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ಅಂಜುಮನಾಬಾದ್, ಭಟ್ಕಳ - ೫೮೧ ೩೨೦

(ಉತ್ತರ ಕನ್ನಡ) ಕರ್ನಾಟಕ ರಾಜ್ಯ

ದೂರವಾಣಿ : ೦೮೩೮೫ (೦) ೨೨೬೪೪೩ (ಫ್ಯಾಕ್ಸ್) ೨೨೮೪೪೩

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Certificate

This is to certify that the project work titled "Impact of Loan Waiver Scheme on Agriculture Co-operative Bank with Special Reference to Vyavasaya Seva Sahakari Sanga Hadinbala Honnavar" is an original record of field work done by Ms. Mukta M. Shetty with Registration No. 18C011217 is a partial fulfillment of the award of degree of Master of Commerce of the Karnatak University, Dharwad during 2019-20. The project satisfies the academic requirements in respect of project work prescribed for the Degree of Master of Commerce and is a record her own independent work.

This project is based on the studies carried out by her, has not submitted to any other University or Institution for the award of any degree or diploma.

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CERTIFICATE

This is certify that **Miss Mukta M. Shetty** bearing Register no. **18C011217**, M.COM student of Anjuman Arts , Science & Commerce college and P.G center, Bhatkal has satisfactorly completed the project in **Vyavasaya Seva Sahakari Sangha Hadinabal , Honnavar**. On "Impact of loan waiver scheme on Agriculture Co-operative Society with special Referance to "Vyavasaya Seva Sahakari Sangha Hadinabal, Honavar" for partial fulfillment of her degree in Master in Commerce under Karnataka University Dharwad, Karnataka.

The effect put in by her in collecting the data and overall participation during the complection of project deserves highest appreciation.

We congratulate her and wish her all the success in her future endeavors'.

Place: **Hadinabal**

Date: **28-09-2020**



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INTRODUCTION

A bank may be defined as an institution that accepts deposits, makes loans, pays cheque, and provide financial service. Banks are financial intermediaries that safeguard, transfer, exchange and lend money and like other business that must earn a profit to survive. A primary role of bank is connecting those with funds, such as investor and depositors, to those seeking funds, such as individual or business needing loan. A bank is the connection between the customer that have capital deficit and customers with capital surpluses.

Co- operative banking is retail and commercial banking organized on a co -operative basis. Co- operative banking institution takes deposit and lends money in the most part of the world. Co- operative includes retail banking, as carried out by credit unions, mutual saving and loan association, building societies as well as commercial banking service provided by mutual organization to co- operative business.

In India has a long history of the loan waiver in 1990 the prime minister announced an agriculture debt relief scheme totaling \$ 1.4 billion. Loan waiver means loan taken by formers are unique to India. A loan waiver is the waiving of the real or potential liability of the person or party who has taken out a loan through the voluntary action of the person or party who has made the loan.

Agriculture co-operative society Hadinbal Hannover. Co – operative society put to gather have meet 77% of the form advance from their own resource, such as reserve and deposit from public. The only 23% is providing other commercial bank by the way of refinance to words crop loan. If there is only a partial reimbursement of the waived amount, it will result in the co- operative societies not being able to honor the demands of the depositors on the due date of maturity.

1.1 OBJECTIVES OF THE STUDY:

- To study the impact of loan waiver scheme introduced by the Government on Co operative Credit Societies working in rural areas.
- To analyze the financial position of Agricultural Cooperative Credit Societies after Loan waiver Scheme
- To Study the impact of Loan waiver scheme on rural indebtedness.
- To Study the impact of Loan waiver scheme on rural income

Conclusion:

India has a long history of loan waivers. In 1990, the then-Prime Minister announced an agricultural debt relief scheme totaling \$1.4 billion. In the same year, a similar scheme was announced by then Chief Minister of Haryana, waiving \$32 million of farm loans by banks and cooperatives. Over the next decade, despite the Reserve Bank of India's warning of the adverse consequences of such measures, several states resorted to them. In 2008, the United Progressive Alliance-led government announced one of the largest debt waiver schemes in history. The Agricultural Debt Waiver and Debt Relief Scheme waived \$8.4 billion spread across 237 districts and reaching 30 million farmers.

Over the next few years, the program received widespread criticism from economists. However, this did not stop state governments from making further loan waiver announcements, and now more than 10 have joined the club. If loan waivers are truly the solution to agrarian distress, why haven't they prevented farm incomes from decelerating and farmers from committing suicide?

Ample evidence and research confirm that loan waivers have not increased agricultural productivity and in fact have resulted in an increase in moral hazard among eligible households. The India Comptroller and Auditor General's report following the 2008 loan waiver program exposed rampant corruption and exclusion and inclusion errors in the identification of beneficiaries. We try to dwell upon this expensive scheme and its desirability from the economic, social and farmers' welfare perspectives.

Moreover, frequent loan waivers, which are often politically motivated, erode the rural credit delivery system. This results in a deceleration in the flow of agricultural credit and the perpetual tendency of non-repayment of loans among the borrowers. Credit, be it from formal or informal sources, plays an indispensable role in the lives of agricultural households. Efforts should be made towards greater financial inclusion for agricultural households, particularly of marginal and small farmers.

To date, about 56 percent of marginal and 48 percent of small farmers (less than 2 ha) fall outside the ambit of rural credit markets. And they will continue to face distress despite state governments' decisions to dole out their citizens' hard-earned money to in order to remain in power. The government should devise other options to address agrarian issues rather than resorting to economically irrational, inefficient, and socially inequitable instruments like loan waivers.