DIVERSION OF COOPERATIVE LOANS IN RURAL PUNJAB

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ABSTRACT

The present paper is an analysis of diversion of cooperative loans taken by the farmers in rural Punjab. For the study purpose, four farm-size categories - marginal, small, medium and large, have been taken into consideration. The study is based on a primary survey conducted in the year 2014-15 in the State of Punjab. The study highlights that an average farm household borrows ₹ 127940.47 from cooperative credit institutions but the entire amount of loan is not utilised for the productive purpose only. Some amount of the loan is diverted on unproductive purposes as well. The marginal and small farm-size categories utilise more amount of loan for unproductive purposes. The rate of diversion of loans has been found the highest in case of the marginal farm-size category followed by the small, medium and large farm-size categories. The diversion of loans by the marginal and small farm-size categories has been recorded for the purpose of marriages and other socio-religious ceremonies, family maintenance, redemption of old debts, house construction and rent of land. The medium and large farm-size categories diverts more proportion of loans for the purchase of land; and marriages and other socio-religious ceremonies

Keywords: Cooperative loans, utilisation, diversion, reasons of diversion, farmers.

INTRODUCTION

The utilisation aspect of credit is as important or in a sense more important than availability of credit. If available credit is utilised for the proper uses, it helps not only in increasing the returns of the farmer, but also creates its repaying capacity with the resource-starved farmers. On the other hand, if the available funds are diverted to other motives, the income does not increase to the desired extent; the very purpose of credit availability is defied. The impact of developmental finance in the farm economy has been much less than expected if this credit is not entirely used for the agreed purpose but diverted for other purposes (Bhat, 1971). The credit may be compared to a sharp edged knife proper utilization generates higher productivity and results in prosperity but when it is used for unproductive purposes, it is responsible for low production and indebtedness (Sahu et al. 2017). The burden of debt when keeps on piling over the years, we face the problem of mounting overdues, which further mars the financial healthcare of the institutions indulged in credit. Darling rightly stressed that the problem of agricultural credit is not to find more money for the peasant but to teach him to use it economically and productively (Gill, 1993).

The existing literature points out that consumption smoothing and lack of social security facilities can lead to loan diversion, when loans are used in lieu of income support. Loan diversion can also occur due to social pressure created by outdated social norms or unjust social practices (Banerjee et al., 2015). The borrower never liked to divert the loan for any other use than was specified in the loan application. But circumstances compel them to utilize the loan in different ways. Sometimes it can be due to acute poverty (Khaleque, 2010). As we all are aware that agriculture is a profession with high volatility and low returns. Therefore, farmers generally face financial problems to meet their personal and professional needs. But credit institutions generally provide credit for productive purposes. Because productive purpose will generate income sufficient to repay the loan instalment (Kaur and Kaur 2018), therefore, credit is available to farmers for productive purposes. They try to meet their personal and social obligations by diverting these loans.

In this paper, keeping in view the current scenario of Punjab agriculture especially regarding the problem of rural indebtedness, mounting over dues, depleting financial healthcare of the farmers and frequent suicides of farmers due to indebtedness, an attempt has been made to analyse the pattern of diversion of loans taken by the farmers from cooperative credit institutions.

OBJECTIVES

The objectives of the study are as under:

1. To analyze the extent of indebtedness of the sampled farm households.
2. To discuss the various purposes of taking cooperative loans by the sampled farm households
3. To assess the pattern of diversion and reasons of diversion of cooperative loans.

METHODOLOGY

The study is based on a primary survey of Punjab. The survey was conducted in 2014-15. For the selection of sample farming households, the State of Punjab was divided into three agricultural productivity zones viz. low, medium and high productivity zones. Then one district form each productivity zone was selected. On the basis of this criterion, it was decided to select Gurdaspur district from the low productivity zone, Ferozepur district from the medium productivity zone and Fatehgarh Sahib district from the high productivity zone. There are five development blocks in Fatehgarh Sahib district, six development blocks in Ferozepur district and eleven development blocks in Gurdaspur district Thus, in all, twenty-two villages have been selected for the survey. A representative proportional sample of 10 per cent of total farming households comprising marginal, small, medium and large farmers has been taken for the survey. Out of 22 villages, 490 farming households have been surveyed in total. The total sample size of marginal, small, medium and large famers of these districts stood at 193,142, 92 and 63 respectively

RESULTS AND DISCUSSION

Loans Taken from Cooperative Credit Institutions

In most developing countries including India, cooperatives were promoted by their governments as instruments of rural development (Singh and Pundir, 2000). Cooperative credit institutions have played a significant role in mobilizing rural savings and stimulating agricultural investment (Bansal, 2012). The information regarding loans taken from cooperative credit institutions by the different farm-size categories has been provided in Table 1. The table reveals that 80 per cent farmers are under debt in rural Punjab. This proportion is as high as 84.97 and 79.58 respectively for the marginal and small farm-size categories. An average farm household borrows ₹ 127940.47 from cooperative credit institutions. This amount of loan increases with the increase in farm-size.

