Chapter-2

An Overview of Select Literature
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In this chapter, meaning of credit, credit in classical literature, concepts of peasant and farmer, history of institutional credit in India, financing for rural development, policy shift in rural development programmes in the era of globalization, new form of credit for rural development and select studies on rural/farmers' development have been presented.

2.1. Meaning of the Credit:

The term credit comes from the Latin credere/ the Italian credito, credit meaning "to trust or believe". Credit is abbreviated to Cr (for creditor). An agreement by which something of value-goods, services, or money is given in exchange for a promise to pay at a later date (Oxford Dictionary, 1970: 1155).

Credit is defined as "the sum at a person's disposal in the books of a bank"; "an entry on the credit [right-hand] side of an account". Credit is a transaction between two parties in which one, acting as creditor or lender, supplies the other, the debtor or borrower, with money, goods, services, or securities in return for the promise of future payment. As a financial transaction, credit is the purchase of the present use of money with the promise to pay in the future according to a pre-arranged schedule and at a specified cost defined by the interest rate (Sheffrin, 2003: 156).

According to Encyclopedia Britannica (1778:713), "Transaction between two parties in which one (the creditor or lender) supplies money, goods, services, or securities in return for a promised future payment by the other (the debtor or borrower). Such transactions normally include the payment of interest to the lender. Credit may be extended by public or private institutions to finance business activities, agricultural operations, consumer expenditures, or government projects. Large sums of credit are usually
extended through specialized financial institutions such as commercial banks or through government lending programs.

Ingham (2004) has defined terms of the credit contract deal with the repayment schedule, interest rate, necessity of collateral, and debt retirement.

Repayment Schedule:

Credit contracts vary in maturity. Short-term debt is from overnight to less than one year. Long-term debt is more than one year, up to 30 or 40 years. Payments may be required at the end of the contract or at set intervals, usually on a monthly basis. The payment is generally comprised of two parts: a portion of the outstanding principal and the interest costs. With the passage of time, the principal amount of the loan is amortized, or repaid little by little, until completely retired. As the principal balance diminishes, the interest on the remaining balance also declines. Interests on loans do not pay down the principal. The borrower pays interest on the principal loan amount and is expected to retire the principal at the end of the contract through a balloon payment or through refinancing. Revolving credit has no fixed date for retirement. The lender provides a maximum line of credit and expects monthly payment according to an amortization schedule. The borrower decides the degree to which to use the line of credit. The borrower may increase debt anytime the outstanding amount is below the maximum credit line. The borrower may retire the debt at will, or may continue a cycle of paying down and increasing the debt.

Interest Rate:

Interest is the cost of purchasing the use of money i.e. borrowing. The interest rate charged by lending institutions must be sufficient to cover operating costs, administrative costs, and an acceptable rate of return. Interest rates may be fixed for the term of the loan, or adjusted to reflect changing market conditions. A credit contract may adjust rates daily, annually, or at intervals of three, five, and ten years.
Collateral:

Assets pledged as security against loan loss are known as collateral. Credit backed by collateral is secured. The asset purchased by the loan often serves as the only collateral. In other cases the borrower puts other assets, including cash, aside as collateral. Real estate or land collateralizes mortgages.

Debt Retirement:

Overnight funds are lent among banks to temporarily lift their reserves to mandated levels. A special commitment is a single purpose loan with a maturity of less than one year. Its purpose is to cover cash shortages resulting from a one-time increase in current assets, such as a special inventory purchase, an unexpected increase in accounts receivable, or a need for interim financing.

2.2. Credit In the Classical Literature:

In India, credit has generally been studied by economists and they have extensively documented the 'economic' aspects of the credit relations in the rural society. However, credit is clearly not only an economic phenomenon but also a social relationship.

In the classical sociological literature, one finds frequent references to credit relations. Durkheim refers to the relations of money and credit as being typical instances of social relationships. He argues that such relation should be treated as 'social facts' for their being above the individual and exercising constraint over them (Durkheim, 1938:1-4).

The economic classification of commodities as either 'goods' or 'service' is a special case of the general distinction between a physical and social objects. A 'good' in the economic sense is a physical object which is demanded because it is held to be wanted satisfying. A 'service' is a performance by one or more actors, also having economic value; there is no
An Overview of Select Literature

intervention of physical objects on other than symbolic levels. The third category 'cultural objects' also appears in economic theory, especially in connection with the significance of information in economic processes and in connection with such concepts as 'state of the arts' (Parsons, 1956: 11-12).

The creation of credit is primarily an exercise of power in that facilities necessary to pursuit of goals are restricted by means of the imposition of situational controls over the access of the facilities........In our society credit creation is centered more in what in commonsense terms we think of as 'economic' as apposed to 'political' organizations, such as banks, even though the later are subject to certain governmental controls. 'Political' is an analytical category parallel to 'economic'. It does not correspond directly to concrete organizational units. Its relation to organization varies from society to society and in the same society over time (Parsons, 1956: 56-57). Lastly Parsons concludes that credit, therefore, is a conditional facilitation of goal-attainment.

Simmel in his, The Philosophy of Money, argues that credit leads to 'distanciation' in social relations. It also features of symbol in modern societies. "Payments in cash suggests something petty-bourgeois to this businessman, since in this instance the stages of the economic series are anxiously compressed, whereas credit creates a distance between them that he controls on the basis of trust. It is a feature of higher stages of development everywhere that the original closeness and immediate unity of the elements is dissolved in order to unite them, as independent and distinct entities, in a new, more abstract and comprehensive synthesis. In credit transactions the immediacy of value exchange is replaced by a distance whose poles are held together by trust" (Simmel, 1978:480).

Weber and Marx have more detailed discussions on debt and credit relations in their writings.

Using his typology of 'social action', Weber makes an important distinction between the traditional forms of credit and the modern rational
forms of credit relations. These two forms of credit represent two distinct types of social actions. The neighborhood credit or the assistance of neighborhood, a characteristic feature of the self-sufficient agrarian economies, according to Weber, is a typical instance of the traditional action (Weber, 1978:30).

The modern systems of money and credit with a legitimate place of interest, according to Weber, were institutionalized by the bourgeois ethics:

The inner worldly asceticism of Protestantism first produced a capitalistic ethics, although unintentionally for it opened the way to a career in business, especially for most devout and ethically rigorous people. Above all, Protestantism interpreted success in business as the fruit of a rational mode of life......Protestantism justified the interest as a legitimate form of participation by the provider of capital in the business profits acquiring form the money he has lent, especially wherever credit has been extended to the wealthy and powerful (Weber, 1978:587-88).

The term credit in the most general sense will be used to designate any exchange of goods initially possessed for the promise of a future transfer of disposal over utilities, no matter what they may be. The granting of credit means in the first instance that this future transfer of disposal will actually take place. In this sense the primary significance of credit lies in the fact that it makes it possible for an expectations of a surplus of future control over goods or money which are not available at the time for the present control of other goods, which would not otherwise be available for its use (Weber, 1947:180).

