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Institutional Credit to Farmers – with specific reference to Cooperative Societies in Prakasam District of Andhra Pradesh

*T. Adi Seshi Reddy & **Dr.N.Nirmalamani

* Research Scholar, Dept. of Economics, Acharya Nagarjuna University, Ongole Campus, Ongole.

** Associate Professor, Dept. of Economics, Acharya Nagarjuna University, Ongole Campus, Ongole.

Abstract:

Credit is one of the critical inputs for agricultural development. It capitalizes farmers to undertake new investments and/or adopt new technologies. The importance of agricultural credit is further reinforced by the unique role of Indian agriculture in the macroeconomic framework along with its significant role in poverty alleviation. Realizing the importance of agricultural credit in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural credit is being emphasized since the beginning of the planned development era in India. In India, a vast network of financial institutions exists, with the co-existence of dual (institutional and non-institutional) financial systems operating in the rural credit market. A large number of institutional and non-institutional agencies lend money to farmers (directly or indirectly) for their short- and long-term needs.

Keywords: - short term credit, medium term credit, long-term credit, Co-operatives, agriculture credit.

Introduction:

The term 'Credit' is obtained from the Latin word 'credere' which means to trust. Credit is the current right to a future installment. Credit is the capacity to get advances from certain people or offices. The individuals who acquire finance from a moneylender might not have any useful resources. Thus, credit is only the certainty-making force of the borrower in the moneylender.

As per the Agriculture Finance Corporation (AFC), it is "how much cash is required by a rancher to accomplish appropriate blend of useful variables like land, work inputs, hardware, animals and administrative capacity, so the arranged degree of pay is produced at his homestead". It is the case that credit is an enormously significant component of coordinated methodology for further developing creation and efficiency, showcasing, land residencies and different viewpoints which are subject to one another. Agrarian money isn't just a subject of the banking business yet there is something else to it besides dispensing credit to ranchers. However, how much credit requested by the singular borrower might be little yet in total, it addresses impressive dangers.

A large portion of the cultivators lives below the poverty-line. Normally, they will quite often acquire cash for leading farming activities. These penniless ranchers ought to be assisted with the authorization of credit as and when they require. The desk work ought to be finished rapidly. A solid establishment of farming is fundamental to keep up with and proceed with the general exhibition of rural areas in the economy and for financial advancement overall.

Agrarian credit might be grouped into two sorts in particular immediate and circuitous. In direct kind, credit is given straightforwardly to ranchers for useful purposes, for example, land improvement, water system, crop creation, acquisition of hardware sorts of gear, advancement of dairy, sheep raising, poultry, fisheries and so on, advancement of the estate of tea, espresso, elastic, coconut, cashew nut and so forth. Backhanded rural credit will be credit given to the establishments engaged with the stock of creation inputs. The backhanded credit is given for financing circulation of homestead inputs like financing essential farming Co-operative social orders, agreeable showcasing social orders, financing RRBs, financing state Electricity Board for energisation of siphon sets, financing for administration foundations that give storerooms, for example, godowns, cold stockpiling and distribution centers, financing for the foundation of Regulated Markets, financing for Agro Industries Corporation, Food Corporation of India, Jute Corporation of India, State Warehousing Corporation and so on. The vast majority of the backhanded money is alluded to as renegotiating. Horticultural credit might be additionally characterized in the accompanying ways, for example, momentary credit, medium-term credit and long-haul credit.

Short-Term credit

Short-term or seasonal credit is conceded for buying the functioning capital prerequisites of the ranchers. The time frame for which this sort of credit is given by and large ranges from 6 to 15 months. As per the All-India Rural Credit Review Committee, the transient credit is a lumpsum credit office, which is given to top off the hole in cost which can't be met by the own asset of ranchers during the period between two harvests. The different purposes for which temporary credit is given incorporate the acquisition of seeds, composts and insect poisons, recruiting of work, employ charges of rural apparatus, installment of power charge, charge on lands, godown charges and so on. The interest of this sort of credit is relied upon to increment at the hour of planting/transplantation. This sort of acknowledgement is otherwise called crop credits.

