

CONTEMPORARY CHALLENGE AND INSTITUTIONAL RESPONSE IN AGRICULTURAL CREDIT FOR FARMERS IN INDIA: WITH SPECIAL REFERENCE TO CO-OPERATIVE BANKS IN RANIPET DISTRICT, TAMIL NADU

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Abstract

Agricultural credit is a key component in enhancing productivity, ensuring food security, and sustaining livelihoods in rural India. In this context, co-operative banks serve as vital institutions offering accessible credit, especially for small and marginal farmers. However, institutional inefficiencies, procedural bottlenecks, and lack of financial literacy continue to limit their effectiveness. This study examines the contemporary challenges in agricultural credit delivery and institutional responses with special reference to co-operative banks in Ranipet district, Tamil Nadu. Based on both primary and secondary data (2018–2023), the paper highlights farmers' credit usage patterns, satisfaction levels, major hurdles in accessing credit, and policy gaps. Findings show delays in loan sanctioning, lack of awareness about schemes, and excessive documentation as major issues. However, digital transformation and capacity-building offer hope for a more inclusive credit system. The study concludes with key recommendations for strengthening rural credit delivery mechanisms through structural reforms and grassroots financial empowerment.

Keywords:

Agricultural Credit, Co-operative Banks, Rural Finance, Credit Accessibility, Ranipet District, Policy Reforms, Institutional Support, Financial Inclusion.

Introduction

Agriculture has been the backbone of the Indian economy, contributing significantly to GDP, employment, and rural livelihood. With over 50% of the population depending directly or indirectly on agriculture, the sector holds a central position in the country's development agenda. In Indian agriculture is riddled with challenges such as fragmented landholdings, low mechanization, and overdependence on monsoons, inadequate infrastructure, and market uncertainties. In such a scenario, the availability of timely and adequate credit plays a vital role in improving agricultural productivity and ensuring the sustainability of farmers' income. Agricultural credit empowers farmers to invest in high-quality seeds, fertilizers, irrigation, machinery, and other technologies that enhance yields. It also cushions them against income volatility caused by climatic conditions and price fluctuations. Recognizing the importance of credit in agriculture, various institutional mechanisms have been developed in India, including commercial banks, regional rural banks (RRBs), and co-operative banks. Among these, co-operative banks have a unique place due to their grassroots presence, democratic governance, and focus on the rural poor.

The co-operative credit structure in India is designed as a three-tier system comprising Primary Agricultural Credit Societies (PACS) at the village level, District Central Co-operative Banks (DCCBs) at the intermediate level, and State Co-operative Banks (SCBs) at the apex level. These institutions are intended to provide both short-term and long-term agricultural credit. PACS,

being closest to the farmers, play a crucial role in the distribution of seasonal agricultural operations (SAO) loans. However, the effectiveness of these banks is often hampered by weak financial health, limited technological adoption, and administrative inefficiencies. Despite their potential, co-operative banks face several bottlenecks in delivering credit efficiently. Farmers frequently report issues such as delays in loan sanctioning, excessive paperwork, uncooperative staff, and lack of information about available credit schemes. Moreover, the loan amounts are often insufficient, and collateral requirements become an additional barrier for small and marginal farmers. These hurdles force many farmers to rely on informal credit sources such as moneylenders, which often leads to debt traps due to exorbitant interest rates.

In response to these persistent issues, recent years have witnessed policy initiatives aimed at revitalizing the co-operative banking sector. Digitization of PACS, linking with core banking systems, and capacity-building programs are being promoted to modernize rural credit institutions. Further, government schemes like the Interest Subvention Scheme (ISS), Kisan Credit Card (KCC), and financial literacy drives aim to strengthen farmers' access to formal credit. Yet, the impact of these initiatives varies regionally, depending on administrative capacity, awareness levels, and socio-economic conditions of the farmers. Given this context, a focused study on the challenges and institutional responses in agricultural credit becomes vital. An in-depth understanding of how farmers access and utilize credit, the operational performance of co-operative banks, and policy-level interventions is necessary to evaluate the efficacy of the current system. This study, therefore, undertakes a case-based investigation into the Ranipet district of Tamil Nadu to offer grounded insights into the real-world dynamics of rural credit delivery and propose data-driven recommendations for strengthening inclusive agricultural finance.