In his discussions on the pre-capitalist social formations, Marx distinguishes between the different forms of credit that correspond to the different modes of production, i.e. the usurer's capital - a characteristic feature of the pre-capitalist economy- and the modern capitalist credit system. As he writes:

Usurer's capital as the characterizes form of interest bearing capital correspond to the predominance of small-scale production of the self-employ
peasant and small master craftsman. When the labourer in confronted by the
conditions of labour and by the product of labour in the shape of capital, as
under capitalist mode of production, he has no occasion to borrow any money
as producer......But whenever the labourer is the owner, whether actual or
nominal, of his conditions of labour and his product, he stands as a producer
in relation to the moneylenders capital which confronts him as usurer's capital
(Marx, 1959:595).

Usury paralyses the productive forces. On the one hand, it exerts "an
undermining and destructive influence on ancient and feudal wealth and
feudal property. On the other hand, it undermines and ruins small peasant
and small burgher production, in short, all forms in which the production still
appears as the owner of his means of production"(Marx, 1959:596).

The modern credit system develops out of a historic struggle between
usury and capitalist production. According to Marx, the banking system is the
most artificial and most developed product turned out by capitalist mode of
production.

This violent battle against usury, this demand for the subordination
of interest bearing capital to industrial capital, is but the herald of
the organic creations that established these prerequisites of
capitalist production in the modern banking system, which on the
one hand robs usurer's capital of its monopoly by concentrating all
idle money reserves and throwing them on the money market, and
on the other hand limits the monopoly of the precious metal itself by
creating credit-money(Marx, 1959:603).

Debt relations, for Marx, can also reflect deeper lying antagonism between the
general conditions of existence of the classes. For example, he writes:

The class struggle of the ancient world took the form chiefly of a
contest between debtors and creditors which in Rome ended in the
ruin of the pledian debtors .... In the middle ages, the contest ended with the ruin of feudal debtors, who lost their political power together with economic basis on which it was established (Marx, 1954:135).

Raymond Firth has put the problem:

The principles of economics which are truly general or universal in their application are few. Most of those which purport to be general have been constructed primarily within the framework of ideas of an industrial, capitalist system. This means a machine technology, a monetary medium of exchange, an elaborate credit system using stocks and shares and banking institutions, development private enterprise, and a social structure of an individualistic, western kind. The anthropologist struggles with a diversity of types. Many are peasant systems, with money used for a limited range of transactions, a simple technology, with hardly any machinery, and method of enterprise, cooperation, credit, and income-getting very different from those in a western economy. Some are truly primitive, with no monetary medium at all to facilitate the processes of exchange, distribution, and storage of wealth. The anthropologist problem, then, is one of applying or translating economic principles in novel contexts. He is even deprived for the most part of the common means of measurement available to his economist college. Without money there is no simple means of reckoning prices. Even where money is used, its limited range inhibits easy measurement to the bulk of economic relations (quoted by Semelser, 1965:17).

2.3. Concepts of Peasant and Farmer:

The first time, the term was defined in the writings of the American Anthropologist A.L.Krober. According to A.L.Krober (1948:284), "Peasants are definitely rural yet live in relation to market towns they form a class segment of a larger population which usually contains also urban centers, sometimes metropolitan capitals. They constitute part-societies with part-cultures".
An Overview of Select Literature

According to Robert Redfield (1951:18-19), "Farmers as those agriculturists who carry on agriculture for reinvestment and business on the land as capital and commodity". Thus Redfield described farmers on the basis of agriculturists' attitudes towards cultivation. These are reinvestment, land as a capital and commodity and business looking.

Firth uses the word Peasant for any society of small producers for their own consumption (Redfield, 1951:18).

T. Shanin (1971:14-15) has described what he calls peasant societies in terms of four basic facts which are as follows. "1. The peasant family farm as the basic unit of multidimensional social organization. 2. Land husbandry as the main means of livelihood directly providing the major part of the consumption needs. 3. Specific traditional culture related to the way of life of small communities. 4. The underdog position - the domination of peasantry by outsiders."

Chamber's Twentieth Century Dictionary describes a peasant as 'a countryman; a rustic; One whose occupation in rural labour', and peasantry as 'the body of peasants or tillers of the soil: rustics: labourers.' The Shorter Oxford English Dictionary defines a peasant as 'one who lives in the country and works on the land; a countryman, a rustic'. Webster's Third New International Dictionary describes the peasant as 'being of a class' that tills the soil a small free landowners or hired labourers' (quoted by Beteille, 1974:43).

There are some scholars who oppose any attempt to divide the rural population into different classes or categories. The generally practiced method is to categorize the agrarian population on the basis of the ownership of land or the size of operational holding. Apart from the official surveys, this method has been extensively used by social scientists, particularly the economists.

Ramkrishna Mukherjee (1957:5) has formulated three classes made up of the nine occupational groups. Their descriptions and the basis for their classification are given below:
(1) The class I is composed of the occupational groups of land holders and supervisory farmers, that is, of the sub-interdatory landlords and the prosperous non-cultivating or supervisory farmers whose top most position in society is unquestioned.

(2) The class II mainly comprises of the self-sufficient peasantry, viz., the cultivators, but the artisans and traders are also included in this class because, like the cultivators, most of them barely maintain a some what self-sufficient existence, partly based on land.

(3) The class III is composed of the remaining occupational groups, viz, the sharecroppers, agricultural labourers, service-holders and others, which are formed of those people who depend for working on other members of society or in the case of a few of them depend on the charity of the wealthier folks.

The chief characteristic of Mukherjee’s classification is that he works through attributional classification of occupational groups and formulates on that basis three categories of interactional class strata.

Daniel Thorner uses the term ‘malik’, ‘money-lender’ and ‘mazdur’ for the chief agrarian classes (Thorner, 1956); ‘bourgeoisie’, and ‘capitalists-type landowners’, ‘rich peasants’; ‘land-poor peasantry’, and ‘agricultural labourers’, are the class categories mentioned by Kotovsky in his analysis of agrarian classes in India (quoted by Y. Singh, 1974:342).

R.K.Jain (1977:91-115) has pointed out that the village households were divided into those of bhale log (the gentry), Khate-pite log (all right people) and garib log (poor).

Jaganath Pathy (1995: 347-368) finds seven classes in an Orissa village. There are landlords, rich peasants, middle peasants, small peasants, farm workers, businessmen and others. The criteria of classification are landownership, control over other material resources and usury.
Dalip S. Swamy (1976: 1933-39) classifies the peasantry into the poor peasants, small peasants and well-to-do peasants. Such a hierarchy is based as animals, plough and other means. He suggests that small farmers also hire farm workers. Hiring of labour-power by a particular class is a consequence of the existing class division; hence the control and ownership of the means of production are important factors.