Medium-Term Credit

Medium-term credit is the credit needed for the development of land acquisition of executes, hardware, domesticated animals and change of development framework. This credit is given to over 15 months however not surpassing 5 years.

Long haul Credit

The drawn-out advances are authorized for a more extended period, for example over 5 years as long as 20 years. Among different kinds of long-haul advances, are the acquisition of ranch or purchasing of extra land, development of structures for ranch tasks, arrangement of waste, recovery of land and different enhancements.

The institutional credit agencies:

It includes rural cooperatives, Regional Rural Banks (RRBs), Scheduled Commercial Banks (SCBs), NABARD, Non-Banking Financial Institutions (NBFIs), Microfinance Institutions (MFIs), Small Finance Banks (SFBs), and other government agencies. Of these, SCBs, RRBs, and cooperatives are the three main rural financial institutions (RFIs) that provide credit to the agricultural sector at the village level by leveraging on their geographical and demographic outreach.

Objectives

The focal objectives of the present study are

- To examine the agricultural credit system in India
- To examine the institutional credit system in the Prakasam district
- To suggest various measures to improve the institutional credit system with specific reference to the study area.

Methodology:

A multistage random sampling technique was used in the present study to select sample households in various villages of the Prakasam district of Andhra Pradesh.

There are three Revenue Divisions viz. Kandukuru, Markapuram and Ongole, in the Prakasam district. 12 mandals at the rate of four mandals from each revenue division were selected using Simple Random Sampling without Replacement (SRSWOR). From each of the mandals, two villages were chosen again using SRSWOR. 13 households were selected from the first village and twelve households were selected from the second village. Thus, the total sample size was 25 households x 12 mandals = 300 households for the district.

Institutional Agencies and Agriculture Credit

Agribusiness development is significant for easing a country's neediness. Institutional credit to more ranchers and proper quality and amount of farming credit are extensively essential for delivering the maximum capacity of horticulture as a productive action. The institutional credit structure in India comprises of Government, NABARD, Commercial Banks, Regional Rural Banks and Cooperative Societies. In the multiagency credit conveyance framework, every one of the various organizations is relied upon to arrange with one another in diverting the credit to different areas of the economy.

The institutional credit to agribusiness expanded from Rs.2,54,658 crore in 2008-09 to Rs.11,79,428 crore in 2017-2018. Aside from significant extension in the progression of credit by Regional Rural Banks and Cooperative Banks, the Commercial Banks keep on being significant institutional offices in giving credit backing to farming and unified exercises.

Commercial Banks represent 71% off offers in the credit stream for farming in 2008-09, and its portion slowly expanded to 75 percent starting in 2017-2018. However, the institutional sources have expanded their cooperation in provincial credit, non-institutional wellsprings of horticulture credit actually remain and they offer credit at higher paces of interest, particularly in the field of utilization credit and advances for useless purposes. The main arrangement measures taken by the public authority to control the exercises of cash loan specialists were the improvement of Co-operative credit organizations and the expanding support of banks in rural credit.

Table - 1: Institutional Credit to Agriculture

(Rs. in Crores)

Year	Co-op. Banks	Share (%)	RRBs	Share (%)	Commercial Banks	Share (%)	Total
2008-09	48258	19	25312	10	181088	71	254658
2009-10	36762	13	26724	9	228951	78	292423
2010-11	78121	23	43965	13	222792	64	344878
2011-12	879.63	19	54450	12	312877	69	453898
2012-13	111203	17	63681	10	484499	73	659383
2013-14	119964	16	82652	11	527506	73	730122
2014-15	138469	16	102482	12	604376	72	845327
2015-16	153294	17	119260	13	642954	70	915508
2016-17	142758	13	123216	12	799781	75	1065755
2017-18	150242	13	142415	12	886771	75	1179428

Source: RBI, Various Issues of Trend and Progress of Banking in India, Mumbai. NABARD, various issues of Annual reports- Mumbai.