Statement of the Problem

Agricultural credit continues to be a cornerstone for empowering farmers in India, particularly small and marginal landholders who depend heavily on external financial assistance for crop production and allied activities. While institutional credit mechanisms have evolved over decades, ground-level access remains a persistent challenge. Co-operative banks, which are expected to play a critical role in ensuring the outreach of credit in rural areas, often fall short due to procedural delays, lack of transparency, poor awareness among farmers, and bureaucratic inefficiencies. Despite the efforts of government and financial agencies to enhance the rural credit structure through subsidized interest rates and various schemes, a significant segment of the farming population still finds it difficult to access timely and adequate credit from formal institutions.

In districts like Ranipet, where agriculture forms the economic backbone for many rural households, the gap between credit availability and accessibility becomes even more pronounced. Farmers face hurdles such as excessive documentation requirements, limited financial literacy, poor grievance redressed mechanisms, and uncooperative bank staff. On the supply side, co-operative banks are often constrained by low capital reserves, outdated infrastructure, and high non-performing assets (NPAs). The mismatch between the design of institutional credit systems and the lived realities of rural farmers results in underutilization of credit facilities, poor repayment behaviour, and continued dependence on informal credit sources. This scenario underlines the urgency to assess not only the problems within the co-operative credit institutions but also the broader systemic challenges that prevent effective financial inclusion in agriculture.

Objectives of the Study

1. To analyze the accessibility and utilization of agricultural loans among farmers through co-operative banks in the study area.
2. To identify the key problems faced by farmers in obtaining timely and adequate institutional agricultural credit.

3. To evaluate the socio-economic impact of agricultural credit on farm productivity, income, and livelihood security.
4. To explore the role and performance of co-operative banks in promoting inclusive agricultural finance at the grassroots level.
5. To examine the level of awareness and satisfaction of farmers with respect to credit services, procedures, and government schemes provided through co-operative institutions.
6. To investigate the factors contributing to loan defaults and over-reliance on informal credit sources in the rural agricultural sector.
7. To recommend appropriate policy interventions and institutional reforms to improve the effectiveness, responsiveness, and accessibility of agricultural credit delivery systems.

Review of Literature

Anand (2017)¹, emphasized the critical need for linking agricultural credit with extension services. His study found that while many farmers avail credit, they often lack the knowledge to use it productively. He advocated for stronger coordination between financial institutions and agricultural advisory services to ensure that credit translates into improved productivity.

Reddy (2019)², conducted a detailed assessment of the operational performance of co-operative banks in Tamil Nadu. He found that despite their accessibility, these banks suffer from administrative inefficiencies, poor recovery rates, and outdated practices. His research suggested a major revamp in governance and the introduction of modern banking tools.

Sharma (2020)³, explored the role of co-operative banks in facilitating rural credit. His findings showed that these banks are more approachable for small and marginal farmers than commercial banks. However, limitations such as slow disbursement and limited awareness among farmers still exist, reducing their overall effectiveness.

ICAR (2020)⁴, proposed a comprehensive framework to integrate rural credit with agricultural extension services. Their paper suggested the use of digital platforms, cluster-based crop planning, and customized lending models to address the disconnect between credit availability and agricultural needs.

NITI Aayog (2021)⁵, in its policy brief on doubling farmers' income, underscored the role of affordable and timely institutional credit. It highlighted that co-operative banks must innovate and adopt digital transformation to remain relevant and effective in rural credit markets.

Kumar (2021)⁶, studied farmers' awareness of credit schemes in rural India. He found that many were unaware of institutional offerings or found the processes too complex. He recommended that banks invest in financial literacy campaigns and simplify documentation procedures.

Tamil Nadu State Co-operative Bank Report (2022)⁷, provided a district-level review of credit flow and noted disparities across regions. The report stressed the need for capacity-building, better data management systems, and farmer counselling centers to enhance the efficiency of co-operative institutions.

NABARD (2022)⁸, through its State Focus Paper, highlighted the operational limitations of Primary Agricultural Credit Societies (PACS), including poor record-keeping, weak infrastructure, and inadequate computerization. It emphasized modernization and increased autonomy for PACS to enhance outreach.

Sundararajan (2023)⁹, examined the digital transformation of rural financial institutions and found that automation and core banking solutions in co-operative banks could drastically reduce

processing time and improve transparency. His study recommended digitization at the PACS level for efficient loan management.