Table 1

Loans Taken from Cooperative Credit Institutions by Sampled Farm Households

(In ₹)

Farm-size Categories	**Percentage of Indebted Households**	**Amount of Loan Taken from Cooperative Credit Institutions**		
		Per Household	**Per Owned Acre**	**Per Operational Acre**
Marginal Farmers	84.97	63337.68	35384.18	26612.47
Small Farmers	79.58	120124.20	31611.63	30031.05
Medium Farmers	76.09	181013.16	24830.34	24627.64
Large Farmers	71.43	265965.25	13903.04	13903.04
All Categories	80.00	127940.47	22724.77	21575.12

Source: Field Survey, 2014-15.

For an average farming household, the amount of loan per owned acre and per operated acre is ₹22724.77 and ₹21575.12 respectively. The amount of loan per owned acre is inversely related with farm size. The amount of loan per operated acre is the highest for the small farm-size category followed by the marginal, medium and large farm-size categories.

Purpose of Loans Taken from Cooperative Credit Institutions

The purpose for which a loan is utilised is an important indication of its potential to be repaid. The loan taken by the farmers is utilised either for productive purposes or for unproductive purposes. More the loan is utilised for productive purposes, more will be the repaying capacity of a farmer. The more a loan is diverted, the more will be the burden of it.

The information regarding purposes of cooperative loans taken by the different farm-size categories has been provided in Table 2. The table reveals that the purchase of farm inputs and machinery is the major purpose on which loan has been utilised by the farmers. Out of a total loan of ₹127940.47, an average farming household has been taken Rs, 68288.82 for purchase for farm inputs. The highest amount of loan (₹165558.08) for this purpose has been availed by the large farm-size category, followed by the medium (₹98303.22), small (₹59648.11) and marginal (₹28587.76) farm-size categories. The second important purpose is the purchase of machinery and ₹32209.58 have been availed for the purchase of farm machinery. Again for this purpose, the large farm-size category is at the top. The large farm-size category utilises the highest amount of loan (₹50047.39) for this purpose while the marginal farm-size category utilises the lowest amount of loan (₹20381.18) for the purchase farm machinery. An average farming household borrows ₹17176.93 for the purchase of animals. The data illustrates that the use of credit for the purchase of animals goes up with the increase in farm size. This is obvious from the fact that due to the ownership of more land as compared to the marginal farmers, the large farmers are more confident to repay their loans. The amount of loan taken for construction of cattle/ implement shed and land improvement is ₹ 7978.97 and ₹2286.18 respectively by an average farming household.

Table 2

Amount of Cooperative Loans Taken for Different Purposes

(Mean values, in ₹)

Sl. No	Purpose of Loans	Marginal Farmers	Small Farmers	Medium Farmers	Large Farmers	All Categories
1.	Purchase of farm inputs	28587.76 (45.14)	59648.11 (49.66)	98303.22 (54.31)	165558.1 (62.25)	68288.82 (53.38)

2.	Purchase of machinery	20381.18 (32.18)	32426.49 (26.99)	44473.67 (24.57)	50047.39 (18.82)	32209.58 (25.17)
3.	Land improvements	767.33 (1.21)	944.58 (0.79)	4281.15 (2.36)	7049.74 (2.65)	2286.18 (1.78)
4.	Purchase of animals	9361.32 (14.78)	18626.87 (15.51)	20885.55 (11.54)	32436.14 (12.19)	17176.93 (13.43)
5.	Cattle/implement shed	4240.1 (6.69)	8478.15 (7.05)	13069.57 (7.22)	10873.9 (4.09)	7978.97 (6.24)
	Total	63337.69 (100)	120124.2 (100)	181013.2 (100)	265965.3 (100)	127940.5 (100)

Source: Field Survey, 2014-15.