Government

The Government has additionally been a wellspring of horticulture credit. Government credits to ranchers are known as Taccavi advances. These advances are given to ranchers in the hours of crisis or pain, for example, starvation, flood and so forth, at around 6% financing cost. The advance is reimbursed in helpful portions alongside land charges. The ranchers think that it is hard to get the Taccavi advances in view of the time squandered and the postponement associated with it. It is additionally not a significant wellspring of money.

National Bank for Agriculture and Rural Development (NABARD)

National Bank for Agriculture and Rural Development (NABARD) was set up on the twelfth of July 1982 by an Act of Parliament. The farming credit elements of RBI and renegotiate elements of the then Agriculture Refinance and Development Corporation (ARDC) were moved to NABARD on its arrangement.

The order of NABARD was an arrangement by the Government of India as a Development Bank with the goal of working with credit stream for the advancement and improvement of farming, limited scope businesses, cabin and town enterprises, handiworks and other provincial artworks. It likewise has the order to

help any remaining associated financial exercises in provincial regions, advance incorporated and maintainable rural turn of events and security flourishing of country regions as additionally for issues associated therewith and coincidental thereto.

The primary job of NABARD is working with the credit stream for horticulture, provincial foundation and country advancement, advancing and supporting strategies, practices and advancements helpful for the rural turn of events, fortifying country credit conveyance framework through the institutional turn of events and administering Rural Financial establishments (Cooperatives and RRBs). The mission of NABARD is to advance economic and even-handed horticulture and provincial success through viable credit support, related administrations, institutional turn of events and other imaginative drives.

The fundamental action of NABARD is planning potential connected credit plans for ID of exploitable potential under farming and different exercises accessible for advancement through bank credit and renegotiating to banks for broadening advances for speculation and creation reason in country regions. Giving advances to state Govt./NGO, Panchayat Raj Institutions for creating the country foundation, supporting NGOs and other Non-conventional offices through Credit Innovation Schemes, stretching out proper financial administrations to the provincial poor by developing a strengthening credit conveyance methodology in a practical way by advancing Self Help Groups (SHGs), Promoting participatory watershed improvement for upgrading efficiency and productivity of downpour took care of farming in a reasonable way, giving consultancy administrations identified with agribusiness, rural turn of events and provincial money and on location investigation of agreeable banks and Regional Rural Banks (RRBs and off-site observation over the soundness of cooperatives and RRBs are not many different goals of NABARD.

The elements of NABARD are named credit arranging and checking, monetary administrations, advancement and improvement and management capacities. It manages the institutional advancement of customer associations, limits the working of accomplice organizations, supports experimentation with new models and practices being developed and credit conveyance, scattering of inventive items and thoughts, supports Research and Development, helping RBI or GOI in detailing of approaches identifying with provincial credit, advancement of rural non-structure area (RNFS), advancement of Kisan Credit Card (KCC), advancement of rancher's clubs, Joint Liability Groups (JLG) and Tenant Farmers, advancement of miniature credit advancements and consultancy administrations.

To guarantee the accessibility of opportune credit to ranchers, banks follow the creation situated process for loaning covering different farming activities dependent on the region under various harvests and yield savvy sizes of money. Renegotiate is given via credit limits for financing such horticultural tasks at concession paces important to State Cooperation Banks (SCBs), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs). As well as working on the progression of showcasing credit to cultivators for increasing their produce-holding limit and checking the rate of pain deal, NABARD supports the helpful banks and RRBs to back advertising of yields, through its renegotiate office for the reason.

Renegotiating to different foundations by NABARD stretched out to SCARDBs is 19.8 percent, SCBs 51.9 percent and RRBs 15.3 percent of absolute payment in the year 2007. The portion of SCBs in NABARD renegotiate is most elevated at 65.3 percent in the year 2017. The RRBs portion of NABARD's renegotiation is 15.3 percent in 2007 and 18.8 percent in 2017. The state Co-operative bank portion of NABARDs renegotiate is 13% in the year 2007 and 11.5 percent in 2017 NABARD's renegotiate to State Cooperative Banks diminished from the year 2017.

