

The role of co-operative societies in fulfilling the financial needs of village farmers and improving their living standards in Belthangady Taluk, Karnataka

Maxim Carl

Department of Commerce
St. Philomena College, Puttur, India
maximcarlo@yahoo.com

Commercial banks and co-operative banks are two major divisions of banking sector in India. When the commercial banks contribute to the growth of economy the village farmers are neglected although they pool good chunk of the financial growth of the nation. Co-operative banks have emerged to fill the gap. It is a study on the role of co-operative societies in fulfilling the financial needs of village farmers and in providing their standard of living in Belthangady Taluk, in Dakshina Kannada district, Karnataka state, India. The results show that 75% of the members of Co-operative Societies are agriculturists among whom 80% had taken loan from the Co-operative Society. The Co-operative Societies helped those farmers to improve the standard of living and multiple schemes were planned for farmers' benefit. More than 16 types of financial help is provided by such societies.

Introduction

India is a land of villages. Villages in India are not self sufficient and self reliant. Agriculture and allied operations are the occupations of the majority of the village residents. They mainly depend on money lenders and the like financial providers to carry on their operations regularly and are exploited. To save and protect those farmers co-operative movement was formed.

Commercial banks cater to the requirements of the highly organized industries and commercial undertakings and organizations. But the requirements of highly disorganized agricultural sector of the country are neglected by the commercial banks. So the co-operative societies and banks came into being to help the agricultural sector. Commercial banks and co-operative banks are the two major divisions of the banking sector in India. Commercial banks play a significant role in achieving economic progress through numerous ways, such as capital formation and financing various sectors like industry, trade, agriculture, transport and self employment. On the other hand, co-operative banks and societies promote savings habits of the farmers and other weaker sections of the community and meet their credit needs. Co-operative societies concentrate more on the rural areas.

Broadly speaking, the main function of a co-operative society is to accept deposits and give loans. Loans are generally sanctioned to the farmers for short term, medium term and long term. Short term loans are given for seasonal agricultural operation such as purchase of seeds, fertilizers, insecticides, pesticides etc. medium term loans are required for purchase of cattle, pump sets, agricultural implements, cattle sheds etc. long term loans are required by the farmers either for the redemption of old debts or for effecting permanent improvement and development of lands, for the purchase of lands for machinery, construction of permanent irrigation channels etc. short term loans are given for periods ranging between 6 months and one year, medium term loans for periods ranging between 3 and 5 years and long term loans for periods ranging between 15 years and more.

Today the financial needs of the village farmers have increased to a great extent. They need the finance not only for agricultural purpose but also for other household purposes which lead them to live a luxurious life and improve their standard of living. So the co-operative societies now a day are required to cater to the diverse financial needs of the village farmers.

Growth Of Co-operative Movement: In India:

- i) The co-operative movement was started in India with a view to provide funds for agricultural operations at a low rate of interest and protect them from the clutches of money lenders.
- ii) In India it was initiated as a State Policy and owes its origin to the enactment of the Co-operative Societies Act 1904.
- iii) To revitalize the co-operatives the government of India has introduced a comprehensive strategy which contained the following:
 - a) Formation of a National Co-operative Policy.
 - b) Formation of a Model Co-operative Act to democratize the working of co-operatives.
 - c) Strengthening Primary Agricultural Co-operatives.
 - d) Enhancing the involvement of the rural poor in the co-operative movement by organizing them into self help groups and activating membership of co-operatives.

Karnataka:

- a) The Co-operative Societies Regulation Act III was passed in the erstwhile princely State of Mysore in June 1905.
- b) The first Primary agricultural society was founded in 1905 at Kanaginahal, Gadag District.
- c) The co-operative structure in Karnataka is federal in nature and follows the Three tire system- consisting Primary Agricultural Societies at grass root

level, co-operative Central banks at the District level and State co-operative banks at the State Level.

Dakshina Kannada District:

- a) The Co-operative Movement in Dakshina kannada District was started in 1909.
- b) The First Co-operative Societies called “Amitha” was started in October 1910 at Puttur.
- c) On 30th Nov 1913, Puttur Credit Society was established. Now it is functioning under the name South Canara District Central Co-operative Bank.
- d) In the beginning of First Five Year Plan, there were 349 Agricultural Credit Societies covering 520 villages in the District. At the end of First Five Year Plan, the number of societies increased to 448.
- e) In 1973 CAMPCO was formed. After 1973 there was a sharp upward trend in the co-operative sector of Dakshina Kannada.
- f) During the successive plan period a good number of new varieties of co-operatives like Marketing & Processing Societies, Milk Societies, Fisheries, Industrial Co-operatives, teachers co-operatives, Co-operatives of Beedi Workers have flourished.