Ashwani Saith and Ajay Tanakhr (1972: 712-23) have used the main criteria for stratifying the peasantry. These are (1) the utilization of loans, (2) repayment capacity, (3) tenancy, (4) ownership of assets and (5) credit from bank to find out the transition. The authors refer to types of peasants as groups on the basis of the above criteria: (1) owner-cultivators, (2) largely owner-cultivators (3) largely tenant-cultivators, (4) tenant-cultivators and (5) total poor peasants.

Thus, Farmers are those who largely produce on a commercial basis, on mass scale, use industrial technology, including tractors, chemical fertilizers and improved seeds, are more integrated with the larger society, socially, politically and economically, with the basic aim to multiply their gains whereas peasants are those who produce largely for their own consumption.

These indicators of farmers appear to be appropriate for identification of farmer respondents and would be applied in the field situation while studying the farmers.

2.4. History of Institutional Credit in India:

History of banking in India may be traced from the Vedic period (between 2000 B.C. and 1400 B.C.) but, whether banking was followed as a profession, is not evident. From 5th century B.C. the Buddhists' works and the recent archaeological discoveries reveal the existence of associations or guilds carrying on various commercial and industrial activities. The Shrasthis or bankers occupied prominent positions in these guilds. In many places the
Shresthis had great influence. The main function was to finance the trades, merchant adventurers, who went out of their countries or explores, who traversed seas and forest and others financial stress. Buddhists’ texts abound in reference to the practice of money on or without interest. The more common practice of lending money on interest, the loans being secured by mortgage, by pledge of movable or by surety. Kautilya’s Arthashastra prescribes maximum legal rate of interest on secured loan as 15% and on unsecured upto 60%, without any discrimination to caste, though the rate might go upto 120 to 2405 per annum according to the risk involved in special circumstances. The Dharmashashtras are in general agreement with the Arthashastra except that they introduce caste as an important factor in money lending. They lay down that a particular caste (the Vaishya) can take the profession of moneymaking and they prescribe a variation from 15% to 60% interest on unsecured loans according to caste of borrowers (quoted by Pundir, 1998:25).

There is no continuous account of indigenous banking from the 6th century. But references are traceable to the use of Hundies as early as 12th century A.D. but evidence are there, in writings of Muharrman Historians like Ziauddin Barni, of the existence of ‘Multanis and Shroffs’ who financed not only the internal trade and commerce but also acted as bankers of the early dynasties of Muslim period. During the Mughal period the indigenous bankers continued their business of money lending and played an important role in financing the trade of the country by means of credit instruments. In 17th century the trade was partly financed in cash and partly through bills. There is no definite information available about the rate of interest charged by these bankers. The fact that according to Ain-I Akbari the state granted loans to the officials from 61.4% in second year 50% in the 5th year and 100% in the 10th year in order to operate as a check on the user. It shows that a still higher rate sources. The ‘Vaniks’ in Bengal used to change from needy persons interest at the Moughul period all over the country provided them the role of money
changing. Further, it became a practice, during this period, of employing some important indigenous moneylenders/bankers in various parts of the empire as revenue collectors, bankers and money changers to the government. The 'Jagat Seths' of the 17th and 18th centuries for their power and influence are comparable with any private banking house in any other country; they seem to have fulfilled many of the functions of central bank essentially a modern institution (quoted by Pundir, 1998:26).

In 17th century when the British traders came to India, the indigenous banking was already established. But when they required some machinery to satisfy their credit needs, they could not easily make use of the indigenous system. They were not conversant with language and the others did not have any experience of western trade. In order to overcome these difficulties two remedies were adopted. In the (i) English Agency houses which established in Calcutta and Bombay took upon themselves the business of banking in addition to other commercial activities, (ii) Forming connections with the indigenous bankers. The East India Company did favour the establishment of the European Banks in India yet they thought the above two agencies would be enough. These measures could arrest decline in the business and influence the indigenous banker. The incessant wars and disorders which followed the downfall of Mughal Empire severely affected their business. The unification of 1855 deprived the indigenous banker of his of communication added to this. The decline of indigenous banker and the gradual progress of English trade and dominion in India felt the need of establishing banks of the East India Company. The result was the foundation of early banking institutions and creation of government treasuries on western lines. These, further added to the decline of the indigenous bankers, gave to the Joint Stock Bank. The indigenous banker was obliged to give way to the commercial bank. The Joint Stock Banks could meet the demand of big business cities. Throughout the country the indigenous bankers filled the gap left unbridged by the financing the agriculture and internal trade of the country. In the
rural areas the need was as indispensable as before. The banker acted as a middleman in between the banks and the trading community. He used to buy and sell Hundies and then rediscout them at the big banks whenever necessary (quoted by Pundir, 1998:26-27).

No depositing money system has been evidenced from the bankers, only they were using the capital for the purpose. This much is evident that the association of bankers in ancient timers used to receive permanent deposits and to hold them as permanent properties. There is no mention of interest of these deposits. Arthashastra is also silent on this issue. In India many of the indigenous bankers did not use to deposit even at the time of 1930’s from public. Indian bankers generally carried on ordinary trade with their banking business with the result that this dual activity has greatly reacted upon the banking development of the country (quoted by Pundir, 1998:26-27).

Before closing the discussion on history of the changing credit relations, it would perhaps be necessary to take an overview of the nature and extent of institutional finance to agriculture prior to independence and the emerging trends in the post-independence period.

Advancing of loans to cultivators by the agencies of state or formal institutions is not a recent phenomenon. Loans were advanced to the peasant cultivators much before the British introduced formal institutions like cooperative societies and commercial banks. There are references to loans advanced to the cultivators, for the improvement of land and for recovery from extreme distress caused by natural calamities in the historical accounts of the Sultanate period. Such loans were called sodhar (loans to peasant) or later, by Mughals, tagavi or taccavi (literally, strength-giving) (Habib, 982:65).

During the Mughal period also, tagavi loans advanced to cultivators who were in distress and did not have seeds or cattle. There loans were advanced through the village chaudhars and mugadsams who distributed
these among the individual peasants and stood surety for their repayments. Perhaps no interest was charged on such loans (Habib, 1963:254-55).

However, these loans should be distinguished from the present-day development credit systems. The interest of the state administration was not in the development of agriculture as it is understood today. Its sole objective was to enhance the amount of revenue to be extracted from the peasantry. For this, it was necessary that the peasantry continued production even after a severe famine or flood.

The modern system of institutional credit was introduced in India by the British in 1904 with the promulgation of the Indian Cooperative Societies Act. India was the first non-Western country to experiment with rural cooperatives. In the west, the cooperative movement originated with the establishment of the Rochdale Cooperative Society in 1844, which started as a cooperative store in England. However, it was in 1848, in Germany, that the cooperative association designed to eliminate the middlemen, and the moneylender came into existence, these were known as Raiffeisen societies which were basically self-government associations of borrowers.