Commercial banks

Later the approach of the Green Revolution, the credit needs of agrarian areas expanded significantly much past the limit of cooperatives. Hence, commercial banks (CBs) were enlisted into the field of horticultural credit under the strategy of "Social Control over the Banks" in 1967. The interaction was heightened with the nationalization of CBs in 1969.

To guarantee a stream of credit to the agrarian area, a portion of 18% of net bank credit is focused on loaning to horticulture by commercial banks. The National Bank for Agriculture and Rural Development (NABARD) is a pinnacle association in the field of horticulture and provincial turn of events. It has taken a few drives for working with a stream of credit to the area. The presentation of the Kisan Credit Card plot (1998) has worked with rural loaning. Save Bank of India (RBI) has advanced a plan to build the progression of credit to agribusiness under which Commercial Banks have been encouraged to get ready yearly activity plans for dispensing of credit to farming under various heads.

Regional Rural Banks (RRBs)

The setting up of RRBs has been a critical improvement in the Indian Banking situation. The RRBs are state-supported, provincially based and country-arranged CBs. The advancement in the field of provincial money has stirred a lot of revenue among strategy creators and eyewitnesses. It was in early time of 1975 that the setting up of RRBs was emphatically mooted by the Narasimhan Working Group. The Group had predicted better financial administrations to the most fragile of the feeble in the wide open through the RRBs. These were imagined to join the great highlights of both the Co-operatives and the CBs which had served the country's local area more than quite a few years previously. All the more thus, even later in their nationalization, CBs kept on having a metropolitan predisposition and cooperatives couldn't change the standpoint and imbue dynamism in their handlings.

As a basic piece of the new monetary program for provincial upliftment, it was chosen to build up an extraordinary monetary establishment in the country. Appropriately the GOI declared a law on 26th September 1975, which was along these lines supplanted by the RRBs Act, 1976 and five RRBs were set up on second October 1975. The destinations tried to be accomplished were to foster the country's economy by giving somewhat less expensive credit to the development of agribusiness, exchange and industry in rural regions and to make available credit to the vulnerable sections of the rural society. The formation of RRBs can be compared as a cross/hybrid between the co-operatives and CBs. The objectives are like co-operatives

and management is like CBs. The RRBs are considered to be complementary to these two big institutions. The RRBs have been playing a pivotal role in providing credit and banking services in rural areas by opening a large network of branches, more than 90 percent of these were located in unbanked rural centres.

In the post combination the quantity of RRBs in the nation starting on 31 walks 2017 remained at 56, with an organization of 21,422 branches covering India. In the time of nine years (2009 to 2017), the stores and venture expanded from Rs.1,20,188 in 2009 to Rs.2,10,984 in 2017, separately the borrowings expanded from Rs.12,734 in 2009 to Rs.51,588 in 2017, and credit, and advances (exceptional) expanded from Rs.67,802 of every 2009 to Rs.2,26,175 out of 2017. The monetary aftereffect of RRBs shows that there is an increment in net benefit from Rs.1,787 in 2009 to Rs.2,218 in 2017.

As of now, four provincial country banks are working in the State of Andhra Pradesh to give credits to the little ranchers, craftsmen and rural workers for useful purposes. The subtleties relating to these banks are displayed underneath. All the RRBs are creating a gain and have recorded a development pace of 15-29 percent in-store activation. The low C-D proportions of three RRBs show that these RRBs must be more dynamic in the business advancement to keep the benefit rate high.

Cooperative Banks

Cooperatives play a vital and predominant role in catering for the loan requirements of small and marginal farms and poor living in rural areas. Cooperatives were introduced in 1904 in India with the enactment of the Cooperative Credit Societies Act. The main objective of cooperatives is to help the most distressed class of rural people who were exploited by the rural elite for several years. The Cooperative Act of 1912 was passed to improve their cooperative movement which provided for federal cooperatives in India. Ever since credit through cooperatives is significant in the country. As a significant part of the multi-agency approach to credit delivery in India, cooperatives, both the short-term and long-term structure hold an important position, especially in the rural credit scenario and have played a pivotal role in the development of rural credit over the years. The geographical spread of the entire cooperative credit system covers over 74 percent of rural credit outlets.