The table further brings into light that an average farming household borrows 53.38 per cent of the total loans for farm inputs. The large farm-size category borrows the highest proportion (62.25 per cent) of loans for farm inputs followed by the medium, small and marginal farm-size categories. It depicts that the large the size of farm, the more amount of loan is utilised for the purchase of farm inputs. The proportional share of farm machinery alone stands at 25.17 per cent. This proportional share is the highest (32.18 per cent) for the marginal farm-size category followed by the small (26.99 per cent), medium (24.57 per cent) and marginal (18.82 per cent) farm-size categories.

Another substantial proportion of the total loans is utilised for the purchase of animals. About 13.5 per cent of the total loan is availed for this purpose. The small farm-size category avails 15.51 per cent of the total loans for the purchase of animals. The marginal, medium and large farm-size categories have availed 14.78, 11.54 and 12.19 per cent of the total loans for the purchase of animals correspondingly. The inter-category comparison reveals that the farm size affects the loans taken for purchase of animals. The loans taken for the purchase of animals is more in case of the marginal and small farm-size categories whereas it is less for the medium and large farm-size categories. An average farming household have taken 6.24 per cent of the total loans for the construction of cattle/ implement shed. This proportional share is the highest for the medium farm-size category followed by the small, marginal and large farm-size categories. This may be due to the reason that the large farm-size category might already have constructed the cattle or implement shed before the survey was conducted for the study purpose. Therefore, their loan utilisation for this purpose is less than the marginal and small farm-size categories. The least proportional (1.78 per cent) share belongs to the land improvements. The proportional share of loans used for this purpose is the highest for the large farm-size category while it is the lowest in case of the small farm-size category.

The analysis demonstrates that the farmers have taken more amount of loan for the purchase of farm inputs. This is due to the lack of financial resources. Their sources of income are insufficient to meet their agricultural expenses. Then they try to meet their expenses by through the loans.

Diversion of Loans Taken from Cooperative Credit Institutions

The difference between the purpose for which the credit has been advanced and for which it is actually used indicates the extent of diversion. Generally, the farmers obtain loans from cooperatives for productive purposes. But it is a common practice among the farmers not to use the entire amount of loan for the purpose for which it was taken. They divert some or total amount of loan for another productive and unproductive purposes. The diversion of loans is considered a major problem in case of agricultural credit. There may be several socio-economic reasons responsible for this (Kaur, 2010). Table 3 indicates the rate of diversion of cooperative loans among different farm-size categories. It has been found that the rate of diversion of loans is the highest in case of the marginal farm-size category. It has been reported at 50.82 per cent.

Table 3

Diversion of Cooperative Loans

(Mean Values, in ₹)

Farm-size Categories	Amount of loan	Amount Diverted	Rate of Diversion
Marginal Farmers	63337.68	32187.86	50.82
Small Farmers	120124.20	56891.64	47.36

Medium Farmers	181013.16	76525.37	42.28
Large Farmers	265965.25	92308.54	34.71
All Categories	**127940.47**	**55401.31**	**43.30**

Source: Field Survey, 2014-15.

The rate of diversion of cooperative loans for the small, medium and large farm-size categories is 47.36, 42.28 and 34.71 per cent respectively. The study has found the negative relation between the rate of diversion of loans and the farm size. It is obvious from the table that the small is the size of farm; more is the rate of diversion and vice-versa.

Pattern of Diversion of Cooperative Loans

After analysing the rate of diversion of cooperative loans, an endeavour has been made to know how much amount of loans has been diverted for different purposes. The diversion of loans by different farm-size categories for different purposes has been shown in Table 4. The table presents the average amount of loan diverted for different purposes. As is shown in the table, an average farming household diverts ₹55401.31 for the purposes such as purchase of land, payment of rent of land, house construction, family maintenance, education, healthcare, redemption of old debts, marriages and other socio-religious ceremonies and others. The category-wise diversion of loans reveals that the large farm-size category diverts the highest (₹92308.55) amount of loans. But in percentage terms the results are different. The marginal farm-size category diverts ₹32187.80 for the above mentioned purposes. An average farming household belonging to the small and medium farm-size categories diverts ₹56891.64 and ₹76525.36 respectively.

