Chapter-1

Introduction-The Problem
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1.1. Rationale of the Problem:

Y.K. Alagh (2003:1-30) states that globalization, as a new policy of economic reforms, has been accepted in India during the last 12 years (since 1991). After accepting it various sections of people faced various problems especially the poor, the marginal farmers and the labourers. It is claimed that this new wave of globalization or the New Economic Policy (NEP) in the national context, provides liberty for participation in open economy. New Economic Policy initiated by the government of India in 1991 has, in brief, the following components: Globalization, Privatization, and Liberalization (LPG), among them globalization extends its area of influence and vastly encompassing all spheres of life, Industry to agriculture. There has been a paradigm shift in the Indian Economic Policy from state oriented developmental strategies to market oriented strategies of development, and from micro-finance to livelihood finance. Livelihood finance is a comprehensive approach to promoting sustainable livelihoods for the poor farmers. The special measures have also been taken up for agriculture sector during the process of globalization. These are infrastructure development, agricultural credit, agricultural marketing and crop insurance to say a few.

In Indian context, many social scientists have studied the economic aspects and issues such as awareness, development and utilization of programmes and their consequences for the farmers. Views and findings of some of those may be quoted here:

S.C. Dube (1955:59), long back, has found that "Agriculture is the main stay of the rural economy of India, the crafts and occupation of the countryside are generally integrated with it". A brief analysis of the economic role of different castes would be giving us a clear idea of the village economy in the context of rural development.
Ramkrishna Mukherjee (1957:1-7), in his study of West Bengal, has found that the dynamics of rural society cannot be revealed without any analysis of its economic structure. He has found that the economy plays a basic role in the social development of any people and also contributes to social-ideological sphere of a society.

Andre Beteille (1974:56-117) has found that social organization of agriculture will in turn be related to other aspects of social system like kinship, caste and localities. For these reasons the groups and categories actually engaged in agriculture and their mutual relations will vary from one society to another. To the extent that major changes in economic activity also involve changes in social organization, a correct understanding of the social framework is essential of the prospects for economic change.

J.K. Pundir (1998) has found participation of scheduled castes in the process of development. The loan recipients have received loans from traditional as well as modern money lending institutions. The dominant caste social structure facilitates or obstructs the economic development of weaker sections through new institutions. The social network in the economic process appears to be more resourceful than the purpose it achieves.

K.C. Alexander (2000:190) finds some of the areas of the processes of development, impact of development on the occupational structure, pattern of time utilization and differentiation of roles. According to him changes seem to have appeared in beliefs and values with improvement in the level of living and expansion of knowledge.

Yogendra Singh (2004:208) states that impact of globalization on the structural changes in the society comes generally through the changes in the economic policies. In this sense, we witness radical changes at the economic level. The basic organs of economy such as capital, market, modes of production and trade are getting increasingly entwined into web of global interdependence. Among all these rural credit is an important dimension of
the rural economy. Under new economic policies, new avenues and methods are forthcoming.

S.K. Bhaumik and Abdur Sahim (2004:1-30) have found that the rate of participation of the rural households in credit markets (formal or informal) has been extremely high. According to them a large number of the marginal and small farmers are forced to borrow money from the informal moneylenders.

R.S. Bhole (2004a: 211-212) has found that a majority farmers had a favourable attitude and a minority of the respondents have highly favourable attitude towards National Agricultural Insurance Scheme.

All the above and many other social scientists have studied various issues empirically to know about the problems of farming and farmers, related to development and flow of credit to farmers and suggested how to solve those problems. Thus there is still need to study the awareness, utilization and consequences of the new credit avenues and facilities for the farmers from the ongoing new form of credit at micro level, particularly of such new forms of credit as credit cards and crop insurance policy as these are the latest to be added to the list of rural development measures.

1.2. Statement of the Problem:

In the above context, some specific issues related to awareness, utilization and consequences of new form of credit for farmers and problems faced by them need to be studied in depth. Thus, the present study focuses upon the following specific questions:

1. What is the socio-economic background of farmers in rural setting?

2. How far the farmers are aware of new forms of credit namely the credit cards and crop insurance?

3. How far the farmers have utilized these new forms of credit namely the credit cards and crop insurance?

4. Why some farmers have not utilized these facilities?
5. What are the consequences of these new forms of credit (Kisan Credit cards and Crop Insurance) for farmers that may bring some changes among them?