Though it was envisaged that cooperative would gradually replace the usurious moneylenders, till independence in 1947, the contribution of cooperative credit to the total credit remained marginal. The Rural Credit Survey found in 1951-52 that the share of cooperative was only 3.1 percent of the total borrowings of the cultivators. The cultivator largely depended upon the informal sources. During the post-independence period, cooperation soon become one of the instruments of rural development (Jodkha, 1998:57).

However, by the late sixties, it was being realized that the cooperative credit had not been able to provide the required credit service to agriculture. The lack of enterprise on the part of commercial banks in extending banking and credit facilities to certain 'strategic sectors of economy such as small-scale industry, export and agriculture' was also viewed more critically by the
Government of India. This led to the introduction of what is known as ‘social control’ over the banks in 1967. But the real brake through came with the nationalization of major commercial banks in 1969 (Jodkha, 1995:57).

In this connection mention may be made of Regional Rural Banks, sponsored by the Public Sector Banks, in operation since 1975. These banks meant for providing credit and other facilities to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, adding further to banking infrastructure of the rural areas (quoted by Pundir, 1998:28).

A simultaneous breakthrough in agriculture, with the success of Green Revolution in some states, demonstrated the need for effective credit support to farmers in the form of short and long-term loans. Several development programmes for the amelioration of rural poverty, such as, Small Farmers Development Agency, Draught Prone Area Programme and Integrated Rural Development Programme were also launched with credit as the main component (Jodkha, 1995:59).

In addition to the above changes, NABARD was established on July 12, 1982 by an act of the parliament for providing credit for promotion of agriculture, small scale industries, cottage and village industries, handicrafts, and other rural crafts and other allied economic activities in rural development. NABARD took over the functions of the erstwhile Agriculture Credit Department and Rural Planning and Credit cell of Reserve Bank of India and Agriculture Refinance and Development Corporation. It is an apex institution accredited with all the matters concerning policy, planning and operation in the field of credit for agricultural and the other activities in the rural areas. NABARD’s refinance is available to state Land Development Banks, State Co-operative Banks, Scheduled Commercial Banks and Regional Rural Banks which are directly involved in financing the activities in the rural areas (quoted by Pundir, 1998:31).
As the position was in 1985, the commercial banking system in India consisted of 255 scheduled commercial banks and 4 non-commercial banks 201 were in public sector and these account for 78% of the commercial banking system. Within the public sector banking system 173 were Regional Rural Banks, especially set up to increase the flow of credit to small borrowers in the rural areas, these banks have limited areas of operation. The lending operations are directed weaker sections of the community. They reaming 28 public sector banks are regular commercial banks, transect all types of commercial banking business and also leadership role (Lead Bank) in their specifies district (India, 1985: 245).

2.6. Financing for the Rural Development:

The capital requirements of agricultural and rural development are tremendous. Capital is required not only for on farm investment to improve the production apparatus and to provide various farm inputs and services, but also for a vast array of supportive infrastructural facilities, such as power, roads, transportation communication, markets, storage, education, training, research and extension. Capital is also required for creation of non-farms jobs through the provision of factories and their complement of machinery and equipment. Funds for investment in rural development projects come from two main sources: domestic and foreign. Further, in each category, there are institutional and non-institutional sources. Domestic institutional sources include the government, government undertaking including public enterprises, the Reserve Bank of India (RBI), NABARD, Cooperative Banks, Commercial Banks and Regional Rural Banks (RRBs), and private companies and corporations. Non-institutional sources include households, moneylenders, traders, friends and relatives. Foreign institutional sources include foreign governments, development agencies, the World Bank, the Asian Development Bank, the International Monetary Fund (IMF), foreign banks,
multinational corporations, and so on. Foreign non-institutional sources include Non-Resident Indians (NRIs) and foreign nationals (Singh, 1999:290).

**Domestic Institutional Sources:**

Domestic institutional sources of rural credit include the government, the RBI, NABARD, Co-operative Banks, Commercial Banks, RRBs and Self-Help Groups (SHGs). We now briefly discuss the role of each of the agencies.

**Center and State Governments:**

The government in the past has been, still is, and in future will continue to be the most important source of funds for rural development in India. At the nation level, the Union Ministry of Finance is responsible for mobilization and administration of financial resource for various purposes, including rural development. It also regulates the expenditure of the government, including transfer of resources to state. In India, the government is probably the oldest institutional source of rural credit. A Contingency Fund of India has been established under Article 267(1) of the constitution. The Indian constitution provides for the establishment of a consolidated fund, a public account and a contingency fund for each state. The government provides financial assistance by granting loans to the cultivator under: (a) the Improvements Loans Act of 1883; and (b) the Agriculturists' Loans Act of 1884. Such loans are known as tacavi loans. The act of 1883 authorizes the grant of long-term loans by the taluka/tehsil level offers of the government for effecting permanent improvements on land, such as construction of wells, land levelling, protection of landform floods or erosion etc. Such loans are generally granted for periods extending over 25 years, on the security of landed property at a relatively low rate of interest. Under the act of 1884, short and medium-terms loans are granted by the government to meet the current agricultural needs, such as purchase of seeds, fertilizers and small tools and implements. Such loans are repayable over a period of six months to one years, mostly after the harvest. The rate of interest charged on these loans is
lower than the rate charged by commercial banks and cooperatives (Singh, 1999:292).

The Reserve Bank of India:

The RBI was established under the Reserve Bank of India Act, 1934 on 1 April 1935, and nationalized on 1 January 1949. The RBI was a pioneer central bank in the sphere of rural credit. Its founding act of legislation, and subsequent amendments, entrusted to it the responsibility for enlarging the availability of rural credit. The activities of the RBI in the sphere of rural credit can be broadly divided into three categories (a) financing functions; (b) promotional advisory and coordinating function; and (c) regulatory functions. The first category covers the provision of long terms loans to state government from the National Agricultural Credit Fund, to enable them to contribute to the share capital of the cooperative credit institutions. Its promotional and coordinating functions include formulation of programme for cooperative credit under the five-year plans, annual review of the progress of various credit schemes, and assistance to the central and state governments and cooperative credit institutions in talking their problems in implementing various credit schemes. The regulatory functions include establishing credit limits and credit norms for various purposes, and control of advances by commercial and cooperative banks (Singh, 1999:296).

