists, tenant farmers, and sharecroppers. 90% of the cost of cultivation is provided as a loan, with the loan amount depending on the cost of cultivation incurred for each crop per acre. Farmers require money for a brief time of fewer than 15 months to cultivate. In the food security the rural women over the world play a major role, agricultural production and in the development and stability of the rural areas but women face a number of constraints in approaching agricultural extension sources especially in developing countries. Rural women along with men play an important role in the agriculture sector like crop production, livestock production as well as cottage industry [21].

9.3 Entrance Fees:

For the admittance of members, the Primary Agricultural Co-operative Credit Societies levies a small entrance fee. Such a fee only covers a small percentage of the society's working capital. In light of this, it was advised that the Government contribute to the share capital of credit societies, with the contribution amounting to 51% of the total share capital [22].

9.4 Primary Agricultural Cooperative Credit Societies' Characteristics:

- The limited geographic scope of the society.
- low-valued shares
- invisible reserve fund
- Limitless member liabilities
- The credit of relatively lengthy terms with facilities for repayment in convenient installments •
- Loans for productive purposes
- Loan facility only for its members [6].

9.5 Primary Agricultural Co-operative Credit Societies' Goals:

The Primary Agricultural Co-operative Credit Societies' goals are as follows.

- To borrow money from both members and non-members to use it to provide loans to members for useful reasons.
- To serve as an agent for the joint sale of the product as well as the joint supply of agricultural, household, and other needs of the members [9].
- To promote frugality, self-help, and cooperative spirit among the members; to buy and possess tools, machinery, or animals; or to hire instruments.
- To purchase and own implements, machinery, or cattle or for hiring instruments [23].

9.6 Primary Agricultural Co-operative Credit Societies' Purposes:

- To advance its members' economic interests in conformity with cooperative principles.
- Offering to finance for short- and medium-term needs.
- Providing agricultural inputs including seeds, pesticides, fertilizers, and tools.
- Providing household necessities like sugar, rice, and daal; encouraging members to save and share
- Offering marketing resources for the selling of agricultural goods.
- Including participants in local economic and social welfare programs
- Promoting saving and sharing habits among members [24]

9.7 Lending Policy:

Primary Agricultural Cooperative Credit Societies offer both medium- and long-term credit. These societies provide loans to both creditworthy agricultural members whose occupation is typically a lucrative industry and members who are tillers of the soil, owning their property or cultivating it as tenants, allowing them to repay their wings from the earnings of the crops they have raised. Loan advances from the Primary Agricultural Co-operative Credit Societies are limited. They determine each member's credit limit based on factors such as,

- The aim of the loan, the applicant's reputation, and his ability to repay the loan
- The security he can provide solely for medium-term loans are all factors to consider.
- The purpose of the loan [25].

9.8 Short- and medium-term borrowing:

- More than 65% of the population works in agriculture, which is the state's primary economic driver. Credit is crucial to the advancement of economic development. Agriculture Credit has increased significantly in a developing economy like ours since it is a crucial component to promote and sustain crop output. The Co-operative Credit System, which includes short-term, medium-term, and long-term credit structures, is the foundation of the cooperative movement [26].
- The short-term structure is a three-tiered structure with the state's apex bank at the state level, cooperative central banks at the district level, and primary agricultural credit societies in rural areas.
- Through Primary Agricultural Co-operative Societies, the short-term finance system offers short-term loans for crop production and medium-term credit for modest improvements. 5355 of the 5546 PACS in the state are active and connected to 21 District Cooperative Banks (DCCB) that have 744 branches. Through Karnataka State Co-operative Apex Bank, the Central Banks obtain refinancing from NABARD. Each farmer receives an average loan of Rs. 45008, and each PACS receives an average advance of Rs. 180.34 lakhs.
- The two-tier credit delivery system's long-term loan needs are met by the Karnataka State Cooperative Agriculture and Rural Development Bank (KSCARD) at the state level and by 177 Primary Cooperative Agriculture and Rural Development Banks at the taluk level. The Apex Bank and the KASCARD Bank receive refinancing from the National Bank for Agriculture and Rural Development (NABARD). Interest subvention on loans for agriculture disbursed at 0% and 3% [27].

