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AN ECONOMIC ANALYSIS OF CROP LONE UNDER P A C S: A CASE STUDY OF DHARWAD DISTRICT

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Abstract:

Co-operation is a form of organization where in persons voluntarily associate together on the basis of equality for the promotion of their economic interest. Under this system people with limited means are benefited much. "Each for all and all for each" is the philosophy and principal of Co-operation. Commonly known as Primary Agricultural Co-operative Credit Societies may be started with ten or more than ten persons normally belongs to a village. The value of each share is generally nominal so as to enable even the poorest farmers to become a member. Primary Agricultural Co-operative Credit Societies are the grass root level arms of the short term co-operative credit structure. Primary Agricultural Co-operative Credit Societies deal directly with farmer borrowers and grants short and medium term loans and also undertake marketing and distribution functions.

KEYWORDS:

Economic , Crop Lone , Analysis , organization.

INTRODUCTION:

The Primary Agricultural Co-operative Credit Societies were stepped their advances to the weaker sections, particularly the small and marginal farmers. This progress has been quite spectacular but not adequate considering the demand for finance from farmers. However the Primary Agricultural Co-operative Credit Societies have continued to remain the weakest link in the entire co-operative structure. Shukla, Archana (200, according to him the financial resources for PACS is very significant, but quite challenging and it is significant because without adequate financial resources, the PACS cannot perform the desired role in the development of agriculture in the economy of Uttar Pradesh.

ROLE OF PACS

Credit is very essential for agriculture as other sector of the economy needed at various stages of production process. The significant stage is its initial operational stage requiring new working capital other than some given inputs for the production process. Hence in agriculture operation short term credit is important. The supply of such credit is successively provided by primary Agricultural Credit Societies. No other than primary agricultural credit society at grassroots level fit for the supply of such credit.

Primary Agricultural Credit Societies helped liberating the formers from the strangle hold of exploitative money lenders. At the village level the Primary Agricultural Co-operative Credit Societies are play very important role in the development of agriculture. They supply of credit at low rate of interest for the needy farmers in time of very need for increasing production level of agriculture. They aim at helping each and every member of the society in all aspects in implementing agriculture programs. Indian

agriculture characterized by dis-savings and deficits of the common mass and marginal farmers, as a result the farmers are forced to depend on external finance for meeting expenses, so it is obvious in case of small and marginal farmers.

FUNCTION OF PACS

1. To lend adequate amount to its members for consumption purpose limited to their re-paying capacity.
2. To borrow adequate funds from central financial agencies to meet the members credit needs.
3. To associate itself with program of production.
4. To attract local savings for share capital, fixed deposits.
5. To distribute fertilizers, seeds, pesticides and agricultural instruments etc.
6. To supply certain consumer goods on common demand.
7. To purchase consumer producer on behalf of consumer marketing of government.
8. To supervise the utilization of loans.
9. To provide warehouse facility to farmer's produced.
10. To associate itself with programs of economics and social welfare for the village.

OBJECTIVES

On the basis of the above background the study has following objective.

To evaluate the impact of primary Agricultural Co-operative Credit Societies in Dharwad District.
To suggest measures for building up of viable primary agricultural credit societies in the state in general study area in particular.

NEED FOR THE STUDY

The credits Co-Operative have been so far emerged as the most important agencies supplying the largest amount of institutional finance to agriculture. It plays a vital in the development of economy by mobilizing financial resources needed by farmers. The primary co-operative societies are potential sources of credit agencies for seasonal and emergent needs of farmers in village level. The present study is confined to the grass-root micro level assumes special significance as it deals with the financing of agriculture by Primary Agricultural Co-Operative credit Societies in Dharwad district.

METHODOLOGY

The Study covered the Dharwad districts which has five talukas from each talukas 3 Primary Agricultural Co-operative Credit Societies were selected on the Random basis. In Dharwad Taluka a) Dharwad PACS, b) Amminbhawi PACS, c) Marewad PACS, In Hubli taluka a) Krishnapur PACS, b) Adhargunchi PACS, c) Chabbi PACS, In Kalagatagi taluka a) Kalagatagi No.1 PACS b) Kalagatagi No.2 PACS, c) Dhastikoppa PACS. In Navalgundh taluka a) Alagwadi PACS, b) Arekurhati PACS, c) Halkusugal PACS and In Kundgol Taluka a) Kundgol PACS, b) Rotigwad PACS, c) Saunshi PACS.