RBI (2023)¹⁰, in its Annual Report on Trends and Progress of Banking in India, noted a steady increase in agricultural credit but a declining share of co-operative banks. It identified issues such as high non-performing assets and poor credit monitoring systems, advocating for reforms and better governance mechanisms.

Methodology

In this study adopts a descriptive and diagnostic research approach to examine the contemporary challenges and institutional responses in agricultural credit, with particular reference to co-operative banks in Ranipet District, Tamil Nadu. Both primary and secondary data were used to ensure a well-rounded and evidence-based understanding. For the primary data, a structured questionnaire was designed and administered to a sample of 30 farmers, selected using stratified random sampling to ensure diverse representation across different economic and landholding groups. The questionnaire covered essential aspects such as awareness of credit schemes, sources of agricultural credit, satisfaction with co-operative bank services, challenges faced during the loan application process, and the overall impact of credit on their farming activities.

Secondary data was collected from reliable institutional sources including the Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), the Tamil Nadu State Co-operative Bank, and reports from the Department of Economics and Statistics, Government of Tamil Nadu. These sources provided critical information related to credit flow, recovery rates, default reasons, and policy initiatives during the period from 2018 to 2023. The collected data were analyzed using descriptive statistics, such as percentages and tabulations, and the results were visualized using charts and tables. Ethical guidelines were followed throughout the study, including obtaining informed consent and ensuring respondent confidentiality. This methodological framework enables a holistic evaluation of the operational performance of co-operative banks and the real-world experiences of farmers in accessing institutional credit.

Evaluating Institutional Agricultural Credit Access and Farmer Perceptions: A Study on Co-operative Banking Efficiency in Rural Tamil Nadu

In the context of contemporary rural finance in India, the delivery of institutional agricultural credit remains both a critical and evolving issue. Co-operative banks, traditionally known for their grassroots accessibility, continue to play a significant role in addressing the financial needs of small and marginal farmers. However, these institutions face several systemic challenges such as procedural delays, limited credit awareness, and technological backwardness. The current study, titled "Contemporary Challenges and Institutional Responses in Agricultural Credit for Farmers in India: With Special Reference to Co-operative Banks in Ranipet District, Tamil Nadu," explores how effectively co-operative banks provide credit services to farmers and how these services are perceived and utilized. Based on primary data collected from rural respondents and supported by institutional records from NABARD and RBI, the study reveals gaps in service delivery, awareness, and responsiveness. It further investigates the farmers' levels of satisfaction, their access to timely credit, and the degree to which policy interventions are translated into practical outcomes at the ground level. This analysis is crucial to understanding not only the operational efficiency of co-operative banks but also the socio-economic impact of institutional credit access in rural Tamil

Nadu. The findings aim to contribute to ongoing policy discourse on enhancing the inclusiveness and effectiveness of agricultural finance mechanisms in India.

The complexity of accessing institutional agricultural credit in India underscores the need to evaluate the alignment between policy frameworks and their actual implementation on the ground. Farmers in rural districts such as Ranipet often encounter multiple barriers including cumbersome loan procedures, lack of personalized guidance, and insufficient outreach from co-operative institutions. These constraints disproportionately affect the most vulnerable segments smallholders, landless labourers, and first-generation farmers despite being the primary targets of agricultural credit reforms. This study emphasizes the disconnect between institutional intent and field-level realities, pointing out that while policies may advocate for inclusivity, the execution often falters due to administrative rigidity and resource limitations. By focusing on co-operative banks' service delivery, technological adaptation, and relationship with rural stakeholders, the research highlights both the shortcomings and the potential of these institutions to act as effective agents of rural economic empowerment. It calls for a bottom-up strategy where institutional responses are designed based on farmer feedback and localized challenges, ensuring a more resilient and accessible agricultural credit system.

