

# Impact of applied agro-cooperative credit and banking on farmers and farming

[Finance](#), [Banking](#)



People depend for good introduction in Agro-Farming not only on good seeds, good fertilizers, good irrigation and good Agro-technology; but they need also short-term, medium and long term loans to meet their other demands at farm level in farming. This genuine situational scene has a power to present an impact of applied cooperative credit and banking on farmers in farming from the point of origin of the Indian Cooperative Credit (a facile credit) movement from the period of working of NIDISH in Madras Province in 1882 to 1904 till date.

This is a good Genesis of this issue with a scientific periodicity which may be perused in following section. An Iota in the facile cooperative credit scene of madras province Nidish a socio-economic social group were working in very active form like the primary cooperative credit societies at farm level in rural Madras province in 1882-1884.

Madras Provinces 1882-1884 :- Fedaric Nicholson's visit from India to Germany to study the working of The Raiffieson Model Rural Cooperative Credit societies and came back with a finding " Find Raiffieson" because he found 100% similarities in need of Agro - financing for Rural India, with cultural similarities at great scale in rural India and Rural Germany. In India also there was great exploitation done by private moneylenders by charging 75% rate of interest and in Germany also such high interest was taken by Jews/Nazis from Rural Germany Farmers.

The profit motive and usurious practices were similar in India and Germany. In 1882 to 1884 Fedaric Nicholson came back from Germany in Madras Province and recommended to the government to start primary Agro-

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Cooperative credit and Banking instead of Nidish to protect rural people from great exploitation and usurious practices of private moneylender. His report and recommendations were accepted by the Madras provincial government under the control of British government.

This was also studied and accepted by the government of Bombay province Maharashtra due to great vitality in his recommendations in public interest. In 1896, the British government appointed Edward committee (sir Edward as chairman) to study the Indian Rural conditions, needs and scope of working of the primary Agricultural Cooperative Credit societies under the control of British government for the people to work with cooperation of the people for the people with democratic management at grass root level. The Edward Committee 1896-1904 surveyed the Indian Rural agro-banking system and passed first cooperative Societies Act 1904 which was accepted and made applicable for greater India (from Kabul to Burma) with democratic centralised cooperative credit banking; viz; from Kabul to Burma, if any primary Agricultural cooperative society was organised, then it was bound to get registration from Delhi only. This was a real scene from 1904-1908. The distance factor was main problem for formation and registration of Agro-primary Cooperative Credit Societies.

In this era cooperative credit was considered as a facile credit and cooperative banking was accepted a means to achieve the desired goal in a desired time. In 1908, Lawd recommended to add cooperative Audit, with cooperative credit and banking by increasing two sections in the cooperative Act of 1904. Thus total sections from 48 to 50 were made in the first

cooperative society's act of 1904 in 1908-1912. This added great strength to Agro-cooperative credit and banking system for Rural India.

In 1912, the cooperative society Act was again examined by Sir Malcolm I. C. S and others. They suggested to add three sections more for facilitating cooperative credit, Consumption, and Marketing to the people of Rural India to protect them from exploitation of private traders and took them away from cruel clutches of exploiters by using cooperative organisation of the people for the people. It was accepted by the government in public interest.

In 1914-1915, the cooperation was made state sponsored subject to give chance to the state (provincial governments) to frame their own cooperative society Acts on the basis of this model Act of 1904 with due consideration of the interpersonal situations of the concern state in preparation of their own cooperative societies act. It gave good chance to states from Kabul to Burma to register primary Agro-cooperative credit societies for credit and banking activities according to their interpersonal conditions to work and upgrade socio-economic life of rural people by effective working of primary Agro-cooperative credit and banking business.

There was a rapid growth of members of primary Agro-cooperative credit and banking business and growth also found in qualities of services from 1912-1915 in cooperative credit movement in India. The first world war of 1915 gave great shock for the growth of Rural Agro-Cooperative banking due to more involvement of rural people in Indian Army. Therefore there was

stunted growth of working of Agro-cooperative credit and banking from 1915 to 1925. There was Second World War in 1930-1935.

The Burma separated from India in 1920 and Shyam, Rangun and Kabul were also separated in 1937-38 and became independent countries. These newly made countries accepted and used Indian model cooperative society Act of 1912-15 to make their own cooperative acts. In 1939-40 in India, the Vijayraghavacharya committee recommended to start linking of cooperative credit with Agro-production and marketing in Madras provinces in Salem district. It was applied in Salem district only for testing. India became independent country in 1947 from the clutches of britishhood separate it.