9.9 Farmers can obtain agricultural loans from cooperative institutions in the following ways:

Farmers can obtain loans for agricultural purposes from co-operative organizations by filling out an application, paying a membership fee, and providing documentation of their land ownership. Then he must apply for three years of NCL (Normal Credit Limit) sanction. Based on the amount of land owned and the crops grown, a loan requirement will be determined, and after the Board of Directors of the relevant District Central Co-operative Bank has given its approval, he will be granted an NCL. A farmer will receive a crop loan under this NCL based on the money that is available in the PACS and DCC Bank. To qualify for a crop loan, a farmer must have crop insurance [28]. The crop loan premium will be between 2 and 5% of the loan amount. This will be useful in the event of yield loss brought on by insufficient or excessive rainfall, damage from pests and diseases, or natural disasters. A farmer can reduce the risk of product loss brought on by seasonal weather variation by renewing the KCC account and paying crop insurance and personal accident insurance payment each year [29].

9.10 Constraints of Crop Credit Beneficiaries of Primary Agricultural Co-Operative Credit Societies:

- The less recovery and more over dues in the case of small and marginal farmers could be described as the diversion of funds for consumption purposes. However, the large and rich farmers did not repay despite having a good repayment capacity. The study inferred that the size of the land holding, the irrigation ratio, and the cropping pattern all had an impact on the amount of operating capital needed [30]. Concerning the repayment of crop loans, the study revealed that they were influenced by farm size and commercial crop income.
- Due to rising input costs, all farmers confronted the issue of having insufficient credit compared to their rising credit needs. Small and marginal farmers were more severely affected by
- these inadequate loans than were large farmers. It was found that small farmers and medium farmers were dependent on informal sources for their credit requirements. Additionally, the study found that poorer productivity and production in the agricultural sector were largely due to inadequate credit [31].
- Limited geographical area. The PACs area should be limited only to the village level to which it belongs for the benefit of its members. Society should not provide loans to outsiders who stay out of society's geographical area. The membership of society should be given only to those located in the

village where the credit society is established. Society is not providing long-term loans even if farmers needed them. Not quick processing of loan papers. Slow documentation [32].

- Over dues from loan borrowers, the existence of high over dues is due to the cause of non-repayment of dues from farmers. As there are fewer society branches, more area has to be covered by a society branch in that locality, this has caused a workload on the bankers, especially on the limited field staff who has to cover more areas in villages. [33]
- The limited society staffs with more work loaded and faced with poor or lack of logistics supports and poor communication to do their works efficiently. Lack of human resources: The main reasons co-operatives societies lack in the operation are due to lack of human resources, and lack of manpower. Lack of financial resources; there were no appropriate resources given to the short-term and medium-term credits. Lack of skilled, active, and efficient staff in the societies [34].

10. SWOC ANALYSIS :

The main goal of a SWOC study is to determine the approaches that will best match an organization's resources and capabilities with the demands of the environment in which it operates. In other words, it serves as the starting point for assessing internal potential and constraints as well as foreseeable or probable opportunities and dangers from the external environment. It considers all aspects—positive and negative—within and without the company. SWOC analysis is a review tool used to examine internal and external factors of an organizations or companies based on the available data. SWOC stands for Strength, Weakness, Opportunities and Challenges. We have applied SWOC tool to evaluate the system of PACs. [35-41].

Strength:

- (1) The provision of agricultural credit is essential to augment the farmers to adopt agricultural production, adopt new agricultural techniques, and cultivate commercial crops these enhance the economic development of the country.
- (2) Low-interest rate and reliability helps to improve the standard of living of the agriculturist of the nation
- (3) The need of the farmers for agriculture credit was increased with the advent of the Green Revolution. After Green Revolution, new technologies were adopted in the agricultural sector and commercialization of agriculture started taking place.
- (4) It boosts their capacity to generate better goods and services and increases agricultural productivity, which results in competitive growth.
- (5) It helps the export of agricultural produces

Weakness:

- (1) The existence of high over dues is due to the cause of non-repayment of dues from farmers.
- (2) The membership of society should be given only to those located in the village where the credit society is established.
- (3) Not quick processing of loan papers. Slow documentation.
- (4) Society is not providing long-term loans for cultivation even if farmers needed them.

Opportunity:

- (1) Share of the society is very small value so that poor persons can also become its members.
- (2) It helps its members by providing marketing facilities that could enhance the sale of their agricultural products in the market at the proper prices.
- (3) The government reimburses the cooperative institutions for the difference in interest rates through an interest subsidy.
- (4) No advertising expense: In addition, customers who respect and appreciate society may be more willing to suggest those goods and services to others, increasing leads and sales. Similar to word-of-mouth marketing, it spreads information about the society and its offerings.