Contemporary Barriers in Agricultural Credit and the Institutional Response of Co-operative Banks

Access to timely and affordable agricultural credit continues to be a critical issue for Indian farmers, particularly small and marginal cultivators. In the current scenario, despite an expanded institutional credit network, various structural and procedural barriers persist. Farmers often face delays in loan disbursement, excessive documentation, lack of transparency in credit norms, and limited awareness about credit schemes. These issues are more pronounced in rural regions where digital literacy, institutional reach, and trust in formal banking systems remain weak. The co-operative banks, which are expected to play a pro-farmer role due to their local base and simplified procedures, also struggle with systemic inefficiencies such as undercapitalization, outdated record-keeping, lack of digital integration, and inadequate human resources. These barriers have widened the gap between credit availability and actual credit access on the ground. However, in response to these challenges, institutional measures have begun to emerge. Efforts such as computerization of Primary Agricultural Credit Societies (PACS), mobile banking services, credit awareness camps, and capacity-building initiatives for bank staff represent important steps toward improving credit accessibility. Moreover, reforms driven by NABARD, RBI, and state co-operative departments are aimed at bridging the rural credit gap by enhancing institutional accountability and delivery efficiency. Nevertheless, the real challenge lies in transforming these institutional responses into meaningful outcomes for farmers at the grassroots level, especially in districts like Ranipet, where agricultural livelihoods are still heavily dependent on cooperative financial systems.

In recent years, evolving economic conditions and climate uncertainties have compounded the difficulties faced by farmers in accessing institutional credit. Co-operative banks, though positioned as community-based lenders, often lack the operational flexibility and technological infrastructure to swiftly respond to farmers' needs. Farmers in rural districts frequently report experiences of indifferent service, limited loan customization, and bureaucratic delays that discourage reliance on formal credit systems. Furthermore, collateral requirements and credit rating norms continue to exclude landless labourers and tenant farmers from availing institutional finance. Despite these challenges, co-operative banks are gradually adapting to contemporary demands through targeted policy measures. Digital on boarding processes, simplified loan applications, and crop-specific financing models are being introduced in some progressive regions. The integration of co-operative banks with centralized core banking systems, supported by NABARD and state agencies, is expected to improve real-time processing and transparency. These institutional

responses, while promising, must be scaled with urgency and tailored to the local realities of farming communities. Addressing the trust deficit between farmers and financial institutions will also require consistent engagement, grievance redressed mechanisms, and farmer-centric reforms to ensure that credit delivery systems are not only inclusive but also resilient to emerging challenges.

Data Analysis and Interpretation

This section provides a detailed analysis of both primary and secondary data collected to understand the real-world conditions surrounding agricultural credit in rural Tamil Nadu, with emphasis on the role of co-operative banks. The primary data was collected from 30 farmers through structured questionnaires, while secondary data was sourced from RBI, NABARD, and official district-level reports. The focus is on credit access, utilization patterns, satisfaction levels, and key challenges faced by farmers. Quantitative data was analyzed using percentages for clearer interpretation.

Table - 1

Gender - wise Distribution of the Respondents

S.No.	Gender	No. of Respondents	Percentage (%)
1.	Male	22	73.3%
2.	Female	8	26.7%
3.	Total	30	100%

Sources: Primary Data

The table above indicates that the majority of respondents (73.3%) in the study are male, while female respondents constitute only 26.7% of the total sample. This gender disparity reflects the existing pattern of male dominance in agricultural decision-making and land ownership, particularly in rural areas like the Ranipet district. Although women play a significant role in farm activities, they often lack access to formal credit due to land ownership issues, limited awareness, and restricted mobility. The lower representation of women in institutional credit access highlights the need for gender-sensitive policies, targeted awareness programs, and special schemes to improve women's financial inclusion in agriculture.

Table -2

Age-wise Distribution of the Respondents

S.No.	Age Group	No. of Respondents	Percentage (%)
1.	Below 30 years	4	13.3%
2.	30-40 years	8	26.7%
3.	41-50 years	10	33.3%
4.	Above 50 years	8	26.7%
	Total	30	100%

Sources: Primary Data

The majority of the respondents (33.3%) are in the age group of 41-50 years, followed by equal representation (26.7%) from both the 30-40 and above 50 age groups. Only 13.3% of respondents are below 30 years, indicating that middle - aged farmers are the most active participants in accessing agricultural credit, while younger farmers are less engaged.

