



## MICRO-FINANCE THROUGH INTEGRATED FARMING SYSTEM FOR THE VULNERABLE GROUP OF FARMERS IN SOUTHERN KARNATAKA

<sup>1</sup>Nagaraju, Y., <sup>2</sup>Basavaraj, B. <sup>3</sup>Keerthana Chandru, & <sup>4</sup>Raghavendra, N.

<sup>1</sup>Department of Economics Center for study of Social Exclusion and Inclusive policy, Khajmali Campus, Bharathidasan University, Tiruchirappalli.Tamil Nadu

<sup>2</sup>Department of Economics & Commerce, CMR University Bengaluru, India

<sup>3</sup>Integrated Farming System Demonstration Project (RKVY)

<sup>4</sup>Department of Economics, Kuvempu University Shankarghatta- Shimoga, Karnataka

### ABSTRACT

Integrated farming system is integration of two or more appropriate combination of enterprises like crop, dairy, piggy, fishery, poultry, bee keeping *etc.*, for each farm according to the availability of resources to sustain and satisfy the necessities of the farmer. Integrated farming system beneficiaries involved in promoting savings among members and use the pooled resource to meet the emerging needs of their members not excluding consumption needs, with collective action. The basic objectives of IFS -Sangha's are to develop saving capability among the homogeneous vulnerable poor sections of the society, to reduce dependence on financial institutions for self-reliance. Integrated farming system beneficiaries involved in promoting savings among members and use the pooled resource to meet the emerging needs of their members not excluding consumption needs, with collective action. The basic objectives of IFS -Sangha's are to develop saving capability among the homogeneous vulnerable poor sections of the society, to reduce dependence on financial institutions for self-reliance. The maximum numbers of beneficiaries of IFS Sanghas in each district were below the age group of 30 years. IFS beneficiaries joined Sanghas primarily for savings, in Bangalore rural district 75 per cent of respondents joined Sanghas for the purpose of savings followed by Kolar, Chikballapur and Shimoga. And remaining beneficiaries have joined Sanghas for getting loans and others. After joining IFS Sanghas beneficiaries income has increased which makes change in their economic status, maximum number of beneficiaries about 91.67% supported this statement. Along with this, some of the beneficiaries showed positive responses towards self confidence, getting respect from family, neighbors and society, reduction in family violence, helping family in financing, improvement in their basic amenities and assets *etc.*, (Nis Chowdhury, 2009).

**KEY WORDS:** Integrated farming system, IFS Sangha, Farming Community and IFS beneficiaries.

### INTRODUCTION

An integrated farming system of various enterprises in the farm ensures recycling of farm waste and utilizes all the available resources economically and efficiently. Combination of enterprises like crop production, animal husbandry, dairying, poultry, sericulture. Apiculture, fishery, horticulture etc, have to combine involving farmers in planning implementation and evaluation of production plan. Integrated farming system beneficiaries involved in promoting savings among members and use the pooled resource to meet the emerging needs of their members not excluding consumption needs, with collective action. The basic objectives of IFS - Sangha's are to develop saving capability among the homogeneous vulnerable poor sections of the society, to reduce dependence on financial institutions for self-reliance. IFS sangha is expected to associate saving mobilization among the members with their better access to credit. The access to credit would reveal in terms of economic benefits like employment and increase in income. Higher income, in turn, will enhance the consumption level and improve the living conditions. Besides economic benefits, organization of poor through SHGs may bring in social benefits like access to common facilities in their area, enhance their

bargaining power in the community budget, improve their communication skills, etc. The self confidence level of the vulnerable poor may also increase. It may inculcate the habit of better management of their resources and augment them for development.

### METHODOLOGY

In this context the University of Agricultural Sciences Bangalore is implementing a project entitled "Holistic Development of schedule caste farmers in southern districts of Karnataka through Integrated Farming System approach" to improve the livelihood of vulnerable and disadvantaged group of farmers in the selected taluks of Southern Karnataka on pilot basis with the financial assistance of the Karnataka State Department of Agriculture (KSDA) GOK under Special Component Plan (SCP & TSP) during the year 2012-2013 with the following objectives

1. To strengthen the livelihood resource base of SC farmers, impart knowledge on the IFS components
2. Generate employment opportunities through diversified production systems
3. Reduce the risk / vulnerability of the systems.

