

## Utilization of co-operative credit in Chitradurga district of Karnataka state

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Received : 03.09.2012; Revised : 04.01.2013; Accepted : 03.02.2013

### ABSTRACT

Institutional credit is very much important to any economic sector in general and the agriculture in particular. Credit enables the farmers to purchase fertilizers, seeds and pesticides etc., for raising and harvesting the agricultural commodities. Institutional credit got importance due to the farmers' meagre owned funds that act as limiting factor to finance their agricultural operations. Proper utilization of credit is intended to generate resources; the resources so generated by the borrowers through the application of credit should not drain off without being productively utilized. Such regenerated resources should flow back to the banking system not only towards the repayment of credit but also as deposits, which in turn reaffirms the financial soundness of the banks. All institutional agencies which are giving credit to the farming community insist on the end use of credit for which it is provided. It is often said that if the loan borrowed is properly utilized, it will repay itself. On the other hand, if they use it for unproductive purposes, it will not only result in poor agricultural production but also adversely affects the repaying capacity of the loanee farmers. Further it results in aggravation of overdue problem. Besides this, the diversion of credit leads to the inflationary pressure that badly affects the standard of living of the masses. It is in this context that end use of credit assumes significance on which the economic well-being of the banks and the farmers largely depend.

**KEY WORDS :** Utilization, Co-operative, Credit, Loan

**How to cite this paper :** Boraiah, G.B. (2013). Utilization of co-operative credit in Chitradurga district of Karnataka state. *Internat. J. Com. & Bus. Manage.* 6(1) : 5-8.

This article is dedicated to the investigation of the utilization pattern of cooperative credit in Chitradurga district by the loanee farmers to participate themselves in the participatory development process.

Mahatma Gandhi frequently pointed out, "Gram Swaraj is the pathway to Purna Swaraj" (Swaminathan, 2012). Gandhian idea on marrying brain and brawn in order to achieve rural regeneration is very important one and to achieve that goal cooperatives are best suited. Because cooperatives in our country are the largest and the widest spread net work of institutions among the 3<sup>rd</sup> sector alternatives. In terms of geographical spread, cooperatives are the only institutions that have access to all the villages of the country with their

long history; they have intruded in to all walks of life (Thamilarasan, 2010).

Institutional credit is very much important to any economic sector in general and the agriculture in particular. Credit enables the farmers to purchase fertilizers, seeds and pesticides etc. for raising and harvesting the agricultural commodities. Institutional credit got importance due to the farmers' meagre owned funds that act as limiting factor to finance their agricultural operations. Proper utilization of credit is intended to generate resources; the resources so generated by the borrowers through the application of credit should not drain off without being productively utilized. Such regenerated resources should flow back to the banking system not only towards the repayment of credit but also as deposits, which in turn reaffirms the financial soundness of the banks. All institutional agencies which are giving credit to the farming community insist on the end use of credit for which it is

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