The Primary Agricultural Credit Societies (PACSS) form the base and function at the village level. These societies combine together as a federation into Central Co-operation Bank at the district level at the second tier. Then comes the next stage when such banks federate together and form an apex bank, which is at the level of the third tier of the whole system. The apex or State Cooperative Bank is closely related to the NABARD, which provides a considerable financial fillip to the cooperative credit structure. For long-term credit, the organization of cooperative credit structure is a two-tiered one with the State Cooperative Agriculture and Rural Development Banks (SCARDBs) at the state level as an apex body and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) at the district level.

- Offering higher rate of interest on all type of deposits in Prakasam District.
- The Bank has been facilitating the farmers by issuing several types of loans i.e KVRP Loans, ST – SAO Loans, Medium Term Loans, Long Term Loans, S.H.G Loans, J.L.G Loans, House Mortgage Loans, Personal Loans, and finance to Weaver Cooperatives.

- The Total Deposits of Bank as on 31.03.2018 stood at Rs.570.94 crores and the position as on 31.03.2017 was Rs.592.03 crores.
- The Total loan outstanding of the Bank as on 31.03.2018 stood at Rs.1063.08 crores and the position as on 31.03.2017 was Rs.976.83 crores.
- The Total borrowings of the Bank as on 31.03.2018 were Rs.667.21 crores and as on 31.03.2017 was Rs.636.08 crores.
- The Total investments of the Bank as on 31.03.2018 were Rs.170.96 crores and as on 31.03.2017 was Rs.169.54 crores.
- CRAR Position as on 31.03.2018 is 9.47 %, whereas the ratio stood at 9.76 % as on 31.03.2017.
- The Bank is providing various services to the customers/farmers Rupay Card facility & KCC card facility RTGS/NEFT facility & SMS Alerts & Locker facility etc.

Table – 2: Amount of Loan Taken Through Co-operative Bank, 2015-18

S. No.	Amount in Rs.	2015-16	Percent	Valid Percent	2016-17	Percent	Valid Percent	2017-18	Percent	Valid Percent
1	Below 50,000	14	4.7	18.2	12	4.0	19.0	8	2.7	14.5
2	50000- 75000	11	3.7	14.3	11	3.7	17.5	9	3.0	16.4
3	75000 – 100000	12	4.0	15.6	5	1.7	7.9	6	2.0	10.9
4	100000 – 125000	8	2.7	10.4	6	2.0	9.5	4	1.3	7.3
5	125000- 150000	5	1.7	6.5	5	1.7	7.9	7	2.3	12.7
6	150000- 175000	4	1.3	5.2	9	3.0	14.3	5	1.7	9.1
7	175000+	23	7.7	29.9	15	5.0	23.8	16	5.3	29.1
	Total	77	25.7	100.0	63	21.0	100.0	55	18.3	100.0
8	No	223	74.3		237	79.0		245	81.7	
	G.T	300	100.0		300	100.0		300	100.0	

Source: Computed

Scrutiny of table 2 reveals the number of loans taken through cooperative banks during 2015-2018. Out of 300 responding participants, 223 (74.3 percent), 237 (79.0 percent) responding participants and 245 (81.7 percent) of the responding participants did not take a loan from the cooperative bank during the years 2015-2016, 2016-17, and 2017-2018 respectively.

In the year 2015-2016, out of 77 responding participants who took loans from the cooperative banks, 14 (18.2 percent) responding participants had taken below Rs.50,000 and 23 (29.9 percent) responding participants had taken loans above Rs.1,75,000.

Out of 63 responding participants who took a loan from cooperative banks in 2016-17, 12 (19.0 percent) responding participants had taken a loan below Rs.50,000, 11 (17.5 percent) responding participants had taken a loan between Rs.50,000-75,000 and 15 (23.8 percent) responding participants had taken loan above Rs.1,75,000.