National Bank for Agricultural and Rural Development (NABARD):

A major landmark in the history of development of rural credit in Indian was establishment of the National Bank for Agricultural and Rural Development (NABARD) in July 1982. The main functions of NABARD includes refinance (short medium and long-term) to the cooperative and regional rural banks, refinance to commercial banks against term lending (medium and long-term). Besides, it also undertakes training research and consultancy relating to rural credit. The sources of NABARD funds mainly consist of the National Rural Credit (long term operations) Fund and the
An Overview of Select Literature

National Rural Credit (stabilization) Fund transferred to it by RBI at the time of its establishment, and annual contributions from RBI and NABARD thereafter, and borrowings from the RBI, the GOI and the market. The GOI also provides to NABARD funds received from the World Bank, the Swiss Agency for Development and Cooperation (SDC) and other external agencies under various credit projects. The main objective of the establishment of NABARD was to provide institutional credit through banks for promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and allied activities in rural areas. NABARD provides refinance facilities to commercial banks, State Cooperative Banks (SCDs), State Land Development Banks (SLDBs) and regional rural banks, to enable them to advance short-term, medium-term and long-term loans for specified bankable projects (Singh, 1999:297).

Cooperative Credit Agencies:

Cooperative credit societies entered the field of rural finance with the adoption of the cooperative societies Act of 1904. Since then, the government has been making deliberate attempts to nurture the cooperative movement in the country in the larger interest of the rural people. Credit cooperatives have been recognized as the best institutions to provide rural credit to the farmers, become they satisfy all the important criteria of sound agricultural credit (Singh, 1999:298).

Commercial Banks:

As in January 1997, the commercial banking system in India consisted of 334 scheduled banks (including foreign banks) and two non-scheduled banks. Of the scheduled banks, 223 were in the public sector, and they accounted for about 80 percent of the deposit of all scheduled banks. In July 1969, 14 major CBs were nationalized, and another six in 1980. Now there are 28 public sector banks having a mandate to provide credit to rural people. In addition, 246 private CBs are also operating in the country. These CBs
provide short-term, medium-term and long-term credit for various agricultural and rural development activities. Until the nationalization of major commercial banks in 1968, the official policy was to give a fillip to the cooperative system, as the channel best suited for institutional credit for agriculture. Before their nationalization, CBs supplied only a negligible share of rural credit: 0.9 percent in 1951-52 and 0.6 percent in 1961-62, to 13.2 percent in March 1984, and to 33.2 percent as on 31 March 1995 (Singh, 1999:300).

Regional Rural Banks:

RRBs were established consequent to the acceptance by the GOI of the recommendations of a working group on rural banks appointed by the Union Finance Ministry in July 1975. Initially, RRBs were mandated to cater to the credit needs of the weaker sections of the rural community comprising small and marginal farmers, agricultural labourers, artisans, small entrepreneurs, etc. The RRBs advance short-term, medium-term and long-term loans for various rural development activities, including crop production, purchase of tractors, setting up of small village industries, village crafts, various artisan’s activities, retail trade, consumer durables, house construction, purchase of minibuses, etc (Singh, 1999:301).

Self-Help Groups (SHGs):

SHGs are a small group of individual members who voluntarily come together and form an association for achieving common objectives. In most cases, SHGs are constituted by person known to one another and come from the same village, community, or neighborhood. SHGs are small in size with membership ranging from 10 to 15, are homogeneous and have certain per-group social binding factors. The purpose for which SHGs are formed various from managing a common land, to providing such basic amenities as a school, health centre and so on. In the context of micro-finance, SHGs are formed around the theme of savings and credit (Singh, 1999:303).
The Role of Non-Institutional Agencies:

Non-institutional agencies which supply credit to farmers and other rural people include professional moneylenders, agricultural moneylenders, landlords, trader's commission agents, friends and relatives. Traditionally, these agencies have played an important role in meeting the credit requirement of villagers. Most of the money advanced by them used to be, and still is, spent on household consumption and social and religious ceremonies and very little, if any, on production activities. The interest rates were very high, usually ranging from 20 to 60 percent per annum. The incidence of indebtedness was very high, and most of the rural poor were "born in debt, live in debt, and died in debt". All-India Rural Credit Survey Committee Report (1951-52) non-institutional sources supplied 91.27 percent of the total rural credit advanced in 1951-52. In 1961-62 their share declined to 81-3 percent and in 1995-96, it was estimated to be about 65 percent. Although there has been a marked decline in the share of non-institutional sources in the total rural credit advanced over the period 1951-52 to 1995-96, due partly to growing competition from institutional sources and partly to various agrarian reforms implemented since independence, they still continue to be in business (Singh, 1999:305).

Foreign Institutional:

Foreign Institutional sources include foreign government, development agencies, the World Bank, the Asian Development Bank, the International Monetary Fund (IMF), foreign banks, multinational corporations and so on. Foreign non-institutional sources include Non-Resident Indians (NRIs) and foreign nationals (Singh, 1999:305).
2.6. Policy Shift in Rural Development Programmes in the Era of Globalization:

Globalization is a complex multidimensional phenomenon that involves simultaneous and complex processes at all levels of society—economic, political, social, cultural, technological, environmental and so forth. Economic globalization means that the monetary and fiscal policies of national governments are dominated by movements in the international financial markets reducing the economic autonomy of nation states. Globalization takes the whole world as a single economic unit and the market as its instrument. The economy in globalized world is characterized by open, liberal,
free market and free trade with less regulatory barriers. This has bearings on the policies of states.

Yogendra Singh (2004) says that globalization as a primarily economic phenomenon, involves the increasing interaction, or integration, of national economic systems through the growth in international trade, investment and capital flows. The contemporary institutions such as the World Bank, International Monetary Fund (IMF), and World Tread Organization (WTO) etc. are some of these, but these do not yet inspire the level of consensus and confidence that could make the acceptance of the goals of globalization smooth. To take these factors into account and yet to encounter the challenges of globalization, an integration policy is required. After the launching of the New Economic Policy (NEP) in India in August 1991, a process of privatization, deregulation and globalization has been set in motion. The statistic model, characterized by the predominant role of the state in initiating, fostering and directing rural development, is likely to be abandoned, giving way to a market and guided model.

Robin Ghosh (2004:3-23) states that India's economic reform programme has involved two basic sets of policy measures. The first set aims to achieve macroeconomic stabilization by reducing both fiscal and balance of payments (BOP) deficits. Reducing fiscal deficits involves an act in public expenditure, and also an attempt to raise public revenue to bring about a balanced budget over time. The second basic set of economic policy in India has been to alter the production structure by increasing the role of the markets in the economy, directly through privatization, or by of reduction in state investment and interventions and indirectly through domestic deregulation and by trade-liberalization. A number of steps were taken to bring about such a shift in economic policy.

G.R.Madan (2002:107-256) says and it is also general view that sectoral policies since 1991 are being framed with the consideration of
globalization and liberalization. Structural adjustment has now become an important policy matter of the government. Consequently, paradigm shifts in various sectors are normally observed. Agriculture, as an important sector in India, is facing various challenges of globalization. In order to achieve the programme of higher agricultural production, adoption of better cultivation methods, use of fertilizers and improved seeds and more plentiful and assured supply of water are required. A special campaign was started to propagate intensive cultivation of rice by the Japanese method of paddy cultivation. We saw some major changes in the international political and economic order. As a result there were found to be some changes in India also. The agricultural development strategy for the eighth plan points out that the planning commission to formulate integrated development initiated the Agro-Climatic Regional Planning Approach (ACRP) plans for agriculture sector differentiated by homogeneous agro-climatic regions. Ninth plan emphasis was on raising the capabilities of small and marginal farmers as well as conserving and maximizing the value from scarce resources. Tenth plan also emphasis on infrastructure development, minor irrigation, agricultural credit received special attention during this plan period.