Constraints:

- (1) Limited geographical area. The PACs area should be limited only to the village level to which it belongs for the benefit of its members. Society should not provide loans to outsiders who stay out of society's geographical area.
- (2) Not quick processing of loan papers. Slow documentation.

(3) As there are fewer society branches, more area has to be covered by a society branch in that locality, this has caused a workload on the bankers, especially on the limited field staff who has to cover more areas in villages.

(4) The limited society staffs with more work loaded and faced with poor or lack of logistics supports and poor communication to do their works efficiently.

11. FINDINGS :

(1) The society only offers loans for short- and medium-term periods. It offers short-term credit in exchange for the borrowers' security, while medium-term credit is provided in exchange for a charge against the borrowers' real estate.

(2) Low-interest rate and reliability. The plan of providing farmers with short- and medium-term loans for agriculture at a relatively cheap interest rate. A very trustworthy society is PACC.

(3) The group solely offers loans to farmers for agricultural purposes.

(4) The society supplies credit only to its members.

(5) There is substantially less deposit mobilization in society because the public is not aware of the various government programs.

(6) Computer use is very less in PACC societies

(7) Political interference is noticed because villages are under the control of Panchayaths. So Panchayath's president and secretary will influence and controls the activities of societies.

(8) The society manager does not educate the farmers about the new schemes and different services of society.

(9) Society does not much train the farmers about the application of new technology and the use of machinery.

(10) It has been noted that the banker has the right to make the appropriate arrangements to pay the debts if the customer consistently defaults on making EMI payments.

(11) The patrons of PACC societies can take advantage of convenient hours of operation. They will answer to consumers even if they arrive outside of business hours because they appreciate and are very familiar with them.

(12) A crop loan is an unsecured loan while a medium-term loan is secured; as a result, the banker has no security against the loan and is concerned about its collection. The constrained social workforce must complete greater work while dealing with inadequate or absent logistical assistance and poor communication.

12. IMPLICATION AND DISCUSSION (SUGGESTIONS) :

1) PACC Society lending only short-term and medium-term loans to farmers, recommendations for channeling long-term credit to land development schemes.

1) Short-term loans are extended for 24 months instead 15 months with easy EMIs

2) Misutilisation and diversification of credit by the farmers, proper supervision over the utilization of loan amount by the bankers.

3) Offer suggestions for improvement in the usage of credit and repayment of loans and advances in time. The banker should track the reasons for the over-dues of members.

4) In this background, the study has been taken up to analyze the PACC Societies' contribution to rural economic activities to increase the productivity in agriculture and the issues faced by farmers in rural areas, as well as to provide appropriate measures for enhancing the socioeconomic circumstances of the rural farmers.

5) Hence the provision of agricultural credit is essential to augment the farmers to adopt agricultural production, adopt new agricultural techniques and develop their resourcefulness of farmers.

6) The state Government has to introduce some incentive schemes for prompt recovery, extend the period of repayment and resort to legal action.

7) No attempts were made to reduce the operational cost, lack of computerization, there was no professionalism and most of all PACC Societies were not following appropriate norms for lending and recovery of loans. The suggestion is that policymakers should develop a clear vision of the future role of the cooperative sector in the globalization regime; Government should spend more money on improving human resources by organizing appropriate training programs.















13. CONCLUSIONS :

Co-operatives were anticipated to be essential in bringing about socio-economic change. The expansion or modification of the nation's output is dependent on agricultural output. For the same reason, it must supply the funds necessary for its development and create surpluses available for the growth of the national economy. Primary produce exports generate significant foreign cash in the early phases of economic development, which can be utilized to acquire capital goods for the development of industry and infrastructure. Rural residents raise their standard of living and partake in the benefits of development. Primary Agricultural Cooperative Credit Societies are two-pronged tools created to combat the spread of rural debt and to better the lives of underprivileged peasants. They also educate people on how to use contemporary high-yielding agricultural techniques and instill in them the habit of thrift, frugality, and self-help. They also provide loans both for production and for other reasons on easy terms. Credit from the primary agricultural cooperative Societies strives to make cultivators their masters by providing them with the resources they need to increase agricultural productivity for both their advancement and the growth of the country's economy. The health of the agricultural sector has a significant impact on government finances as well. A planned economy alone can make Indian agriculture prosperous.

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