Table 4

Diverted Amount according to Different Purposes

(Mean Values, in ₹)

Sl. No.	Amount Diverted on	Marginal Farmers	Small Farmers	Medium Farmers	Large Farmers	All Categories
1	Purchase of land	231.21 (0.72)	2097.89 (3.69)	8541.14 (11.16)	8845.44 (9.58)	3439.94 (6.21)
2	Rent of land	2214.15 (6.88)	3740.39 (6.57)	2625.01 (3.43)	979.57 (1.06)	2574.86 (4.65)
3	House construction	4790.62 (14.88)	8276.43 (14.55)	14716.74 (19.23)	23172.43 (25.10)	10027.85 (18.10)
4	Family maintenance expenditure	6798.90 (21.12)	12067.10 (21.21)	10009.52 (13.08)	8549.97 (9.26)	9153.55 (16.52)
5	Education	659.38 (2.05)	1495.66 (2.63)	4646.16 (6.07)	7588.48 (8.22)	2541.15 (4.59)
6	Healthcare	1065.03 (3.31)	1113.24 (1.96)	4440.46 (5.80)	4046.05 (4.38)	2096.03 (3.78)
7	Redemption of old debts	7067.25 (21.96)	9474.06 (16.65)	10660.79 (13.93)	6690.46 (7.25)	8391.00 (15.15)
8	Marriage and other socio- religious ceremonies	9361.32 (29.08)	18626.87 (32.74)	20540.07 (26.84)	32255.3 (34.94)	17088.81 (30.85)
9	Others	0.00	0.00	345.48 (0.45)	180.84 (0.20)	88.12 (0.16)
	Total	**32187.80 (100)**	**56891.64 (100)**	**76525.36 (100)**	**92308.55 (100)**	**55401.30 (100)**

Source: Field Survey, 2014-15.

It is clear from the table that an average farming household diverts the highest amount of loan for marriages and other socio-religious ceremonies. About 32 per cent amount of loan is diverted for this purpose. The second highest proportion of total loans is diverted for family maintenance. An average farming household diverts 22.88 per cent amount of loans on family maintenance. House construction is the next purpose on which 16.48 per cent of the total loans are diverted. The redemption/repayment of old debts holds the fourth place for which 14.82 per cent amount of loan is diverted. The diversion of loans for the purpose of education stands at fifth place and shares a proportion of 7.66 per cent. The proportional amount of loan diverted for healthcare purpose is reported at 5.94 per cent. A very small proportion i.e. 0.07 per cent of loans is diverted on others.

The category-wise analysis depicts that the medium farm-size category diverts 11.46 per cent of the total loans for the purchase of land while the large and small farm-size categories divert 9.58 per cent and 3.69 per cent of the total loans for this purpose respectively. The marginal farm-size category diverts the least proportion i.e. 0.72 per cent for the purpose of purchase of land. This is in contrast to the proportion of diversion of loans for the purpose of payment of rent of land by the marginal farm-size category. The marginal farm-size category diverts the highest proportion (6.88 per cent) of the total loans for this purpose. The least proportion of loans (1.06 per cent) diverted for rent of land is by the large farm-size category. This brings into light that the marginal and small farm-size categories opt for rental land to broaden their sources of income. They may have to settle down the rent of land by utilising their loans when they don't receive income from the sale of their produce on time or may be due to crop failure or due to utilisation of their income for some other purposes.

The large farm-size category diverts the highest proportion (25.10 per cent) of the total loans for house construction followed by the medium (19.23 per cent), marginal (14.88 per cent) and small (14.55 per cent) farm-size categories. For the purpose of education, yet again, the large farm-size category diverts the highest proportion of loan. The proportion of loan diverted by the large farm farm-size category for education is reported at 8.22 per cent. The marginal farm-size category diverts the lowest proportion of loans (2.05 per cent) for education.

For family maintenance expenditure, the highest proportion of loans (21.21 per cent) is diverted by the small farm-size category. The proportion of loans diverted on family maintenance by the marginal, medium and large farm-size categories is 21.12, 13.08 and 9.26 per cent respectively. 5.91 per cent of the total loan is diverted on healthcare by the medium farm-size category followed by the large (4.38 per cent), marginal (3.31 per cent) and small (1.96 per cent) farm-size categories. The relative share of the marginal farm-size category regarding the diversion of loans for redemption of old debts is the highest. An average farming household of the marginal farm-size category diverts approximately 22 per cent of loan for redemption of old debts. The small and medium farm-size categories divert 16.65 per cent and 13.93 per cent of total diverted loans for redemption of old debts. The proportional share of the diversion of loans for redemption of old debts by the large farm-size category stands at 9.07 per cent. A close look at the table makes it visible that the diversion of loans for repayment of old debts is negatively related to the farm size. This is equally true in case of the diversion of loans for family maintenance.