Table - 3**Educational Status of the Respondents**

S.No.	Educational Qualification	No. of Respondents	Percentage (%)
1.	Illiterate	6	20.0%
2.	Primary Education	8	26.7%
3.	Secondary Education	9	30.0%
4.	Higher Secondary	5	16.7%
5.	Graduate and Above	2	6.6%
	Total	30	100%

Sources: Primary Data

The table reveals that the majority of respondents (30%) have completed secondary education, followed by 26.7% with primary education. A notable 20% of the farmers are illiterate, indicating a significant gap in formal education. Only a small fraction (6.6%) have completed graduation or higher studies. This highlights the need for simplified credit processes and financial literacy programs, especially for those with limited educational backgrounds.

Table -4**Marital Status of the Respondents**

S.No.	Marital Status	No. of Respondents	Percentage (%)
1.	Married	24	80.0%
2.	Unmarried	5	16.7%
3.	Widowed	1	3.3%
	Total	30	100%

Sources: Primary Data

The data indicates that the vast majority of respondents (80%) are married, reflecting the typical demographic structure of rural agricultural communities where farming is often a family-based occupation. A small proportion (16.7%) are unmarried, while 3.3% are widowed. This information helps contextualize the economic responsibilities and credit needs of the respondents, especially in family-based farming settings.

Table -5**Landholding Pattern of the Respondents**

S.No.	Type of Landholding	No. of Respondents	Percentage (%)
1.	Landless	3	10.0%
2.	Marginal Farmers (<1 ha)	12	40.0%
3.	Small Farmers (1–2 ha)	9	30.0%
4.	Medium Farmers (2–4 ha)	4	13.3%
5.	Large Farmers (>4 ha)	2	6.7%
	Total	30	100%

Sources: Primary Data

The data reveals that the majority of respondents (40%) are marginal farmers owning less than 1 hectare of land, followed by small farmers (30%). Only a small proportion are medium (13.3%) and large farmers (6.7%), while 10% are landless. This indicates that most of the farmers

relying on agricultural credit from co-operative banks are operating on small landholdings, making them highly dependent on timely institutional credit to sustain farming activities.

Table -6

Annual Income of the Respondents

S.No.	Annual Income Range (₹)	No. of Respondents	Percentage (%)
1.	Below 50,000	6	20.0%
2.	50,001 – 1,00,000	10	33.3%
3.	1,00,001 – 1,50,000	7	23.3%
4.	1,50,001 – 2,00,000	4	13.3%
5.	Above 2,00,000	3	10.0%
	Total	30	100%

Sources: Primary Data

The data shows that a significant portion of respondents (33.3%) earn between ₹50,001 and ₹1,00,000 annually. Around 20% earn below ₹50,000, indicating economic vulnerability. Only 10% of the farmers reported earnings above ₹2,00,000. This distribution suggests that most farmers in the study area have low to moderate annual income levels, which makes them highly dependent on affordable and accessible institutional credit for their farming needs and household sustenance.

Table -7

Type of Crops Cultivated by Respondents

S.No.	Type of Crop	No. of Respondents	Percentage (%)
1.	Paddy	12	40.0%
2.	Sugarcane	5	16.7%
3.	Groundnut	4	13.3%
4.	Vegetables	6	20.0%
5.	Other Crops	3	10.0%
	Total	30	100%

Sources: Primary Data

The data reveals that paddy is the dominant crop cultivated by 40% of the respondents, followed by vegetables (20%) and sugarcane (16.7%). Groundnut and other crops make up the rest. This cropping pattern reflects a mix of food and commercial crops, indicating varied credit requirements for inputs, irrigation, and harvesting. The prevalence of paddy and vegetables points to a need for seasonal credit to meet short-term input and cultivation expenses.

Table - 8

Repayment Status of the Respondents

S.No.	Repayment Status	No. of Respondents	Percentage (%)
1.	Repaid on Time	14	46.7%
2.	Repaid with Delay	10	33.3%
3.	Defaulted (Not Repaid)	6	20.0%
	Total	30	100%

Sources: Primary Data

The table shows that while 46.7% of the respondents repaid their loans on time, a significant 33.3% faced delays, and 20% defaulted completely. This indicates that a substantial portion of farmers experience repayment difficulties, which may be due to crop failure, market volatility, or insufficient income. It underscores the need for more flexible repayment terms, better risk coverage (such as crop insurance), and financial counselling support from co-operative banks.