This study based on only primary data the primary data collected well structure questionnaire conducting with personal interview for 300 respondents on simple random sampling basis. Specific societies in different taluka have been selected to make in depth study in order to inquire into the impact of primary agricultural credit societies.

Table-1: Taluka wise Distribution of Respondent of PACS

Taluks	No of respondents	Percentage of respondent
Dharwad	60	20.0
Hubli	60	20.0
Kalgatgi	60	20.0
Kundagol	60	20.0
Navalgundh	60	20.0
Total	300	100%

An equal number of 60 respondent members of primary agricultural Cooperative credit societies in 5 talukas of Dharwad, Hubli, Kalgatgi Kundgol and Navalgund have been selected for the study. The selected members in each taluka constituted 20% of the total number of 300 members of the PACS covered by the study in Dharwad district.

Table-2: Membership of PACS of Respondents in Different Talukas

Taluks	<1980	%	1981-90	%	1991-00	%	2001 +	%
Dharwad	6	10.0	22	36.7	21	35.0	11	18.3
Hubli	0	0.0	4	6.7	29	48.3	27	45.0
Kalgatgi	9	15.0	16	26.7	23	38.3	12	20.0
Kundagol	2	3.3	8	13.3	25	41.7	25	41.7
Navalgundh	2	3.3	3	5.0	31	51.7	24	40.0

Source: Field Survey

The membership of PACS of the respondents indicate different durations in the 5 talukas of Dharwad district. Maximum number of 119 respondents have become members of PACS between 1991 - 2000 followed by 99 members after 2001, 53 members between 1981-90 and a small number of 19 members earlier to 1980. Thus the membership of PACS has picked up during 90s and the current millennium during this period. There is little variation in enrolment of membership by respondent in indifferent taluks. Earlier enrolment of membership was relatively more in Dharwad and Kalagatgi talukas

Table-3: Educational status of Respondent of PACS

Educations	No of respondents(100)	Percentage of respondents
Illiterates	77	25.7
Primary	76	25.3
Secondary	89	29.7
Higher secondary	48	16.0
Degree	10	3.3
Total	300	100%

Source: Field Survey

Majority of respondent members of P.A.C.S had primary and secondary education while a substantial number of them were illiterates. Those with primary education constituted 25.3% while 29.7% of respondents had secondary education. A lesser number of respondents (48) accounting for 16.0% had higher Secondary education. However only 3.3 %(10) possessed degrees. It is significant to find a substantial number of 77 respondent members of PACS (25.7%) were illiterate. Illiteracy has its impact on the active participation of members in the Deliberations of the institutions like PACS as they lack knowledge of rules. Regulations and procedures of conducting institutional activities.

Table-4: Distribution of PACS members with Different Type of Land holdings

Taluks	Marginal	%	Small	%	Medium	%	Big farmers	%	Total	%
Dharwad	17	28.3	14	23.3	18	30.0	11	18.3	60	20.0
Hubli	5	8.3	18	30.0	26	43.3	11	18.3	60	20.0
Kalgatgi	11	18.3	21	35.0	16	26.7	12	20.0	60	20.0
Kundagol	19	31.7	21	35.0	16	26.7	4	6.7	60	20.0
Navalgundh	3	5.0	9	15.0	28	46.7	20	33.3	60	20.0
Total	55	18.3	83	27.7	104	34.7	58	19.3	300	100.0

Chi-square= 42.0422, df=12, p=0.00003, S

Source: Field Survey

From the result of above table It can seen that out of 300 formers 60 each formers belongs to five talukas in Dharwad district . In Dharwad taluk Maximum of 30% of former are former, 43.3% of medium former in Hubli talkus,46.7%medium former in navalgundh taluka.maximum of 35% each in Kalagatagi and Kundodol taluk belongs to small former category followed by others. Chi-square test of Significant Clearly showed that. Significant difference was observed between five talukas in Dharwad district with respect to different types of formers (chi-square= 42.0422, p<0.05) at 5% level of significance.)