An account of the diversion of loans for the marriages and other socio-religious purposes can be made on the ground that the large farm-size category diverts the highest proportion (34.94 per cent) of loans for this purpose while the small, marginal and medium farm-size categories diverts 32.74 per cent, 29.08 per cent and 26.84 per cent loans on marriages and other socio-religious ceremonies respectively. The study indicates that show off and pomp by the medium and large farm-size categories induces the marginal and small farm-size categories to follow them. Under demonstration effect, the marginal and small farmers utilise their resources for marriages and other socio-religious ceremonies that leads them to be caught in the debt trap.

The above analysis clearly depicts that the marginal and small farm-size categories diverts large proportion of loans for the purpose of marriages and other socio-religious ceremonies, family maintenance, redemption of old debts, house construction and rent of land. The medium farm-size category diverts large proportion of loans for the purposes of marriages and other socio-religious ceremonies, house construction, family maintenance, repayment of old debts and purchase of land. The large farm-size category diverts large proportion of loans for marriages and other socio-religious ceremonies, house construction, purchase of land, family maintenance and education. It has been found that all the farm size categories divert the highest proportion of loans for the celebration of marriages and other social ceremonies under social compulsions. The marginal and small farm-size categories divert more proportion of loans for the payment of rent while the medium and large farm-size categories diverts more proportion of loans for the purchase of land. This practice of the medium and large farmers widens the economic and social gap between the marginal and small farm-size categories and the medium and large farm-size categories. It creates an alarming situation in the society.

Reasons of Diversion of Cooperative Loans

Agriculture is a seasonal occupation and very much prone to weather. Farmers are not sure till the harvest that they will earn a certain sum to meet their expenses. For most of the farmers, agriculture is not a remunerative profession. So, they try to find other sources of income. Some of the farmers opt for agricultural diversification. But it is not possible for every farmer to do so. Only rich farmers can make agriculture more remunerative by adopting latest technology.

Economic condition of farmers is apparent to the Centre and State governments. Governments try to raise income levels of farmers by disbursing more credit for agricultural purposes. The loans are advanced to farmers to increase the productivity levels by using new technology in agriculture. It is very unfortunate that farmers do not use the entire amount of loan for the designated purpose. They divert it partially or wholly. There may be several socio-economic reasons behind it. The reasons of diversion of loans stated by the farmers during survey have been incorporated in the present study. The amazing fact to know is that among 490 sample farming households, 392 farming households are under debt and all indebted farmers have diverted their loans for some purpose or the other. The reasons of diversion cited by the indebted farming households are lack of consumption credit, repayment of old debts, construction of dwelling house, family maintenance expenditure marriages and other socio religious ceremonies. Those who have not mentioned the reasons apparently, their answers are recorded under other purposes. Other purposes may include immigration, purchase of durables, household gadgets etc.

The data pertaining to the reasons of diversion of loans by the different farm-size categories has been presented in Table 5. It can be observed from the table that the construction of a dwelling house has emerged as the major reason of diversion of loans. Out of total 392 farming households, 77 (19.64 per cent) households have reported the diversion of loans because of this reason. Regarding this, it can be assumed that the large and medium farm-size categories prefer to construct up to date and luxurious houses for modern living style and display. Due to this they may divert their loans for ultra-modern houses. The living conditions of the marginal and small farm-size categories, as has been observed during the survey, reflect that these categories mostly reside in *kacha* or semi-*pucca* houses. They make continuous efforts to convert their *kacha* or semi- *pucca* houses into pucca houses. There are no provisions of adequate housing loans for farmers. That's why they divert their agricultural loans for the construction of a dwelling house.