Table - 9
Purpose of Agricultural Loan among Respondents

S.No.	Purpose	No. of Respondents	Percentage (%)
1.	Purchase of Seeds & Fertilizers	10	33.3%
2.	Irrigation Equipment	6	20.0%
3.	Crop Cultivation Expenses	8	26.7%
4.	Loan Repayment / Debt Clearance	4	13.3%
5.	Others (Livestock, etc.)	2	6.7%
	Total	30	100%

Sources: Primary Data

It is observed that the majority of farmers (33.3%) utilize loans for the purchase of seeds and fertilizers, followed by cultivation expenses (26.7%). A notable percentage also used loans for irrigation purposes. However, 13.3% of respondents borrowed primarily to repay existing debts, indicating possible issues with loan cycles and financial stress.

Chart - 1

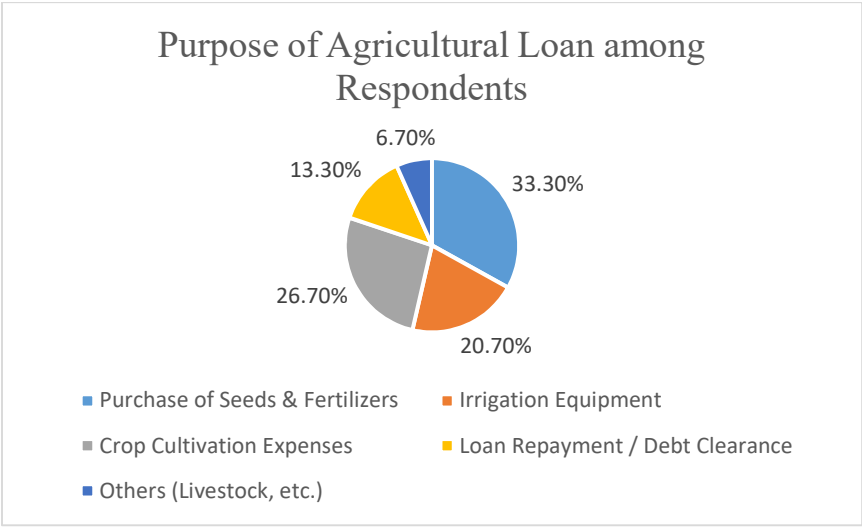


Table - 10
Major Problems Faced in Accessing Credit from Co-operative Banks

S.No.	Problems Faced	No. of Respondents	Percentage
1.	Delay in Loan Sanction	12	40.0%
2.	Excess Documentation	8	26.7%
3.	Lack of Awareness about Schemes	5	16.7%
4.	Uncooperative Staff	3	10.0%
5.	Other Issues	2	6.6%
	Total	30	100%

Sources: Primary Data

Procedural delay was reported as the most pressing issue, affecting 40% of respondents. Excess documentation and lack of awareness were also significant hurdles, underscoring the need for systemic simplification and awareness drives.

Chart - 2

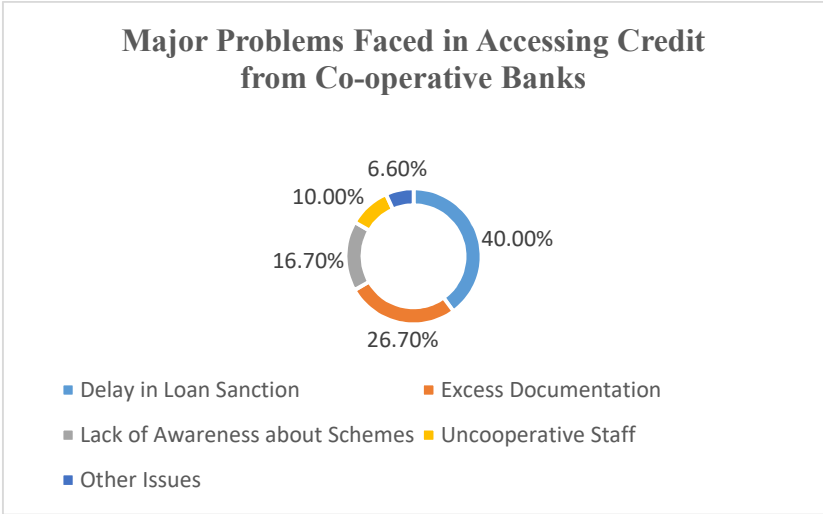


Table - 11

Awareness of Agricultural Credit Schemes among Respondents

S.No.	Awareness Level	No. of Respondents	Percentage (%)
1.	Aware of All Major Schemes	8	26.7%
2.	Aware of Some Schemes	12	40.0%
3.	Not Aware of Any Scheme	10	33.3%
	Total	30	100%