Since the recent phase of globalization (1991) the main objectives of the Agricultural Development Programme may be briefly narrated as follows:

Some special measures were taken up during the eighth, ninth and tenth five-year plans. There were certain general steps taken up to boost up agricultural production. These included:

1. Infrastructural development,
2. Development of marginal and small farmers,
3. Soil and water conservation,
4. Irrigation development and water management,
5. Dry land rainfed farming and watershed management,
6. Agricultural research and technology,
7. Provision of inputs,
An Overview of Select Literature

8. Agricultural credit,
9. Agricultural marketing,
10. Storage and warehousing,
11. Agro-processing,
12. Agricultural exports and
13. Crop insurance

In the light of above the some recent programmes/schemes, which have been launched for the development of rural society, are narrated here.

2.7. New Form of Credit for Rural Development:

India has a long history of government intervention in the rural credit market for increasing development of rural area. The Reserve Bank of India and the National Bank of Agriculture and Rural Development have both played a very important role in shaping the rural credit policies of India, and in building its rural economy through institutional credit. Among the many two important programmes have been identified as new form of credit, the latest, and being implemented recently, these are as follows:

2.7.1. Kisan Credit Card Scheme:

Kisan Credit Card (KCC) scheme was introduced in 1998-99 to facilitate access to credit from commercial banks, cooperative banks and regional rural banks. KCC Model scheme was formulated by National Bank for Agricultural and Rural Development (NABARD), which was considered more farmers friendly and holistic for coverage of credit needs of the farmers. It is an innovative scheme. It facilitates short term credit to farmers. The scheme has gained popularity among the cultivators. The scheme has been implemented by 27 Commercial Banks, 378 Cooperative Banks and 196 Regional Rural Banks throughout the country.

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The salient features of the scheme are as given below:
2.7.2. National Agriculture Insurance Scheme:

National Agriculture Insurance Scheme under KCC: The National Agricultural Insurance Scheme (NAIS) was introduced in the country from the June 22, 1999-2000 Rabi season, replacing the Comprehensive Crop Insurance Scheme (CCIS) which was in operation in the country since 1985. The General Insurance Corporation (GIC) on behalf of the Ministry of Agriculture is implementing the scheme. The main objective of the scheme is to protect the farmers against losses suffered by the farmers due to crop failure on amount of natural calamities such as drought, flood, hailstorm, cyclone, fire, pests/diseases etc.

The Salient features of NAIS are as follows:

1. The new scheme is available to all farmers regardless of their land holding or indebtedness.
2. The scheme envisages coverage of all the food crops, oilseeds and annual horticulture and commercial crops.
3. Premium rates vary between 1.5% to 3.5% of sum assured. The rates are:
   (i) Oilseeds – 3.5% Remaining Kharif crops – 2.5%
   (ii) Wheat – 1.5% Remaining Rabi crops – 2.0%
4. NAIS would operate on the basis of Area Approach.

How far the farmers are using them and how they are being benefited from these, much empirical evidence is not yet available.

2.8. Select Studies on Rural/Farmers Development:

In Indian context, many social scientists have studied the issues such as awareness, development, utilization of programmers and their consequences relating to the farmers. Several scholars have studied these programmers, some of them may be quoted here:

S.C. Dube (1955) has paid a little attention to indebtedness and sources of loaning. Few persons can get agricultural or improvement loans
from the government at a reasonable rate of interest and as there is no cooperative society in the village. Most of the people have to take resource to the moneylenders either in their own village or in the neighboring one. Petty loans may be obtained from well-to-do shopkeepers various greatly in large loans a mortgage is generally insisted upon and an interest rate ranging between 6 percent and 12 percent is charged. For petty loans interest is charged at the rate of two annas per rupee per month (12 percent per month), the rate is reduced if ornaments or other valuables are pawned. Seeds are often on loan and returned after the harvest with 25 percent interest.

David G. Mandelbaum (1955:103-105) has examined the relation between technology, credit and culture in a Niligiri village. The Kota villagers must used commercial fertilizers in order to raise a crop of any kind. They have got the cash or the credit with which to buy fertilizers only for growing potatoes. Credit is most essential for their economic operations. Some Kota villagers have utilized the Government sponsored co-operative credit association. But as not uncommonly happens elsewhere in India. The Kota villagers have generally found the bureaucratic organization of these credit co-operatives. The rush of recent change has also weakened the internal cohesion of the village in place of the old economic dependence on the supply of Badaga grain, the kota villagers are now dependent on the supply of fertilizers available from the factory, on the purchasing power of his money, on the vagaries of supply in the ration shop. This frustration has made for greater hostility between Kota and Babaga as well as between conservative and reform factions within the village. Some hostility is also directed toward the government. Similar situations prevail widely in Indian villages.

Andre Beetelle (1974:56-117) finds that social organization of agriculture will in turn be related to other aspects of social system like kinship, castes and locality. 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. Values and organizations are also interrelated. Values have more resistant to change than the organization. Therefore they need to understand.

G.S. Bhalla (1974) has studied the changing structure of Haryana agriculture as a result of the impact of the green revolution. One of the main consequences of the green revolution in Haryana has been a very rapid enlargement of agricultural incomes, output and productivity of all categories of cultivators who have adopted the new technology. Progressive cultivators in all categories are investing higher amounts on both farm and non-farm assets compared with non progressive cultivators. The agricultural labour households all over Haryana have very low levels of income in comparison of progressive farmers despite increase in wages.

Two outstanding works paying equal attention to economic and social aspects of the rural people have been done by British Scholars, F.G. Bailey (1957) and T.S. Epstein (1962).

F.G. Bailey (1957), in 'caste and economic frontier', has presented a good deal of social details of village Bislapara, its political adjustments and the economy of the village which largely concentrated on land. How land comes into the market, is an important causal analysis he has done. It has been explained in terms of dishonesty of the merchant and the helplessness of any illiterate person who cannot see the implications of rates of interest the persuasiveness of the money-lenders is not sufficient cause but his character, chicanery are major factors in the process. The other states of less than a certain size cannot survive the normal contingencies of the owner's life time. In other words, the owner incurs costs which can be met only by realizing capital, and in certain income categories this means selling of land. The other cause seems to be trading losses. The moneylenders in most of cases are shopkeepers. The interest rate varies from person to person depending upon
the relation between the moneytender and borrower. In some cases if the money is invested productively it may be given without interest and without security. But if the loan is given to meet an emergency, interest is always charged and security exceeds the loans given. Thus Bailey has looked at problems of money lending to peasants, and other related matters. He has analyzed the role of traditional money lending in the village as the new arrangements had not appeared significantly by them.