Out of 55 responding participants who took a loan from cooperative banks in 2017-2018, 9 (16.4 percent) responding participants had taken a loan between Rs.50,000-75,000, 7 (12.7 percent) of the responding participants had taken a loan between Rs.1,25,000-1,50,000 and 16 (29.1 percent) responding participants had taken loan above Rs.1,75,000.

Table – 3: Purpose of Loan taken through Cooperative Bank, 2015-2018

S. No	Purpose	2015-16	Percent	C.P	2016-17	Percent	C.P	2017-18	Percent	C.P
1	Crop loan	56	72.7	72.7	49	77.8	77.8	44	80.0	80.0
2	Family maintenance	18	23.4	96.1	13	20.6	98.4	9	16.4	96.4
3	Purchase of land	3	3.9	100.0	1	1.6	100.0	2	3.6	100.0
	Total	77	100.0		63	100.0		55	100.0	

Source: Computed * C.P – Cumulative Percent

Scrutiny of table - 3 reveals the purpose of loans taken from cooperative banks during 2015-2018.

Out of 77 responding participants who borrowed from cooperative banks in 2015-2016, 56 (72.7 percent) respondents had taken crop loans, 18 (23.4 percent) responding participants had taken loans for family maintenance and 3 (3.9 percent) responded participants for purchase of land.

Out of 63 responding participants who took loans from cooperative banks in 2016-17, 49 (77.8 percent) responding participants had taken crop loans, 13 (20.6 percent) responding participants for family maintenance and 1 (1.6 percent) respondents for purchase of land.

Out of 55 responding participants who took a loan from cooperative banks in 2017-2018, 44 (80.0 percent) responding participants had taken a crop loan, 9 (16.4 percent) responding participants had taken loans for family maintenance and 2 (3.6 percent) responding participants for purchase of land.

Table – 4: Rate of Interest Charged by Co-operative Banks, 2015-18

S. No.	Rate of Interest (%)	2015-16	Percent	C.P	2016-17	Percent	C.P	2017-18	Percent	C.P
1	7	56	72.7	72.7	43	66.7	66.7	36	65.5	65.5
2	7 - 9	9	11.7	84.4	7	11.1	77.8	11	20.0	85.5
3	9 -12	12	15.6	100.0	14	22.2	100.0	8	14.5	100.0
	Total	77	100.0		63	100.0		55	100.0	

Source: Computed * C.P – Cumulative Percent

Scrutiny of table 4 reveals the rate of interest charged by cooperative banks during 2015-2018. Out of 77 responding participants who borrowed from cooperative banks in 2015-2016, the majority i.e., 56 (72.7 percent) of the respondents' participants took a loan at the rate of interest 7 percent, 9 (11.7 percent) responding participants took at the rate of interest between 7- 9 and 12 (15.6 percent) responding participants at the rate of interest between 9-12 percent.

Out of 63 responding participants who took a loan from the cooperative banks in 2016-17, the majority i.e., 43 (66.7 percent) responding participants had taken a loan at the rate of interest 7 percent, 7 (11.1 percent) responding participants had taken at the rate of interest between 7-9 and 14 (22.2 percent) responding participants at the rate of interest of 9-12 percent.

Out of 55 responding participants who took loans from cooperative banks in 2017-2018, the majority i.e., 36 (65.5 percent) responding participants took a loan at the rate of interest of 7 percent, 11 (20.0 percent) responding participants took at the rate of interest between 7-9 and 8 (14.5 percent) responding participants at the rate of interest of 9-12 percent.