**Criteria for selecting the IFS farmers as beneficiary are,**

- Baseline survey conducted by using structured schedule
- Taluk with highest SC population
- He/She should be a small and marginal farmer.
- Permanent resident of the village
- Should possess land with or without irrigation
- Land records in his/family member's name.
- Capability to utilize inputs provided and willing to take the risk

For this study we have selected 4 districts of southern Karnataka namely Bangalore rural, Chikballapura, Kolar and Shimoga and 8 Sanghas from among four districts. The total sample constitutes 96, *i.e.* 24 beneficiaries from each IFS-sanghas using purposive sampling survey. IFS-sangha's are operating with project revolving fund of Rs.10, 000. Major objective of this paper is to study the social and economic impact of IFS-Sangha on vulnerable farm families. In all the four districts, farm families are faced with lack of infrastructure facilities, access to

amenities like health, sanitation, education, market, water supply etc. These are problems that cannot be tackled individually but can be better solved through group efforts like IFS Sanghas and have become the vehicle of change for the vulnerable farm families. IFS-Sangha has made a bridge to poor farmers to come together and solve their individual problem. IFS beneficiaries collect their savings and save it in a bank. In turn they receive easy access to loans with lowest rate of interest to solve their financial needs. As Self Help group do these IFS-Sanghas do maintain all records like attendance, savings book, loan book, etc as SHGs (Nis Chowdhury, 2009). Major Intervention from the project is the Capacity building activities like training on value addition (bread, biscuit, pickle, jam, ketchup preparations), soil and water conservation, rain water harvesting, Animal husbandry activities like piggery, poultry, sheep rearing *etc.* are also been conducted through this project for the development of vulnerable farm families.

**RESULTS & DISCUSSION**

**TABLE 1:** Education level of the sample respondents

Education	Bangalore Rural		Chickaballapur		Kolar		Shimoga	
	Sum	Percentage	Sum	Percentage	Sum	Percentage	Sum	Percentage
Illiterate	11	45.83	9	37.50	10	41.67	12	50.00
Primary School	7	29.17	5	20.83	7	29.17	5	20.83
Middle school	3	12.50	4	16.67	5	20.83	3	12.50
High school	1	4.17	3	12.50	1	4.17	2	8.33
PUC	1	4.17	2	8.33	1	4.17	1	4.17
Degree	1	4.17	1	4.17	0	0.00	1	4.17
Total	24	100.00	24	100.00	24	100.00	24	100.00

A survey was undertaken in the study area for this purpose as explained study area are presented in (Table 1) the average illiterate level of the sample respondents was in 50 percent in Shimoga comparing with Chickaballapur was 37.50 percent similarly Bangalore rural 45.83percent and Kolar was 41.67 percent of illiterate .Similarly Primary

School was 29.17 percent in Bangalore rural, compared with Chickaballapur with 20.83 percent. Similarly High School In Chickaballapur District was 12.50 percent when compare with Bangalore rural 4.17 percent and Degree level almost similar in all selected respondent in all district 4.17 percent respectively.

**TABLE 2:** Average age of the respondents

Average Age	Bangalore Rural		Chickaballapur		Kolar		Shimoga	
	Sum	Percentage	Sum	Percentage	Sum	Percentage	Sum	Percentage
Below 30 Year	10	41.67	8	33.33	9	37.50	11	45.83
30-40 Year	9	37.50	12	50.00	10	41.67	10	41.67
40 & above	5	20.83	4	16.67	5	20.83	3	12.50
Total	24	100.00	24	100.00	24	100.00	24	100.00

The (table 2) reveals that the beneficiaries of age group below 30 years were much interested in making Sanghas in Shimoga district (45.83%) followed by Bangalore rural

district with 41.67 per cent and only 37.50 per cent and 33.33 percent from Kolar and Chickaballapura respectively.

**TABLE 3:** Purpose of joining IFS-Sangha

Particulars	Bangalore Rural		Chickaballapura		Kolar		Shimoga	
	Sum	Percentage	Sum	Percentage	Sum	Percentage	Sum	Percentage
Savings	18	75.00	15	62.50	17	70.83	13	54.17
Getting loan	4	16.67	8	33.33	7	29.17	10	41.67
Others	2	8.33	1	4.17	0	0.00	1	4.17
Total	24	100.00	24	100.00	24	100.00	24	100.00

The results from (table 3) reveal that IFS beneficiaries joined Sanghas mainly for savings and also for getting loans from project .The savings of Banaglore rural beneficiaries was highest 75 percent when compared with rest of districts like Chickballapura was 62.50 percent

similarly Kolar 70.83 and Shimoga was 54.17 percent of Savings .Similarly getting loan from Banks was highest in Shimoga 41.67 percent similarly Kolar was 29.17 percent , in Chickballapura district was 33.33 percent of getting loan from banks respectively (Bansal Hema, 2003).