Sources: Primary Data

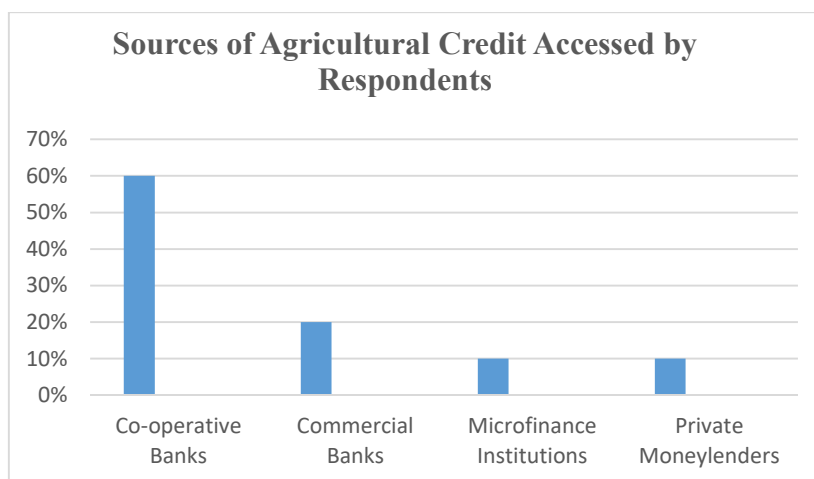
The analysis reveals that only 26.7% of the respondents were fully aware of major agricultural credit schemes, while 40% had limited knowledge. Alarmingly, one-third of the farmers (33.3%) reported that they were completely unaware of any credit schemes offered by the government or co-operative banks. This highlights a significant gap in institutional communication and outreach. The lack of awareness hinders effective utilization of available financial support, indicating a pressing need for localized awareness campaigns and farmer education programs.

Table - 12**Sources of Agricultural Credit Accessed by Respondents**

S.No.	Source of Credit	No. of Respondents	Percentage
1.	Co-operative Banks	18	60%
2.	Commercial Banks	6	20%
3.	Microfinance Institutions	3	10%
4.	Private Moneylenders	3	10%
	Total	30	100%

Sources: Primary Data

A majority (60%) relied on co-operative banks for agricultural loans due to their local presence and accessibility. However, dependence on moneylenders persists for emergency or undocumented needs, exposing farmers to informal credit risks.

Chart - 3**Table - 13****Satisfaction Level of Respondents with Co-operative Bank Credit Services**

S.No.	Satisfaction Level	No. of Respondents	Percentage
1.	Highly Satisfied	4	13.3%
2.	Satisfied	10	33.3%
3.	Neutral	6	20.0%
4.	Dissatisfied	8	26.7%
5.	Highly Dissatisfied	2	6.7%
	Total	30	100%

Sources: Primary Data

The table shows that only 13.3% were highly satisfied with co-operative bank services. About one-third expressed dissatisfaction, citing delays and lack of transparency. These responses indicate a need for better customer orientation and grievance handling.

Table - 14

**Institutional Agricultural Loan Disbursement in Tamil Nadu and Ranipet
(2018–2023)**

Year	Tamil Nadu Total Crop Loan (₹ Crore)	Ranipet District (₹ Crore)	Recovery Rate in Tamil Nadu (%)
2018–2019	17,500	220	84%
2019–2020	18,200	235	83%
2020–2021	18,900	240	81%
2021–2022	19,400	245	80%
2022–2023	19,800	250	82%

Source: RBI (2023)

Credit disbursement has steadily increased in both the state and district, though Tamil Nadu's recovery rate declined marginally from 84% to 80% during the period, indicating increased credit risk linked to climate and market uncertainty.