The publicfinancesub-committee (headed by Dr. D. R. Godgil) in 1946 submitted its report and recommended to allow crop loan systems to Rural people (farmers) to bring new change in farm financing by deciding Maximum Cooperative Credit Limit (M. C. L. ) per farmer, per acre per crop per season to upgrade economic strength of rural borrowers on the one hand by weathering the deep rooted exploitation of private moneylenders which gave a good chance for effective working of rural Agro-cooperative credit and banking on the other.

It was again reviewed by Thakurdas Mehta committee in 1948. This committee recommended starting its application from April 1950 in First Five Year Plan. At this time Ready Recknor was not made crop-wise for farmers but Rs. 500 M. C. L. (Maximum Credit Limit) per acre per crop was approved to apply from 1951 to 1954 in the first five year plan for good financing to

farmers through primary Agro-Cooperative credit societies. It was brought in real practices. In 1950-54, A. G. Gorwala I. C. S was appointed to do All India Rural Credit Survey to judge the extent of credit distribution by the cooperative credit societies in presence of several moneylenders. He did survey in 75 districts of India, in 400 villages and 127475 farmers families who found 3. 5% farm financing and banking was done since 1904 to 1954 by cooperative credit societies and 96. 5% was done by non-cooperative agencies. The extent of linking of cooperative credit with farm production and cooperative marketing was found 1% only.

There was major failure of cooperative credit and banking role in rural India in socio-economic upgradation process for farming community. The AIRCS committee 1954 gave remark, “ Cooperative have failed but must succeed. ” The AIRCS committee recommended starting CCR (controlled credit recovery) scheme under integrated Approach, viz: linking of cooperative credit with farm production and cooperative marketing to upgrade socio-economic life of farmers on the one hand and quality of services of cooperative credit and banking on the other. This recommendation was applied in second five year plan from 1955 to 1960.

It was found that linking of cooperative credit and marketing increased from 1% to 11% and extent of cooperative credit distribution was increased from 3. 5% to 30% and maximum credit limit (MCL) increased from Rs. 500 to Rs. 1200 per crop per acre per year. This gradual growth gave great encouragement to cooperative credit and banking system in farm financing at a great length. This had motivated for a reliable and very valid effective

approach through cooperative credit and banking for rural reorientation as well as upgradation of socio-economic change of rural people in rural India.

This indicated a good desired shifting of cooperative credit business and gave a motivation to cooperative sector to face challenge for a desired change at farm level in the system of farming with Agro-technology. If we examine socio-economic changes from 1950 to 2012 or from first five year plan to 11th five year plan through applied cooperative credit and banking, the desired changes are found based on multiple variables with varieties of risks (challenges for changes). This scene is inviting attention of planners, surveyors, researchers and the governments to identify factors or obstacles affecting in achieving the desired results.

Nobody has made any attempt on this issue at a great length till date to identify the factors affecting the quality of socio-economic change operation of cooperative credit and rural banking practices. There is urgent need and demand of the rural people, primary Agro-cooperative credit societies and applied cooperative banking to identify the problem raising factors and discover reliable and valid solutions to achieve the desired goal in the desired time. Therefore, an attempt is needed to make on this issue. The present study aims to work on this issue at a great length. Objectives of the study

Broadly speaking, this study has main following objectives:

1. To identify/ analyse the reliable and valid factors affecting the working of applied cooperative credit and banking at grassroots level and also to identify socio-economic changes at farm level and;
2. To explore practical possible solutions as remedial measures to solve the problems at grass root levels, to do socio-economic upgradation of farmers and their farming with help of modern Agro-technology and rational farm financing. Research Design The present study is going to do Exploratory-cum-Descriptive research work.

It is a systematic and purposeful empirical enquiry; it includes surveys and fact-findings enquiries of different kinds. The main characteristics of this method are that the researcher has no control over the variables. It only reports what has happened or what is happening. In which the researcher does not have direct control over independent variables either what has happened or what is happening. But in this solution by the research an attempt has to make to search reliable and valid factors to discover a good solution for solving the problems. Location of the Universe/ Population.