Table – 5: Amount Repaid to Co-operative Banks, 2015-18

S. No	Rs.	2015-16	Percent	Valid Percent	2016-17	Percent	Valid Percent	2017-18	Percent	Valid Percent
1	Below 50,000	7	9.1	26.9	5	7.9	20.8	6	10.9	31.6
2	50000 - 75000	4	5.2	15.4	7	11.1	29.2	2	3.6	10.5
3	75000 – 100000	3	3.9	11.5	3	4.8	12.5	4	7.3	21.1
4	100000 – 125000	5	6.5	19.2	4	6.3	16.7	1	1.8	5.3
5	125000 - 150000	2	2.3	7.7	1	1.6	4.2	2	3.6	10.5
6	150000 - 175000	3	3.9	11.5	2	3.2	8.3	3	5.5	15.8
7	175000 +	2	2.6	7.7	2	3.2	8.3	1	1.8	5.3
	Total	26	33.8	100.0	24	38.1	100.0	19	34.5	100.0
8	No	51	66.2		39	61.9		36	65.5	
	G.T	77	100.0		63	100.0		55	100.0	

Source: Computed

Scrutiny of table 5 reveals the number of loans repaid to cooperative banks by the responding participants during 2015-2018. Out of 300 responding participants, 51 (66.2 percent), 39 (61.9 percent) and 36 (65.5 percent) did not repay loans to the cooperative during 2015-2016, 2016-17 and 2017-2018 respectively.

Out of 26 responding participants who repaid the loan to cooperative banks in 2015-2016, 7 (26.9 percent) of the responding participants repaid loan amounts below Rs.50,000, 5 (19.2 percent) responding participants in between Rs.1,00,000-1.25,000 and 2 (7.7 percent) responding participants repaid an amount of Rs.1,75,000 and above.

Out of 24 responding participants who repaid the loan to cooperative banks in 2016-17, 5 (20.8 percent) responding participants repaid loan amounts below Rs.50,000 and 7 (29.2 percent) responding participants repaid between Rs.50,000 – 75,000.

Out of 19 responding participants who repaid the loan to the cooperative banks in 2017-2018, the majority i.e., 6 (31.6 percent) responding participants repaid loan amounts below Rs.50,000 and 4 (21.1 percent) in the range of Rs.75,000 to 1,00,000.

Table – 6: Amount of Loan Outstanding to the Co-operative Banks, 2015-18

S. No.	Outstanding Amount	2015-16	Percent	Valid Percent	2016-17	Percent	Valid Percent	2017-18	Percent	Valid Percent
1	Below 50,000	7	9.1	13.7	7	11.1	17.9	2	3.6	5.6
2	50000 - 75000	7	9.1	13.7	4	6.3	10.3	7	12.7	19.4
3	75000 – 100000	9	11.7	17.6	2	3.2	5.1	2	3.6	5.6
4	100000 – 125000	3	3.9	5.9	2	3.2	5.1	3	5.5	8.3
5	125000 - 150000	3	3.9	5.9	4	6.3	10.3	5	9.1	13.9
6	150000 - 175000	1	1.3	2.0	7	11.1	17.9	2	3.6	5.6
7	175000 +	21	27.3	41.2	13	20.3	33.3	15	27.3	41.7
	Total	51	66.2	100.0	39	61.9	100.0	36	65.5	100.0
8	No	26	33.8		24	38.1		19	34.5	
	G.T	77	100.0		63	100.0		55	100.0	

Source: Computed

Scrutiny of table 6 reveals the number of loans outstanding to the cooperative banks during 2015-2018. Out of 51 responding participants who had an outstanding loan in 2015-2016, 7 (13.7 percent) responding participants had below Rs.50,000 and 21 (41.2 percent) responding participants had above Rs.1,75,000.

Out of 39 responding participants who had an outstanding loan to the cooperative banks in 2016-17, 7 (17.9 percent) responding participants each had an outstanding amount below Rs.50,000 and between Rs.1,50,000–1,75,000 and 13 (33.3 percent) responding participants had above Rs.1,75,000 as an outstanding loan.

Out of 36 responding participants who had an outstanding loan to cooperatives in 2017-2018, 7 (19.4 percent) responding participants had an amount between Rs.50,000-75,000 and 15 (41.7 percent) responding participants had above Rs.1,75,000.