T.S. Epstein (1962) made a comparative study of two villages and discussed the impact of economic factors on social institutions. One of these villages could use irrigation, the other one could not. Prosperity though agriculture did not lead to any appreciable change in the traditional social system. The social system of the dry village changed radically in same period, as its inhabitants came to be engaged in secondary and tertiary services for the irrigated village and the neighboring town. The diversification of economy changed economic roles and relations within the village. Thus the social system also changed. The author shows how the persistence of economic values delays social change. She underlines the fact that economic development does not necessarily produce economic change. Only where the new economic system was incompatible with the existing economic organization did. She found a change in economic roles and relations. Wherever there was such economic change she found corresponding change in political and ritual roles and relations as well as in the principles of social organization.

Ratna Dutta (1968:109-16) has explored the relationship between economic growth and the structure of values and motives in developing countries. She makes some perceptive comments on McClelland's studies of achievement motivation and suggests that an outdated perspective, which regards the international stratification system as the expression of inherent differences between, peoples and cultures. She has resulted in an erroneous
interpretation of data. She then proceed to present a more meaningful picture of the data in terms of the dynamics of social change.

D.S. Shukla (1974:130-34) found that, in western India (Gujrat), only 23% of the families were free from debt. He also found that 77% rural families were indebted in 1993. Private moneylenders had 85% share of total credit in this part of rural India. In spite of the fact that co-operatives had only 8% share in this area where co-operatives have been declared successful. Relatives and friends had 6.5% share of the total debt which was considered interest free loan. There was a direct competition between private moneylenders and the co-operatives. The interest rate varied from 6% to 25%. Most of the debts were taken out for interest rate blow 15%. Of the total loan was secured against land. Nearly two third of the loans was borrowed from non-agricultural purposes. About 20% were borrowed entirely for agricultural purposes. Social ceremonies were the most prominent among the causes of indebtedness.

S. Jettley (1977) has conducted an intensive study of modernization of Indian peasants. This study was undertaken in three pairs of villages of district Varanasi in eastern U.P., each containing a 'most developed' and a 'least developed' village in three selected community development blocks. This study aims to analyze the process of planned social change and modernization in relation to asset of selected variables to identify the most relevant one. Personal, familial and community variables have been correlated with the process of innovation. The study has revealed that joint family is highly conducive to innovative and provides the necessary ingredients for entrepreneurial activity. The second pillar of the traditional Indian society is the caste system. Though, by and large, high castes enjoy ritual as well as economic power, the peasants and the lower castes have numerical strength. Planned development measures, land reforms, politicization and democratization though primarily benefiting the upper castes,
have also added a new dimension to the power of the numerically dominant peasant caste.

P.C. Aggarwal (1977:255-271) has defined the green revolution as a process by which peasants are suddenly transformed into farmers. Peasant communities are relatively isolated, where production is mainly for subsistence, and technology is pre-industrial. Farmers, on the other hand, are more integrated with the wider society; markets oriented, and use industrial technology. He had studied three villages of Ludhiana district where the green revolution had occurred. He has found that the caste system was undergoing drastic changes. Harijans, who were at the bottom of the caste hierarchy had gained considerably in social status. Untouchability and many other discriminatory practices had virtually disappeared. The status of the middle castes, particularly the carpenters, had improved a great deal. The sepi system (analogous to the Jajmani system) had regulated economic and social relationship between the various castes. These castes were crumbling. Most service castes had started working for cash rather than for fixed payments in gain. The institution of the joint family had also begun to change. Clearly, the old social institutions were undergoing rapid changes as peasants were transformed into farmers.

B.S. Baviskar and D.W. Attwood (1984:85-107) made a comparative study of rural cooperatives in China, and the west and north India. He found that rural cooperatives were subject to constraints due to observation is that the success or failure of a rural co-operative depends upon the role and interest of the dominant caste groups in the region and their position in the wider political system.

Sachchidanand (1985:33-56) studied relationship between economic development, education and social change in the tribal of Arunachal Pradesh. He found that the benefits of the agricultural innovations are going to the more well-off sections of society and not to the deserving section of society.
J.P. Singh (1986) has found that to some extent the farmers in our country have been benefited by the credit programmers. The study was conducted in Sadar block of Cuttak district in Orissa. The total numbers of sample farmers covered by the study were 212 (i.e. 99 credit recipient farmers and 133 non-credit recipient farmers). The major findings of this study are that the farmers who availed the credit facilities were economically better off than the non-credit recipient farmers in the area under study. There was a concentration of institutional credit allocation in favour of large farmers and credit given for long-term investments had significantly increased the short-term credit absorption on the sample farms.

Mohammad Salim (1986) investigated the socio-economic factors in the modernization of agriculture in Uttar Pradesh. He found that adoption of innovations in agriculture was a gradual process and was influenced by the socio-economic condition of the farmers. Economically well off and socially well-placed farmers and backward class farmers with big land holdings had shown higher levels of adoption. Small farmers were gradually picking up the new agricultural techniques. It was found that development agencies and mass media played significant role in the process of diffusion of new agricultural technology. Modern ones such as tractor, thresher, etc replaced traditional farm implements.

T.C. Mohan (1986) has examined the relationship between modernization of agriculture and social, personal and economic factors. He has found that social factors like caste, personal factors like education and age, and economic factors like the size of the farm, gross farm income and liquidity position significantly influenced modernization of agriculture.

Ajit Kumar Singh (1987) found that in Uttar Pradesh, there was significant increase in agricultural output and productivity, under the spread of competence of modern technology, and creation of a vast network of infrastructural facilities. However, there was proletarianization of the peasantry, miniaturization of holdings, relentlessly growing population
pressure, inadequate pace of structural change, sharpening concentration of income and wealth, and ever increasing number of unemployed and the poor. Such factors made the end result of development-growth without redistribution.

Irshad Ali (1989:77-82) has found that a higher percentage of the loan taken from the mahajans is spent by farmers for unproductive purposes. Small Farmers Development Agency was to help the farmers to increase the production through the cultivation of HYV of kharif crops, paddy and jute, with the help of improved quality of seeds, fertilizer and pesticides. The farmers also did not follow the prescribed method for the cultivation of High Yielding Varieties Programme. Due to Backward economic condition of the farmers they have spent the cash loan on consumption rather than utilizing for the purpose for which it was given. All the farmers were found of the opinion that they received the cash and kind assistance at a much later date than expected and needed.