Co-operatives in Belthangady Taluk:

Co-operative Movement in Belthangady Taluk is in a rapid speed in recent years. Almost all the villages are covered by the Co-operative Societies thereby facilitated the farmers to make use of the various schemes. There are 23 Primary agricultural Co-operative Societies in the taluk. They are Dharmasthala, Ujire, Belthangady, Keyyoor, Belalu, Nidle, Venur, Guruvayanakere, Alangady, Machina, Thannirupanth, Bharya, Padmunja, Kaliya, Madanthyar, Hathyadka, Mundaje, Pandangady, Bangady, Perady, Sulkeri and Kokkada. In addition to this there are other co-operative societies and banks which help the members in providing various services.

A study is conducted on the role of co-operative societies in fulfilling the financial needs of village farmers and in providing their standard of living in Belthangady Taluk. The findings of the study are given below:

1. Co-operative Societies are mostly used by the farmers because more than 75% of the members of the Co-operative Societies are agriculturists by profession.
2. Majority of the members of the Co-operative Societies are lower and middle income group people. Among the respondents 79% of the member's annual income is below Rs. 1,00,000.
3. The main reason of becoming the member of a Co-operative Society is to get agricultural financial assistance. 55% of the respondents joined the co-operative societies to get agricultural loan.

4. Initially the membership fee of Co-operative Societies was very low. But later it was increased to Rs. 250 and Rs. 500/=. But majority of the members feel that the membership fees was reasonable.
5. Different financial facilities are provided by the Co-operative Societies to its members. The members avail these facilities according to their needs.
6. Majority of the members availed agricultural loan facility. And this facility is availed many times.
7. Other financial facilities are also used by the members, but at a low percentage.
8. Majority of the members who take financial help from the Co-operative Societies feel that the financial help received from the society is sufficient for their purpose.
9. After using the financial facility from the Co-operative Society majority of the members feel that their income is improved.
10. Almost all the members are aware of the rate of interest charged on the loan taken by the members.
11. Most of the members of the society feel that the rate of interest charged for the loan is high.
12. Most of the members of the Co-operative Societies take medium term loans for their requirements. Totally 80% of the respondents took loan for a period of 1 to 5 years.
13. Almost all the members of the Co-operative Societies are satisfied with the financial help provided by the societies.
14. The attitude or response of the employees towards the members is very important for the success of the society. When the respondents are asked about the attitude and response of the employees towards the members, all the members are satisfied with the attitude of the employees and they said that the employees are friendly towards the members.
15. Normally the employees of the Co-operative Societies are the local people. They know the members very well. So the attitude of the employees towards them is friendly.
16. Majority of the members of the Co-operative Societies are aware of all the facilities provided by the society. Only a very few members are unaware of the facilities provided by the societies.
17. All the financial needs of the members of the Co-operative Societies are not fulfilled by the societies. Only 30% members feel that their full financial needs are satisfied by the co-operative societies.
18. Majority of the members i.e. 67.5% of the members feel that their financial needs are fulfilled by the societies only to some extent and not fully.
19. There is some relationship between financial help from societies and the standard of living of the members. The standard of living of the members of the society who have taken the financial help has improved.
20. With the financial help, the members have improved their agriculture, irrigation facility, purchased vehicles i.e. two wheelers, purchased

luxurious furniture & fixtures, electronic appliances, computers etc and thereby their standard of living has improved.

21. All the societies interviewed expect to have the branches. It shows the necessity of the societies to the farmers in the rural areas.
22. Every Co-operative Society conducts its Board meetings regularly in a year. On an average the society conducts 12 board meetings in a year.
23. Every society interviewed in Belthandady Taluk has more than 1000 members. There is increase in no. of members in every society every year.
24. More than 16 types of financial help is provided by the Co-operative Societies to its members.
25. Most of the Co-operative Societies in Belthangady Taluk, which are interviewed, have sanctioned more than Rs.6 crores each as loan to its members. Thus the Co-operative Societies fulfill the financial needs of its members and thereby help to improve the standard of living of the members.
26. The members of Co-operative Societies are also prompt in the repayment of the loans. In majority of the co-operative societies, interviewed, the recovery of loans is more than 90%.
27. Government is providing various schemes to the farmers through Co-operative Societies. But, some of the members are unaware of these schemes.
28. Government is providing subsidy to the farmers through some of the schemes of finance. This is not known to some of the members.

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