The study has revealed that majority 104 Respondent PACS members (34.7%) were medium land holders in Dharwad district followed by 83 small land holders (27.7%) 58 big landholders (19.3%) and 55 were marginal land holders (18.3%) Taluka wise marginal land holders were more in kundgol (19) Among the small land holders majority of them were in Kalghatgi and Kundgol (21 each) Majority of medium land holders (28) were in Navalgud and majority of big farmers (20) were again in Navalgund taluka .

Table-5: Crop loan obtained by Remembers of PACS

Taluks	Jawar	%	Wheat	%	Cotton	%	Paddy	%	Groundnut	%
Dharwad	37	61.7	28	46.7	32	53.3	3	5.0	45	75.0
Hubli	21	35.0	1	1.7	21	35.0	0	0.0	20	33.3
Kalgatgi	0	0.0	27	45.0	2	3.3	56	93.3	2	3.3
Kundagol	20	33.3	20	33.3	20	33.3	0	0.0	40	66.7
Navalgundh	40	66.7	31	51.7	29	48.3	0	0.0	13	21.7

Continue

Taluks	Onion	%	Chilies	%	Sunflower	%	Corn	%	Soya	%	Others	%
Dharwad	7	11.7	5	8.3	1	1.7	41	68.3	9	15.0	60	100.0
Hubli	0	0.0	20	33.3	0	0.0	21	35.0	0	0.0	21	35.0
Kalgatgi	0	0.0	0	0.0	4	6.7	8	13.3	17	28.3	38	63.3
Kundagol	4	6.7	40	66.7	0	0.0	8	13.3	0	0.0	40	66.7
Navalgundh	0	0.0	0	0.0	0	0.0	39	65.0	20	33.3	42	70.0

Source: Field Survey

Crop loan facility is provided by banks to farmers for activities relating to agricultural and allied operations The respondent farmers have obtained crop loan on different crops of their lands. Maximum of 120 respondent farmers obtained crop loan on ground nutt crop followed by 118 respondent farmers who obtained crop loan 108 on wheat crops,104 on cotton crops and 59 respondents obtaining loan on paddy crops A small number of 39 respondents obtained crop loan on corns and 20 on soya crop Taluka wise figures are largely identical with the general trend of crop loan in the district Table No 35 provides the details

Table-6: Comparison of taluka with different variables by ANOVA test

Taluka places	Seeds purchase	Fertilizers	Pesticide	Labour charge	Land improvements	Others
Dharwad	12783.33	8916.67	7566.67	16616.67	7408.16	9666.67
Hubli	7683.33	5291.67	4366.67	10525.00	2382.35	0.00
Kalgatgi	6116.67	4141.67	2683.33	7833.33	4474.36	6900.00
Kundagol	10700.00	6866.67	6083.33	14283.33	11142.86	7285.71
Navalgundh	10133.33	6915.25	6457.63	11780.70	5589.74	9000.00
Total	9483.33	6424.75	5428.09	12212.12	6426.11	7393.94
F-value	22.6508	26.5675	14.0222	11.2377	10.5083	0.9349
P-value	0.0000*	0.0000*	0.0000*	0.0000*	0.0000*	0.4293

Source: Field Survey

*p<0.05

No significant difference was observed among respondents with respect to taluka place and seed purchase ($F=22.6508, P<0.05$) at 5% level of significance. It means that purchase of seeds were different in taluka place. Hence Dharwad taluka have more seeds purchase as compare to other talukas. It is observed that there is no significant difference was among respondents with respect to taluka place and purchase of fertilizer ($F=26.5675, P<0.05$) at 5% level of significance. Hence purchases of fertilizer were different in taluka place. Dharwad taluka have more purchased the fertilizer as compare to other taluka. A significant difference was observed among PACS respondent with respect to taluka place and pesticide ($F=14.0222, P<0.05$) at 5% level of significance. It means that.

A significant difference was observed among PACS respondents with respect to taluka place and labour charges ($F=11.2377, P<0.05$) at 5% level of significance. It means that labour charge are differ from taluka to other taluka. Here Dharwad taluka have more labour charges to other talukas. A significant difference was observed among PACS members with respect to taluka place and Land improvements ($F=10.5083, P<0.05$) at 5% level of significance. It was observed that land improvement not similar in all talukas Kundgol have more land improvement as compare to other talukas.

Table-7: Increase in Agricultural production after Borrowing Loan from PACS.