**TABLE 4:** Increase in income after joining IFS-Sangha

Particular	Bangalore Rural		Chickballapura		Kolar		Shimoga	
	Sum	Percentage	Sum	Percentage	Sum	Percentage	Sum	Percentage
Yes	22	91.67	20	83.33	21	87.50	22	91.67
No	2	8.33	4	16.67	3	12.50	2	8.33
Total	24	100.00	24	100.00	24	100.00	24	100.00

Results reveals in (Table 4) that out of 24 beneficiaries from Bangalore Rural and Shimoga 22 beneficiaries responded saying that after joining Sanghas their income has increased and thus it makes change in their economic status. The success of integrated farming system lies on the farmers who are very much involved in almost all farming operations. Integrated farming system beneficiaries involved in promoting savings among members and use the pooled resource to meet the emerging needs of their members not excluding consumption needs, with collective action. The basic objectives of IFS- Sangha's are to develop saving capability among the homogeneous vulnerable poor sections of the society, to reduce dependence on financial institutions for self-reliance. The maximum numbers of beneficiaries of IFS Sanghas in each district were below

the age group of 30 years (Roodman, D. and Qureshi, U. 2006). IFS beneficiaries joined Sangha's primarily for savings, in Bangalore rural district 75 per cent of respondents joined Sanghas for the purpose of savings followed by Kolar, Chikballapur and Shimoga. And remaining beneficiaries have joined Sanghas for getting loans and others. After joining IFS Sanghas beneficiaries income has increased which makes change in their economic status, maximum number of beneficiaries about 91.67% supported this statement. Along with this, some of the beneficiaries showed positive responses towards self confidence, getting respect from family, neighbors and society, reduction in family violence, helping family in financing, improvement in their basic amenities and assets *etc.*

**TABLE 5:** Changes in saving pattern after joining IFS-Sangha

Particular	Bangalore Rural		Chickballapura		Kolar		Shimoga	
	Sum	Percentage	Sum	Percentage	Sum	Percentage	Sum	Percentage
Bank & PO	10	41.67	11	45.83	11	45.83	13	54.17
IFS-Sangha	9	37.50	9	37.50	10	41.67	8	33.33
Cash in hand	5	20.83	4	16.67	2	8.33	3	12.50
Total	24	100	24	100	23	95.83	24	100

Results reveals in (Table 5) that IFS beneficiaries after joined Sanghas primarily for savings money in Banks IFS Sangha and Cash in Hand respectively Money savings in banks in Shimoga districts 54.17 percent similarly Chickballapura 45.83 percent , in Kolar 45.83 percent respectively. IFS beneficiaries money savings in IFS – Sangha was in 41.67 percent in Kolar similarly Shimoga 33.33 percent and Chickballapura districts and Bangalore rural districts 37.50 percent of money savings respectively (Karmakar, K.G. 1999).

## CONCLUSION

From demonstrated farmers adopting integrated farming system approach helped participating farmers to organize the farm business to get sustainable income from the farm as a whole, it establishes stability of net income due to effective recycling of produce of any one of the components as inputs on the other component linked in the system and also provided flow cash of the farmers throughout the year by the way of selling of their products, thus there is a great need to establish and strength integrated farming system demonstration in order to provide maximum employment opportunities throughout

the year and also to improve their standard of living of small and marginal farming community.

## REFERENCES

- Anis Chowdhury (2009) Microfinance as a poverty reduction tool – A critical assessment. Economic and Social affairs. DESA working paper No. 89.
- Titas Biswas & Sengupta, P.P. (2010) Micro-finance in India: Sustainable rural development for the poor *CoolAvenues.com*.
- Moll & Henk, A.J. (2005) Micro finance and rural development: A Long-Term Perspective. ESR review.
- Bansal Hema, (2003), SHG- Bank linkage programme in India: An Overview, Journal of Microfinance, 5(1).
- Roodman, D. & Qureshi, U. (2006) Microfinance as Business, centre for global Development Working paper No.101, Washington DC.
- Karmakar, K.G. (1999) RURAL CREDIT AND SELF HELP GROUPS: Micro finance needs and concepts in India, New Delhi, and Sage publication.