   The first question has taken note of the social-economic background of farmers in rural setting in terms of age, sex, religion, caste, education, occupation, size of land holdings and type of family.

   The second question has taken note of the awareness; sources of awareness and attitude of farmers towards new forms of credit namely the credit cards and crop insurance.

   The third question has taken note of the utilization of these new forms of credit namely the credit card and crop insurance for one and more purposes, mode of utilization for purposes like agricultural, social events (marriage, education, festivals) and misutilization as well.

   The fourth question has taken note of the causing factors for not utilizing these facilities.

   The last question has taken note of the consequences/benefits of these new forms of credit in terms of how do they help in changing their life style, the rural social structure and the nature of social cohesion in the rural setting.

1.3. Area of Study:

Initially, it was proposed that the study would be conducted in a village, namely, Dulkhara. It is situated in district Bulandshahr at above 28 kms. northeast from the district headquarter town. Bulandshahr district lies in western part of Uttar Pradesh, which is located between the Yamuna and Ganga Doab. It lies between 23.53⁰ N and 31.28⁰ N latitude and 74.4⁰ E and 84.38⁰ E longitude, which is 237.44 meters above sea level. The village, which lies in the interior, where diversity of occupations existed, facilities for purchasing the goods, selling agricultural produce, transport and communication were less easily available. The village having various castes and sufficient number of farmers who have made use of the new form of credit that is why it has been
purposively selected for study. Detailed description of the area of study is given in chapter third.

1.4. Universe/ Sample:

A sample is a part of the population, which is studied in order to make inference about the whole population. All farmers (i.e.315) have been purposively selected which constituted the universe of study. They include total number of beneficiaries of the new form of credit and all other non-beneficiary farmers. B.R.Chauhan (1974:822-114) has drawn four lines of approach in the study of castes in relation to the village communities, at least formally (a) one village and one caste, (b) one village and many castes, (c) one caste and many villages and (d) many castes and many villages. The first of these is a rather formal category not much in use. The second of these categories is particularly suitable for the study of jajmani relationship and caste hierarchies within a defined microcosm. Most of the village studies in India fall under this category. Thus, the present study comes in the category of (b) one village and many castes.

1.5. Perspectives/Approaches:

The study has made use of a dialectical perspective to study the background and impact of new forms of credit on farmers in terms of change in economic, occupational, educational, political and religious aspects of life. A comparative perspective has been involved in making comparison between beneficiaries and non-beneficiaries of the new forms of credit. The credit cards are coming as a substitute of local moneylender and a conflict situation is likely to arise between the two-local moneylenders and who are using the new form of credit. To understand this conflict Marxian perspective has also been helpful.

1.6. Methods of Data Collection:

At the first stage, data were collected through case study method. Case studies were selected from the different socio-economic strata and the
beneficiaries of the credit cards and crop insurance and non-beneficiaries of the schemes. These case studies were largely based upon observation and interview.

At the second stage, after conducting the case studies, a survey of all farmers was carried out with the help of an interview guide (including questions both close and open ended on various aspects of the problem under study) and observations. It became feasible after exploring the new from of credit; its awareness, utilization and its impact through case studies. Various governmental reports, census reports, research articles, published literature and unpublished thesis pertaining to the present study have also been consulted.

1.7. Methods of Data Analysis:

After the collection of data, data have been analyzed qualitatively and quantitatively. Qualitatively analysis was done of the case studies and observation. Simple quantitative analysis has been undertaken of the data collected through survey based on interview, interview guide from all farmers. The separate code designs were prepared based on the interview guide used for data collection. The processing of the coded information was done with the help of computer and the data was tabulated as per the requirements. Univariate and bivariate analysis of the various aspects of the problem have been undertaken by constructing single variate and bivariate tables. Simple statistical techniques of comparative analysis, especially association (Chi-Square test) have been used.