Taluks	Yes	%	No	%	Chi-square	p-value
Dharwad	16	26.7	44	73.3	53.0716	0.0000*
Hubli	41	68.3	19	31.7		
Kalgatgi	16	26.7	44	73.3		
Kundagol	45	75.0	15	25.0		
Navalgundh	38	63.3	22	36.7		

Source: Field Survey

*p<0.05

Loans are Largely made by PACS for agricultural purposes to members Hence credit as an input in agriculture is expected to Increase production by way of using physical inputs like seeds, fertilizers etc The loans fro, PACS have resulted in the agricultural production according to majority of respondents in Hubli Kundgol and Navlgund talukas However it is found that agricultural production did not increase after borrowing from PACS according to majority of respondents from Dharwad and kalghatgi There is a divergence of opinion in this context among respondent farmers who availed of credit from PACS

Table-8: Immediate sale of Agricultural Produce-respondents of PACS

Taluks	Yes	%	No	%	Chi-square	p-value
Dharwad	45	75.0	15	25.0	2.7103	0.6074
Hubli	45	75.0	15	25.0		
Kalgatgi	51	85.0	9	15.0		
Kundagol	45	75.0	15	25.0		
Navalgundh	45	75.0	15	25.0		

Source: Field Survey

p<0.05

Immediate sale of Agricultural Product is some times necessary for farmers who are in acute shortage of Finance or due to loans borrowed earlier from traders or commission agents. It is found from the study that large majority respondent from Dharwad (75%) Hubli(75%), Kalagatagi (85%), Kundgol(75%), and Navalgund (75%) have resorted to immediate sale of their agricultural produce.

MAJOR FINDINGS

Responses 300 selected memories of PACS in the study areas are selected to 90.7% of males and 9.3% of females in the 5 talukas of Dharwad district indicating higher membership of males and a smaller number of females.

Illiteracy is high among the respondent members of PACS (25.7%). Further low level of education is indicated by substantial number of members with primary (25.3%) and similarly education (29.7%). A small number of members of PACS (16%) had higher secondary education while a very small number of members had degree level of education (3.3%) majority of members of PACS belonged to families with more than 6 members. This trend is found among members of different caste groups and members with different levels of education.

Larger number of members of PACS are medium land holders (104) followed by small landholders (83). Big farmers (58) and marginal farmers (55).

Majority of members have obtained crop loan a corn, jowar wheat cotton and chilies. Responses of members of the PACS belonging to different caste groups and level of education indicates similar trends. The members of the PACS have not obtained the actual amount of loan they had applied for the loan sanctioned has been much below the movement required the amount of loan sanctioned range from minimum of 49.4% to maximum of 69% of the actual amount applied for by the members of the PACS covered by the study. This calls for more liberal policy of providing loans to farmers to adequately meet their requirements. Caste wise the loan sanction ranged between in minimum of 53.5% for GM caste groups of members of the PACS. A similar trend of loan sanctioned to members of PACS belonging to different type of families like nuclear and joint families. The average amount of loan sanctioned to members of PACS belonging to nuclear and joint families for those with different levels of education was 56.2% of the actual amount of loan applied for.

SUGGESTION

- The societies should cover as many villages and members as possible in a specified area so the efficient and economic management could be possible. Moreover almost every villager may get the benefit of these societies.

- The proper recovery of loans is most important for the rapid expansion of agricultural credit. In fact, no credit agency can increase its resources, unless it recovery is not satisfactory.

- Credit alone is of small farmers if it is not accompanied by other complimentary services such as agricultural extension, marketing, storage facilities and consumer co-operatives etc.

- The accumulation of heavy dues results in constraints to the business and paralyses the working of the Co-operatives. Therefore, action against the defaulters should be taken. Adoption of more liberal polices such as relating to the size of credit to production outlays, effective linking of credit with marketing and strict supervision should also be made to check defaulters.

- There should be properly set up to give loans and technical advice to small and medium farmers in areas where opportunities and desire to increase agricultural production exist.

- There should be local participation to attain grassroots support and democratic control, which are essential for their effective working of co operative societies in the village.

- Efforts should be made for mustering local finance in the form of capital and savings, with a view

to making the co-operatives progressively less dependent upon outside financial assistance.

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