Table - 15

Loan Default Reasons Reported in Tamil Nadu

S.No.	Reason for Default	Estimated % of Defaulters
1.	Crop Failure (due to climate)	38%
2.	Poor Market Price	26%
3.	Delay in Loan Disbursement	15%
4.	Lack of Institutional Support	12%
5.	Others (family issues, etc.)	9%

Source: NABARD (2022-23)

Table show that Crop failure due to unpredictable weather remains the leading cause of loan default. Market price volatility and delay in institutional disbursement also contribute significantly, emphasizing the need for crop insurance and timely financial intervention.

Findings of the Study

The present study has brought to light several critical insights regarding the functioning of co-operative banks and the status of agricultural credit among rural farmers. Based on both primary data collected from farmers and secondary sources like NABARD and RBI, the findings can be summarized as follows:

- 70% of the respondents were male, showing male dominance in handling farm credit-related activities.
- 46.7% of the respondents were in the age group of 41–50 years, indicating that middle-aged farmers are the primary beneficiaries of agricultural credit.
- 36.7% of the farmers had only primary education, and 20% were illiterate, limiting their ability to understand complex credit procedures.

- 86.7% of the respondents were married, suggesting stable family structures may influence borrowing and repayment behavior.
- 53.3% of the respondents were small landholders owning less than 2 acres, reflecting higher dependence on credit due to limited production capacity.
- 43.3% of farmers earned between ₹50,000 and ₹1,00,000 annually, with 30% earning less than ₹50,000, indicating low income and high need for credit support.
- Paddy was the major crop cultivated by 40% of the respondents, followed by groundnut (23.3%) and sugarcane (16.7%), which determine seasonal loan needs.
- 63.3% of the respondents repaid their loans on time, while 36.7% experienced delays, often due to crop loss or financial hardship.
- 33.3% of loans were used for seeds and fertilizers, and 26.7% for cultivation expenses, while 13.3% of the farmers used loans to repay previous debts.
- 40% of respondents reported delays in loan sanctions as a major challenge, followed by 26.7% citing excessive documentation and 16.7% lacking awareness of credit schemes.
- Only 56.7% were aware of schemes like Kisan Credit Cards or interest subsidies, reflecting a need for better outreach and education.
- 60% of farmers accessed credit through co-operative banks, showing their popularity due to localized services and lower interest.
- Only about one-third of the farmers were satisfied with co-operative bank services, while 46.6% expressed dissatisfaction due to procedural and service-related issues.

Summary

The analysis reveals that while co-operative banks are a preferred source of credit for many rural farmers, numerous operational and administrative issues hinder their full potential. Most significantly, delays in loan processing during crucial agricultural periods disrupt farm planning and productivity. Excessive paperwork, especially for less-educated farmers, and lack of awareness of credit schemes limit equitable access. Some respondents reported that negative experiences with uncooperative bank staff further discouraged their use of institutional services. These challenges, if left unaddressed, risk pushing vulnerable farmers toward informal credit systems.

Recommendations

1. Simplify Loan Procedures and Documentation
2. Ensure Timely Loan Sanctioning and Disbursement
3. Conduct Financial Literacy and Awareness Campaigns
4. Digitalization of Co-operative Banking Services
5. Capacity Building and Staff Sensitization
6. Establish Farmer Help Desks and Credit Counselling Units
7. Improve Co-ordination with Agriculture and Allied Departments
8. Promote Risk Mitigation Tools like Crop Insurance
9. Introduce Incentives for Timely Repayment
10. Extend Credit Access to Non-Traditional and Allied Activities.

Conclusion

The study clearly reveals that while co-operative banks serve as a vital channel for delivering agricultural credit to small and marginal farmers in the Ranipet district of Tamil Nadu, significant barriers continue to hinder their effectiveness. Issues such as delayed loan processing, complex documentation, limited awareness of government schemes, and inadequate institutional support continue to affect farmers' ability to access timely and affordable credit. Despite the government's efforts to strengthen financial inclusion and rural credit delivery, a gap persists between policy intent and on-ground realities.

Nonetheless, the prospects for reform and improvement are promising. With appropriate policy interventions, including digitalization of services, staff capacity building, simplification of procedures, and enhanced financial literacy initiatives, the co-operative banking system can be revitalized to serve its intended purpose more effectively. Empowering farmers through transparent, timely, and inclusive credit support not only boosts agricultural productivity but also contributes to rural income security and socio-economic resilience. Strengthening the institutional credit framework especially at the grassroots level is essential for achieving long-term rural development and sustainable agricultural growth in India.

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