Table 5

Reasons for Diversion of Loans as stated by Sampled Farmers

(Number and Percentage)

Sl. No.	Reason of diversion	Marginal Farmers	Small Farmers	Medium Farmers	Large Farmers	All Categories
1	Lack of consumption credit	37 (22.56)	20 (17.70)	9 (12.86)	2 (4.44)	68 (17.35)
2	To repay old debts	33 (20.12)	26 (23.01)	8 (11.43)	4 (8.89)	71 (18.11)
3	For the construction of a dwelling house	19 (11.59)	13 (11.50)	25 (35.71)	20 (44.44)	77 (19.64)
4	For family maintenance expenditure	37 (22.56)	32 (28.32)	4 (5.71)	2 (4.44)	75 (19.13)
5	For marriage and other socio-religious ceremonies	26 (15.85)	14 (12.39)	14 (20.00)	10 (22.22)	64 (16.33)
6	To meet medical expenses	12 (7.32)	8 (7.08)	7 (10.00)	5 (11.11)	32 (8.16)
7	Others	0 (0.00)	0 (0.00)	3 (4.29)	2 (4.44)	5 (1.28)
	Total	**164 (100.00)**	**113 (100.00)**	**70 (100.00)**	**45 (100.00)**	**392 (100.00)**

Source: Field Survey, 2014-15.

The second major reason of diversion of loans stated by the sampled farming households is family maintenance expenditure. 75 (19.13 per cent of the total) farming households have acknowledged that they divert agricultural loans for family maintenance. Rising prices of consumer goods, fuel, electricity, education etc. compel them to divert their loans for family maintenance. Another important reason of diversion of loans mentioned by 71 (18.11 per cent of the total) sampled farming households is the repayment of old debts. The farmers try to settle down their old debts by diverting their agricultural loans. 68 (17.35 per cent) farming households have cited the lack of consumption credit as a reason of diversion of loans. It points out the increased consumerism among the farmers due to globalisation and their exposure to the internet and social media. The next reason of diversion of loans quoted by 64 (16.33 per cent of the total) sampled farming households is marriages and other socio-religious ceremonies. To fulfil their social obligations and to maintain their social status in the society, they divert their loans for marriages and other socio-religious ceremonies. There are 32 (8.16 per cent of the total) farming households who have diverted their loans to meet medical expenses. Only 5 (1.28 per cent of the total) farming households have reported the diversion of loans due to other purposes. Other purposes may include immigration, purchase of car, bike, tractor, household gadget etc.

The comparative analysis of different farm-size categories brings into light that the maximum number of farming households belonging to the marginal farm-size category divert their loans due to the family maintenance expenditure (37 farming households) and lack of consumption credit followed by the repayment of old debts, marriages and other socio-religious ceremonies, the construction of a dwelling house and medical expenses. The small farm-size category farming households considers the family maintenance expenditure as the prime reason of diversions of loans followed by the repayment of old debt, lack of consumption credit, marriages and other socio-religious ceremonies, the construction of a dwelling house, medical expenses. The medium and large farm-size categories acknowledge the construction of a dwelling house as the main reason of diversion of loans followed by marriages and other socio-religious ceremonies.

Thus, it can be concluded from the above analysis that different farm-size categories divert their agricultural loans because of construction of a dwelling house, family maintenance expenditure, repayment of old debts, lack of consumption credit, marriages and other socio-religious ceremonies and other purposes.

CONCLUSIONS AND POLICY IMPLICATIONS

The above analysis depicts that the large the size of farm, the more amount of loan is utilised for the purchase of farm inputs and machinery. The marginal and small farm-size categories utilise more amount of loan for like celebration of social and religious ceremonies and family maintenance expenditure. The rate of diversion of loans is the highest in case of the marginal farm-size category. There is negative relation between the rate of diversion of loans and the farm size. The marginal and small farm-size categories divert their loans due to the family maintenance expenditure, lack of consumption credit and the repayment of old debts. The medium and large farm-size categories divert their loans for the construction of a dwelling house and marriages and other socio-religious ceremonies.

Since, the diversion of loans for family maintenance expenditure, marriages and other socio-religious ceremonies, house construction and repayment of old debts is high among farmers. To deal with consumption expenditure, loans for consumption purpose should be increased. The farmers should be educated and awakened not to over spend on socio-religious ceremonies. To fulfil the dream of a quality home, there should be the provision of housing loans at the concessional rates for the marginal and small farmers. The housing loans for a long term under some government scheme should be provided to the farmers for dream houses. The strict supervision and follow up by the credit cooperative institutions can reduce the diversion of loans. If such provisions are made, the farmers will be left with no choice to utilise agricultural loans for the designated purposes. The provision of agricultural inputs at subsidized rates, economical use of inputs like manures, fertilizers, pesticides, insecticides etc., persuading small and marginal farmers not to purchase their own heavy machinery and equipment for personal use rather provide them rental machinery, adoption of cooperative farming can help in cost cutting and increasing the income levels of farmers.

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