Table – 7: Reasons for Outstanding of Loan to Co-operative Banks, 2015-18

S. No	Reasons	2015-16	Percent	C.P	2016-17	Percent	C.P	2017-18	Percent	C.P
1	Crop failure	18	35.3	35.3	15	38.5	38.5	12	33.3	33.3
2	Loss in agriculture	4	7.8	43.1	2	5.1	43.6	3	8.3	41.7
3	More family expenditure	26	51.0	94.1	21	53.8	97.4	19	52.8	94.4
4	Social functions	3	5.9	100.0	1	2.6	100.0	2	5.6	100.0
	Total	51	100.0		39	100.0		36	100.0	

Source: Computed * C.P – Cumulative Percent

Scrutiny of table 7 reveals the reasons for an outstanding loan to the cooperative bank during 2015-2018.

Out of 51 responding participants who had an outstanding loan to the cooperative banks in 2015-2016, 18 (35.3 percent) of the responding participants gave the reason for the outstanding loan as crop failure, 4 (7.8 percent) responding participants gave the reason was the loss in agriculture, while 26 (51.0 percent) gave the reasons as more family expenditure.

Out of the 39 responding participants who had an outstanding cooperative loan in 2016-17, 15 (38.5 percent) responding participants gave the reason as crop failure, 21 (53.8 percent) responding participants as more family expenditure.

Out of 36 responding participants who had outstanding cooperative loans in 2017-2018, 12 (33.3 percent) responding participants gave the reason as crop failure, 3 (8.3 percent) responding participants gave the reason as loss in agriculture, 19 (52.8 percent) responding participants reason are more family expenditure. Another 2 (5.6 percent) responding participants gave the reason as social functions.

Policy Implications and guidelines:

Agricultural credit is playing a vital position due to the fact the majorities rely on Agriculture. For this reason, getting credit requires a multi-pronged technique. In mild of the findings of the take a look at, the subsequent guidelines are made for the powerful implementation of the strategies to similarly develop the pace of agriculture credit score in the district particularly and in the country in standard.

- The primary function of credit score in agriculture is to provide capital to collect any kind of effective property land, machinery and so on. Credit offers a way for lots of farmers to alter their operations to maintain up with the regular adjustments.
- Credit score is crucial in the agriculture zone to enhance the productivity of plants and animals used as food for people.
- Farmers generally attain low crop production because of a loss of capital and credit is a capital opportunity to decorate productiveness in the agricultural quarter.
- A maximum of the farmers are small and marginal and also the maximum of them are illiterate, therefore they may be no longer aware of schemes and programmes carried out with the aid of the authorities, and then the government will take initiative to create focus a few of the farmers concerning schemes..
- A further quantity of the responding individuals are tenants and agriculture labourers and consequently, there can be less get entries to the institutional credit scores. To decorate the productiveness of agriculture, the government need to offer credit ratings to even tenants and agricultural labour.
- The majority of the responding members still rely on non-institutional credit especially relies upon on moneylenders due to the fact they are imparting clean cash to them, however institutional businesses are implementing extra restrictions on farmers. As a result, government will provide easy money to them. Honestly with the aid of declining restrictions.
- The cost of production is not very high. A maximum of the responding individuals are raising conventional plants and no longer shifting to industrial plants.
- Most of the loans borrowed by way of the responding individuals are quick-time period loans, and medium and lengthy-time period loans are negligible. Subsequently, authorities have to encourage

medium and lengthy-term loans to improve the earnings requirements by using performing numerous developmental activities finished by using farmers.

- Among the institutional agencies, Commercial Banks and Cooperative Banks are providing more loans to the farmers. Similarly, RRBs must be strengthened by the Government to enhance agricultural credit because RRBs are launched in most of the rural areas, these are the areas that are the backbone of the country.
- There is an increasing trend of institutional agencies and a declining trend the non-institutional agencies. It is a congenial or healthy atmosphere for the farmers even though institutional agencies must be strengthened.
- The entire study reveals that the loan outstanding amounts are still high and the number of defaulters is also very high.
- It is noticed that crop failure is not a major reason for non-repayment of loans, but high expenditure on family maintenance. Evidently, most of the responding participants in the present study are tenants and agricultural labourers and they are forced to borrow even for subsistence because one or two members are working remains depending on people.

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