Nand Lal Misra (1996) has found that farmers of developed villages have shown greater acceptance and interest towards the adoption of new technology pertaining to agricultural and other fields. A large number of human factors affect the process of implementation and acceptance of any programme clearly indicate that awareness is an essential ingredient of adoption because the farmers from developed as well as undeveloped village have shown significant positive relationship between awareness, adoption and impact of technology at individual and community levels. Thus success of any rural development scheme seems to be possible by creating awareness of technology through various means. The study has noted that the people of developed villages have greater contact with city and town.

Surinder S. Jodhka (1997:228-64) explores the sociology of informal credit with a particular focus on understanding the changing structure of the informal credit and the emerging patterns of debt dependencies in light of the
agrarian transformation experience with the success of the green revaluation and increasing availability and growing popularity of the institutional sources of credit.

B.B. Mohanty (1999:145-162) has found that formal credit agencies have also provided higher amounts of credit facilities to the farmers. The per hectare loan from formal credit agencies among all categories of farmers of the modernized village is many times more than those of the traditional village. However, in the modernized village the major beneficiaries of the credit facilities are the larger farmers whose per hectare loan is much higher than their cost of cultivation. On the contrary, the per hectare loan of the marginal in the traditional village is higher than their cost of cultivation. It is mainly due to the fact that their cost of cultivation is very low and they also use a significant portion of these loans mostly to meet their dire necessities other than agriculture. In both the villages the marginal and larger farmers have a higher rate of per hectare loan from formal agencies.

Raj Singh (2003:69-82) has found that percentage of land holdings below two hectares has been increasing since 1970. The cultivation system of wheat and rice has already destroyed bio-diversity and ecosystem because consumption of chemical fertilizers, pesticides and the use of tractors have been increasing since 1970 which have already destroyed bio-diversity and ecosystem and soil health under rapid population growth during the recent period.

S. Vijaya Kumar (2006:1-18) says that the new economic policy, under liberalization and globalization, advocated withdrawal of the state from the economic sphere, leaving it to the logic of global market forces has resulted in rising cost of production and falling price of farm commodities. In the absence of formal financial institutional support, small and marginal farmers have resorted to private moneymakers. Failure of monsoon, poor yield, failures of
An Overview of Select Literature

Agricultural markets have resulted in high rate of indebtedness among small and marginal farmers.

Sumarbin Umdor (2006:425-444) has found that many initiatives have been taken by the Government of India to increase the availability of institutional credit to rural household and reduce their dependence on moneymakers. Significant results have been achieved in this effort, which has changed the structure of rural credit markets in the country, therefore, an attempt to establish some basic characteristics and examine the structure of the rural credit markets in the north-eastern region of India, particularly on the relative importance of the different sources of credit and the use of credit by rural households by analysing the participation of households in the rural credit markets. 80 percent of the total amount borrowed by the households is from banks. Among the informal sources, friends and relatives are the main sources and account for 14 percent of the total amount of loans. The shares of moneymakers and others are at 1.2 and 5.2 percent respectively. An important feature of the credit markets in the region is the role of the government as an important source of rural credit.

Kathleen Baker and Sarah Jewitt (2007:312-39) have analyzed the experiences of over 35 years of Green Revolution technology in villages of the Bulandshahr District, western U.P. and found that benefits of green revolution were not equally distributed and research revealed a widening gap between rich and poor. But many of the larger, richer farmers, formally Brahmins, Rajputs and some Jats, who had benefited through green revolution technology, had sold their farms, taken their profits and moved away to urban areas. Instead, it had been acquired by lower caste Hindu farmers and by poorer Muslims, who now dominated farming in terms of numbers in the study villages. The landless had also benefitted from green revaluation technology. Employment opportunities for both men and women had increased, as had wages rates. There has been a significant change in the social structure of the villages since 1972.
Sikander Kumar and Rakesh Singh (2007:53-68) have found that the impact of agricultural cooperatives credit on agricultural inputs, land improvement, production and marketing of different holdings groups is important for assessment of credit utilization. If the credit is utilized properly for the purpose for it was sanctioned, its impact that is, flow of benefits to the beneficiaries will help in improving their economic status. The utilization pattern of loans reflects that only marginal farmers have shown the best results. Therefore, misuse of loan has been negligible in the case of marginal farmers and special schemes should be launched to further meet the financial needs of the marginal farmers. However, in terms of land improvement exceptions have been noticed in terms of larger farmers who make investment on land improvement.

Sukhdev Singh and Maninder Kaur (2007:68-84) have found that most farmers have availed of credit between Rs. 1 lakh to 2.5 lakh taken from institutional as well as non-institutional sources largely for purchase of farm inputs, repayment of old debts, spending on socio-religious ceremonies etc. Farmers have been spending large amount on agriculture inputs and in numerous cases of social prestige also. Medium and large farmers had taken large loans while the percentage of small farmers in debt was low. 49.17 percent of the respondent took loans from institutional source which included commercial banks and cooperatives while half (50.83%) of the respondents took loans from non-institutional sources. 38.33 percent acquired credit from commission agents whereas 7.50 percent took loans from relatives or friends. Most of the small farmers borrowed credit from moneylenders because it was easy and without involvement of any paperwork. About 10 percent farmers took loans to repay old debts. Some of the other important reasons for taking loans were construction or repair of house, health and other household expenditure. Although a majority had utilized the borrowed loan for a specific purpose.
Mikkel Barstlund and Finn Tarp (2008:485-503) have found that households obtain credit through formal and informal lending institutions in Vietnam. The greater the landholdings the more likely a farmer is to demand credit to get access to fertilizer and other inputs. The co-efficient on education of household head is likewise expected to have a positive sign. The age of the household is also significant, but the older the households head the less credit is demanded. This likely reflects that older people are more settled and less likely to make new and capital demanding initiatives. Education of the household head significantly reduces the probability of the household demanding form informal sources. Only 25 households had a loan application rejected formal and informal.

The above and some other select studies indicate briefly the following substantive issues: -

1. Study of social and economic aspects of the farmers is necessitated.

2. Study of the process of agricultural development is also related to the emergence of social inequality.

3. Study of changing farmers’ relations and their status.

4. Social organization of agricultural and other aspects of production and changes in them through development programmes.

5. The rate of participation of the rural households in credit market (formal and informal) has been extremely high.

6. A large number of the marginal and small farmers are forced to borrow money from the informal moneylenders as well and this pattern is continuing.

7. A study also indicates that the majority of respondents had a favorable attitude and minority of them had highly favorable attitude towards NAIS but not yet utilized at large scale.
8. Studies indicate that percentage of smaller land holdings, below two hectares, has been on the increase.

9. Studies indicate that social factors like caste, personal factors like education, age and economic status significantly influenced modernization of agriculture.

10. Studies indicate that development agencies and mass media played a significant role in the process of diffusion of new agricultural development programmes.

11. Impact of development on occupational structure, pattern of time utilization, differentiation of roles have been noted.

12. Changes in beliefs and values with improvement in level of living and expansion of knowledge are also indicated as a consequence of the above processes and programmes.